

**Janice Gillespie**  
**Head of Finance**

Quadrant  
The Silverlink North  
Cobalt Business Park  
North Tyneside  
NE27 0BY  
Tel: (0191) 643 5701  
Fax: (0191) 643 2431

*E-mail* janice.gillespie@northtyneside.gov.uk

Date : 19 February 2019

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

Dear Councillor or Co-opted Member,

**2019-2023 Financial Planning and Budget Process**

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

I am writing further to the Cabinet meeting of 21 January 2019 and the Council meeting of 7 February 2019. Cabinet, at its meeting on 21 January 2019 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 2019/20 (delegation 1.2.1 (r) in the original Cabinet report refers).

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

1. The Final Local Government Finance Settlement announcements for 2019/20, including Capital announcements and Specific Grants (including the Dedicated Schools Grant (DSG));
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 2019/20 NNDR1 Return;
4. Tyne and Wear Joint Service Budgets;
5. Youth Justice Board grant allocations;

Information has now been received / is anticipated as follows:

1. **The Final Local Government Finance Settlement announcements for 2019/20, including Capital announcements and Specific Grants (including the Dedicated Schools Grant (DSG) final detailed information)**

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

The Final Local Government Finance Settlement for 2019/20 was announced on 29 January 2019. There was no improvement further to that announced in the provisional settlement.

**Dedicated Schools Grant (DSG)**

Schools forum considered the proposals for the allocation of the Dedicated Schools Grant on 14 January 2019. It was agreed at that meeting that an amount of £0.302m in respect of High Needs be transferred from the Schools block to the High Needs block.

Table 1 below sets out the revised 2019/20 DSG allocations.

**Table 1: Revised DSG allocation**

	<b>2019/20 Schools block units of funding (£s)</b>	<b>Schools block</b>	<b>Central Schools Services block</b>	<b>Early Years block</b>	<b>High Needs block</b>	<b>Total DSG 2019/20</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Primary per pupil rate (£):</b>	3,860.44					
<b>Secondary per pupil rate (£):</b>	5,304.68					
<b>Block Value</b>		120.926	2.343	13.555	20.262	157.086
<b>Block transfers</b>		(0.302)			0.302	0
<b>Deduction for direct funding of high needs places by ESFA*</b>					(0.734)	(0.734)
		<b>120.624</b>	<b>2.343</b>	<b>13.555</b>	<b>19.830</b>	<b>156.352</b>

\* Note the DfE published deductions for post 16 students are yet to be confirmed. The DfE is expected to publish further details in due course.

## **(b) 2019-2023 draft Capital Investment Plan**

Since the 21 January Cabinet report was prepared, the Authority has received three further confirmations of grant funding awarded:

- (a) on 22 January 2019 the Authority received notification that its bid for funding to the Football Foundation for an artificial grass pitch at Amberley Playing Fields had been successful. The grant awarded is £0.500m. The total cost of the project is £0.714m with the balance, of £0.214m being met from section 106 contributions;
- (b) on the 29 January the Education and Skills Funding Agency announced increased funding of £0.233m in respect of Special Education Needs and Disabilities Fund (SEND). It is anticipated that this spend will take place in 2020/21; and,
- (c) on 12 February notification was received from the Environment Agency that £0.550m had been awarded for works to the Southern Promenade sea wall.

These adjustments have been included within the draft Capital Investment Plan.

Table 2 below sets out the revised 2019-2023 draft Capital Investment Plan.

**Table 2: Summary of draft Capital Investment Plan 2019-2023**

<b>Spend</b>	<b>2019/20 £000s</b>	<b>2020/21 £000s</b>	<b>2021/22 £000s</b>	<b>2022/23 £000s</b>	<b>Total £000s</b>
General Fund	36,944	17,874	12,284	12,284	79,386
Housing	25,814	24,589	24,724	24,771	99,898
<b>Total</b>	<b>62,758</b>	<b>42,463</b>	<b>37,008</b>	<b>37,055</b>	<b>179,284</b>

A full breakdown of the plan will be shown within the Appendix A of the 21 February 2019 Council Budget Report.

