

North Tyneside Council Report to Council Date: 15 February 2018

**Title: 2018-2020 Financial
Planning and Budget Process:
Conservative Group Notice of
Objection**

Report of: The Conservative Group

Wards affected: ALL

Conservative Group Notice of Objection for the 2018/19 General Fund Revenue Budget, the proposed Council Tax Level for 2018/19, the Investment Plan for 2018-2021 and the Treasury Management Statement and Annual Investment Strategy for 2018/19

1.0 Introduction

The Conservative budget for North Tyneside will save the weekly bin collections, save the libraries and save the residents money by freezing Council Tax; it is forward looking with a two year horizon and maintains the stability of the Council's finances.

The Objection is set out as an alternative budget. The alternative budget proposed is a balanced budget, for which the Council has sufficient resources. The objection complies with relevant legislative and constitutional requirements.

In sharp contrast with the budget proposed by the Elected Mayor and Cabinet, we believe the Council's resources should be used for services which the residents value, as well as preventing yet another council tax rise.

Our budget is set against the background of a stronger, growing economy, thanks to the Conservative Government's management of the UK's finances. Employment continues to grow with record numbers now in work; unemployment continues to fall across the country and here in the North East. The number of people claiming unemployment benefit in the Borough has fallen from 4.8% in 2012 to 2.7% last year. There are 82,000 jobs here, an increase of over 10,000 since 2012. North Tyneside has a growing number of businesses, now over 5,000, up from 3,890 in 2012.

We would like to see increased efforts to encourage businesses to move here, working with neighbouring authorities. The recent North of Tyne devolution deal, encouraged by the government as part of rebalancing the country's economy, provides increased opportunities to do so.

We see business rates income rising, and this assists with the future sustainability of the Council's finances, as we expect it to continue to rise, provided opportunities are taken.

It is disappointing that the Mayor and Cabinet failed to take part in the recent Business Rates pilot: we hope such a chance will not be missed again.

We expect also that there will be additional Council Tax income from new homes: the figure of £283,000 for 2019/20 in the Labour budget is, we believe, significantly understated. This income too will add to future sustainability of Council finances beyond the forthcoming year.

There will also be opportunities for shared services and joint working. The previous Conservative Mayor introduced a shared internal audit service which has proved successful, but no further sharing has yet been agreed. All services and posts should be reviewed, from the Chief Executive's downwards, with a view to sharing. Again, the North of Tyne Devolution will assist with opportunities, and we hope the Council will take advantage of them, which will also aid future stability.

Our budget enables the Council to provide the services which are important to residents, without the need to raise Council Tax, keeping weekly bin collections and keeping libraries open: the strength of local feeling on this topic is very clear, for example as expressed by the Friends of Cullercoats Library. We propose various ways of saving money and using resources better for residents' benefit. Adult Social Care services will be maintained without the need to raise Council Tax by the precept: to take a precept remains an option for next year, if required, and thus we are protecting the Council's future financial position. The Labour proposals exhaust this avenue this year. Our proposals safeguard care for the elderly and vulnerable into 2019/20.

Indeed, our plans enhance Adult Social Care by the provision of an Admiral Nurse to help those suffering from dementia. This nurse will provide additional support, working alongside partner agencies, co-located between Public Health and Adult Social Care: preventative work and training will also be available.

We propose also additional expenditure of £6,000 on provision of extra dog waste bins, a relatively small sum but one which will make a big difference, enabling dog owners to help keep the area clean. Some pavements are currently a disgrace, and dog waste bags are left in verges and on paths.

We will finance our budget in several ways. We will use the airport company dividend of £886,000, and we will reduce the Council magazine to two editions per year: we note the Elected Mayor pledged to axe the publication entirely. We will reduce the cost of Trade Union facility time by half, saving £120,000. Alone of Council budgets, this one seems to be untouched. Priorities are wrong here - we prefer to keep the libraries open instead of financing the trade unions. Spending on the Mayor's office, the Policy department, Engagement and Communications will be reduced by £300,000, savings which do not affect front line services. We believe the proposed procurement savings can be increased: the current target is too modest. Similarly management savings will be increased by £1million.

We have provided for an increase in contingencies as a matter of sound management for both of these savings though we are confident they are achievable. Maintaining these efficiencies will protect the Authority's future position.

We propose reducing the cost of foreshore parking permits, which were massively increased in price by the Mayor and Cabinet from £50 to £250. As we predicted, sales plummeted. We propose to reduce the cost to £100, which is much more affordable: it will result in more take up, and thus more income, whilst making parking easier for drivers and, importantly, reducing congestion in coastal side streets, where residents now often have difficulty parking near their own homes.

We will use the sum of £1,771,023 from the Strategic Reserve, to be replenished in 2019/20. This will leave £12,158,847 in that Reserve which more than satisfies the Council's Reserves and Balances Policy. Our budget proposals maintain the Strategic Reserve at more than double the planned level of £5.0m, in line with the Reserves and Balances Policy. Thus we have satisfied this requirement, leaving a comfortable surplus.