## Capital Financing

Table 3 below summarises the revised financing of the 2019-2023 draft Capital Investment Plan:

**Table 3: Summary of Financing 2019-2023**

Resources	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	Total £000s
<b><u>General Fund</u></b>					
<b>Council Contribution:</b>					
Unsupported Borrowing	19,869	9,953	5,100	5,100	40,022
Capital Receipts	0	0	0	0	0
Revenue Contribution	59	0	0	0	59
	<b>19,928</b>	<b>9,953</b>	<b>5,100</b>	<b>5,100</b>	<b>40,081</b>
Grants & Contributions	17,016	7,921	7,184	7,184	39,305
<b>Total General Fund Resources</b>	<b>36,944</b>	<b>17,874</b>	<b>12,284</b>	<b>12,284</b>	<b>79,386</b>
<b><u>Housing – HRA</u></b>					
Capital Receipts	4,287	3,685	3,748	2,019	13,739
Revenue Contribution	9,136	8,079	7,702	9,014	33,931
Major Repairs Reserve	12,391	12,825	13,274	13,738	52,228
<b>Total Housing - HRA Resources</b>	<b>25,814</b>	<b>24,589</b>	<b>24,724</b>	<b>24,771</b>	<b>99,898</b>
<b>Total Resources</b>	<b>62,758</b>	<b>42,463</b>	<b>37,008</b>	<b>37,055</b>	<b>179,284</b>

### 2019-2023 Prudential Indicators

The capital expenditure indicator has been updated as per tables 2 and 3 above. No other Prudential Indicators require adjustment.

## 2. 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 2019/20 are as follows:

(a) Tyne & Wear Fire and Rescue Authority

Precept increase of 2.99% over the 2018/19 level was approved on 18 February 2019 and,

(b) Police and Crime Commissioner for Northumbria

Precept increase of £24 at Band D i.e. 21.8% over the 2018/19 level was approved on 5 February 2019.

### 3. The Assessment of the Final Business Rates 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 is as follows:

	<b>Share</b>
Share to Central Government	25%
Distribution to the Tyne and Wear Fire and Rescue Authority	1%
Retained by North Tyneside Council	74%

The 2019/20 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 2019/20. The NNDR1 Form for North Tyneside Council was submitted to the Ministry of Housing, Communities and Local Government on 30 January 2019. The final NNDR1 results are the figures shown in Table 4 below for North Tyneside Council.

**Table 4: 2019/20 North Tyneside Council Business Rates Calculation**

	<b>2019/20 £m</b>
Central Government Share	14.197
Tyne and Wear Fire and Rescue Authority Share	0.574
North Tyneside Council Retained Business Rates	42.582
<b>Total</b>	<b>57.353</b>

The outcome of the North Tyneside Council NNDR1 Form for 2019/20 is to result in a decrease to resources available to the Council from Business Rates Retention of £0.528m for 2019/20.

Final notification from the Ministry for Housing Communities and Local Government (MHCLG) for a change to the NNDR1 in respect of the compensation multiplier for S31 grant has increased resources by £0.536m.

#### **4. Tyne and Wear Joint Service Budgets**

The Tyne and Wear Joint Service Budgets for 2019/20 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 as part of the regular Budget monitoring process.

#### **5. Youth Justice Board Grant Allocations**

The Final Youth Justice Board allocations for 2019/20 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 2019/20 is £0.139m, an increase of £0.003m.

#### **7. Environment Agency Levy**

The final Environment Agency Levy for 2019/20 is £0.192m, an increase of £0.009m.

#### **8. Tyne Port Health Authority Levy**

The final Tyne Port Health Authority Levy for 2019/20 is £0.050m, a reduction of £0.004m.

#### **Effect of Amendments to the 2019/20 General Fund Revenue Budget**

The effect of the above amendments is set down in Table 5 below:

**Table 5: Effect of Amendments to 2019/20 General Fund Revenue Budget**

Item	Change in Spending Power since 21 January 2019	Change £000s
	<b>Spending Changes</b>	
6	Northumberland Inshore Fisheries and Conservation Authority Levy	+3
7	Environment Agency Levy	+9
8	Tyne Port Health Authority Levy	-4
	<b>Total Spending Changes</b>	<b>+8</b>
	<b>Resource Changes</b>	
3.	Decrease in Resources as a result of the Final NNDR1 form for 2019/20	+528
3.	Increase in Section 31 grant as a result of the Final NNDR1 form for 2019/20	-536
	<b>Total Resource Changes</b>	<b>-8</b>
	<b>Change in Spending Power since 21 January 2019</b>	<b>0</b>

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

### **Final Proposals for the 2019/20 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 2019/20. A value of £0.020m was included as an estimate of growth for levies in the Mayor's draft budget proposal. The amendments to the levies, shown in Table 5 above, allow for a reduction in the amount of growth required of (£0.020m). It is proposed to allocate the £0.020m to contingencies.

<b>Spending Changes</b>	<b>Change £000s</b>
Reduction in Growth	-20
Increase in Contingencies	+20
<b>Net Change</b>	<b>0</b>

### **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 19 February 2019.

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

Yours sincerely

A handwritten signature in black ink, appearing to read "J Gillespie".

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

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

Sent via E-mail and Courier to all addressees