We note the Mayor proposes to axe spending on food and drink for Councillors - we support this measure which will save £10,000. We suggested this saving some years ago but it was not implemented - had it been, thousands of pounds could have been saved already. We hope the current proposal extends to drinks served to Councillors after meetings of the full Council, which, we note, have been reintroduced.

Since our catering saving is now being accepted, we urge the Mayor and Cabinet to adopt other suggestions we have made previously, namely:

1. Use of a junk mail opt-out should be promoted on the Council's website, with a view to reducing the amount of rubbish to collect and dispose of: this will save money every year. We are pleased that the Council continues to promote the successful "wash and squash" bottle recycling scheme introduced by Cllr Hodson when Cabinet Member for the Environment.
2. Disposing of the civic car: the £27,367 spent on this astonished many residents.
3. More extensive use of IT to enable better and more efficient provision of services: for example, a map facility should be included on the Council website so that residents or businesses reporting a problem can pinpoint it exactly and upload a photo, saving costs in investigation. High definition cameras could be fitted on Council vehicles to take images of road surfaces for example, saving money by identifying problems before they develop into big potholes, of which we have too many already.
4. More focus should be given to encouraging healthy eating: insufficient attention has been given to this part of a healthy lifestyle. Proposals tend to focus on exercise, but a longer term and broader approach should be taken, and work done with schools and caterers to encourage use of school facilities to provide more cookery classes both during the day or in clubs after school and during the holidays. As well as enabling children and young people to learn to cook healthy meals, and to save money and budget better, there should be less demand on health services or social care in the future, saving money.
5. Work should be done to encourage use of school facilities for science clubs after school or in the holidays: there is a shortage of skills in this field and we want our children to have the best chances of employment. This is particularly relevant now that there will be a new Institute of Technology as part of the North of Tyne Devolution: our Borough must not miss this opportunity.

Wherever possible, opportunities should be taken to expand our children's knowledge. Our Group alerted officers' attention to the availability, free of charge, of lesson materials to explain the basics of every day finance, prepared by the Bank of England Deputy Governor, for use by non-specialist teachers. Following our action, schools are now being encouraged to obtain and use the materials; such financial education will enable our young people to manage their finances better, increasing the likelihood of independence. Such lessons are a good way to tackle financial illiteracy and potential problems such as debt in later life, and will be beneficial for individuals and for the Borough.

We suggest that a study is made of the feasibility of current proposals for the restoration of the former Outdoor Pool at Tynemouth to see if they are viable, and should they be found not, then the site should be used for a water park. The water park at Whitley Bay has been well used by residents and visitors, and similar provision in Tynemouth would remove an eyesore whilst improving facilities.

In conclusion, our budget is balanced and affordable; our proposals take into account the longer term financial planning of the Council, and in formulating them, we have had regard to the robustness of the estimates and the adequacy of reserves. Our budget will save services and save money for residents.

2.0 Conservative Group Resolution: Setting the Council Tax 2018/19

2018/19 Council Tax Requirement Resolution

2.1 The Conservative Group recommends that:

1. The recommended budgets of the Authority, be approved as noted below subject to the variations listed in paragraphs 2 and 3 below and notes the estimated allocation of £151.326m in Dedicated Schools Grant, for 2018/19:

	£
General Fund Revenue Budget	154,725,777
Total	<u>154,725,777</u>

2. The following levies be included in the net budget requirement:

	£
The Tyne and Wear element of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Transport Levy	11,131,158
Tyne Port Health Authority	53,369
Environment Agency	185,117
Northumberland Inshore Fisheries and Conservation Authority	136,468
Total	<u>11,506,112</u>

3. The contingency provision be set as follows:

	£
Contingency Provision	4,616,452
Total	<u>4,616,452</u>

4. The following individual objections are proposed to be incorporated within the Authority's Budget.

Growth

Item		£
	Remove saving from the introduction of alternative weekly waste collection.	218,000
	Remove saving from the reduction in Library opening hours	139,000

	Additional Dog Bins	6,000
	Provision of an Admiral Nurse (Dementia support)	50,000
	Increase in contingencies for additional procurement and management savings	1,000,000
	0% Council Tax increase	4,272,713
	If All Objections are accepted the Total Growth will be	5,685,713

Savings/Income

Item		
	Reduce the feasibility fund	(100,000)
	Reduce the Service Improvement fund	(100,000)
	Reduce the External Funding Team	(40,000)
	Correct Legal Service budget (error)	(26,000)
	Reduce budgets in Corporate Strategy	(300,000)
	Reduce Contingency Budget by ASC grant	(644,000)
	Reduce Contingency budget for Children's Special Care grant by the amount of the Special Educational Needs and disability reforms grant	(109,092)
	Reduce Contingency budget for Children's Special Care grant by the amount of the final S31 NNDR 1 grant	(62,524)
	Reduce Trades Union Facility Time	(120,000)
	Reduction in subscription to Durham University ILG	(7,500)
	Reduce the Council magazine to 2 issues/annum	(16,500)
	Reduce foreshore car-parking permit charges from £250 to £100 resulting in an increase in take up	(3,000)
	Increase procurement savings	(500,000)
	Increase Management Savings	(1,000,000)
	Use of 2017/18 Airport Dividend	(886,074)
	Use of the Strategic Reserve	(1,771,023)
	If All Objections are accepted the Total Savings will be	(5,685,713)

5. Note that at its meeting held on 24 January 2018 Cabinet agreed the Council Tax Base for 2018/19 for the whole Authority area as 59,048 (Item T) in the Formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act") and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
6. Agree that the Council Tax requirement for the Authority's own purposes for 2018/19 is £85,629,638, as set out below.

2018/19 Council Tax Requirement for North Tyneside Council

	£	£
2018/19 Budget Requirement		150,453,064
Financed by:		
Revenue Support Grant	16,914,499	
Retained Business Rates	27,824,783	
Business Rates Top Up	19,684,144	
Council Tax Collection Fund Surplus	400,000	
		(64,823,426)
Council Tax requirement		85,629,638

Agrees that the following amounts now calculated by the Authority for the year 2018/19 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended (the Act):

- (a) £350,190,753 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
- (b) £264,561,115 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
- (c) £85,629,638 Being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Authority in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act).
- (d) £1,450.17 Being the amount at 6(c) above (Item R), all divided by Item T (4 above), calculated by the Authority, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.
- (e) North Tyneside Council Valuation Bands

Council Tax Band	£
A	966.78
B	1,127.91
C	1,289.04
D	1,450.17
E	1,772.43
F	2,094.69
G	2,416.95
H	2,900.34

being the amounts given by multiplying the amount at 6(e) above by the number which, in the proportion set out in Section 5(1) of the Act 1992, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation

band D, calculated by the Authority, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(f) Police and Crime Commissioner for Northumbria Valuation Bands

Note that for the year 2018/19 the Police and Crime Commissioner for Northumbria have issued the following amounts in precepts to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings in the Authority's area as indicated below:

Council Tax Band	£
A	73.55
B	85.81
C	98.07
D	110.33
E	134.85
F	159.37
G	183.88
H	220.66

(g) Tyne & Wear Fire and Rescue Authority Valuation Bands

Note that for the year 2018/19 the Tyne and Wear Fire and Rescue Authority have issued the following amounts in precepts to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings in the Authority's area as indicated below:

Council Tax Band	£
A	53.29
B	62.18
C	71.06
D	79.94
E	97.70
F	115.47
G	133.23
H	159.88

(h) Total Valuation Bands

That, having calculated the aggregate in each case of the amounts at 6(e), 6(f) and 6(g) above, the Authority, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2018/19 for each part of its area and for each of the categories of dwellings shown below:

Council Tax Band	£
A	1093.62
B	1275.90
C	1458.17
D	1640.44
E	2004.98
F	2369.53
G	2734.06
H	3280.88

7. The Authority's basic amount of council tax for 2018/19 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.
8. The Authority's Financial Regulations will apply to the financial management of this budget.
9. The level of contingencies will be £4.801m as pressures incurred during 2017/18 have been recognised as part of the 2018/19 Financial Planning and Budget process and an increase to reflect the risk associated with the Savings proposals.
10. It is proposed that virement levels and approvals for virement shall be in accordance with the rules set down in the Authority's Financial Regulations in force at the time.
11. The Reserves and Balances Policy as set out in the report to full Council on 1 February 2018, is adopted as set down and is subject to review at least annually.
12. 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 Creating a Brighter Future Programme and note that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided.
13. The Chief Executive, in consultation with the Elected Mayor and Head of Finance authorise the purchase of homes, on the open market, using S106 monies received by the Authority for affordable housing, 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 the Cabinet's priorities.
14. The Head of Finance be authorised to serve notices, enter into agreements, give receipts, make adjustments, institute proceedings and take any action available to the Authority to collect or enforce the collection of non-domestic rate and Council Tax from those persons liable.
15. The Head of Finance be authorised to disburse monies from funds and accounts of the Authority as required for the lawful discharge of the Authority's functions.

16. Agree that the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority receive payment from the Collection Fund in 12 equal instalments on the last working day of each month.
17. Payments from the Collection Fund to be made to the Authority's General Fund in 12 equal instalments on the last working day of each month.

3.0 INVESTMENT PLAN 2018-2021

- 3.1 The Conservative Group recommends that there are no amendments within the 2018-2021 Investment Plan

3.2 Draft Prudential Indicators

There are no changes to the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2018–2021.

4.0 EQUALITIES IMPACT ASSESSMENT

An Equalities Impact Assessment has been completed and no negative impacts have been identified.