



North Tyneside Council

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20 February 2012

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

Dear Councillor or Co-opted Member,

2012 - 2015 Council Strategic Plan and Budget Setting Process

Notification of Final Amendments made under Delegated Authority to the Mayor

I am writing further to the Cabinet meeting of 18 January 2012 and the Council meeting of 2 February 2012. Cabinet, at its meeting on 18 January 2012 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 so that due consideration could be given to the final level of Council Tax the Cabinet wishes to put forward to Council for approval for 2012/13 (delegation 1.2.1 (v) in the original Cabinet report refers).

The outstanding information reported to Council on 2 February 2012 (paragraph 1.1 of Annex 1 of the report refers) related to the following items:

- (a) Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority Precepts for 2012/13;
- (b) Levies, including the Tyne and Wear Integrated Transport Authority (ITA);
- (c) Tyne and Wear Joint Service Budgets;

(d) The final Local Government Finance Settlement announcement for 2012/13, including Capital announcements, Specific Grants (including Dedicated Schools Grant) and Council Tax Freeze Grant) final detailed information; and,

(e) Final consideration of the impact of the economic climate on the residents of the borough and council tax payers.

Information has now been received / is anticipated as follows:

1. Police and Fire Precepts:

The anticipated final amendments to the Fire and Police Precepts for 2012/13 are as follows:

(a) Tyne & Wear Fire and Rescue Authority

Precept increase of 0% over the 2012/13 level (original estimate was 0%), will be considered on 20 February 2012. As this Precept is not approved until 20 February 2012, and to enable the Elected Mayor's Budget Resolution and any Notices of Objections to be prepared, you are advised to prepare any such proposals based on the information in this letter and,

Northumbria Police Authority

Precept increase of 0% over the 2012/13 level (original estimate was 0%), will be considered on 22 February 2012. As this Precept is not approved until 22 February 2012, and to enable the Elected Mayor's Budget Resolution and any Notices of Objections to be prepared, you are advised to prepare any such proposals based on the information in this letter.

This treatment is in accordance with that adopted last year.

2. Levies:

The final amendments to Levies for 2012/13 are as follows:

- (a) Tyne & Wear Integrated Transport Authority Levy – no change compared with original estimate;
- (b) Tyne Port Health Authority Levy – no change compared with original estimate;
- (c) Environment Agency Levy – £10,000 reduction below original estimate; and,
- (d) Northumberland Inshore Fisheries and Conservation Authority (IFCA) (Formerly known as Northumbria Sea Fisheries) - £4,000 reduction below original estimate.

3. Tyne and Wear Joint Service Budgets

There is no net change to the Tyne and Wear Joint Service Budgets information since the 18 January 2012 Cabinet meeting.

4. The final Local Government Finance Settlement announcement for 2012/13, including Capital announcements, Specific Grants (including Dedicated Schools Grant) and Council Tax Freeze Grant) final detailed information

(a) The Final Local Government Finance Settlement

The Final Local Government Finance Settlement for 2012/13 was announced by Communities and Local Government (CLG) on 31 January 2012. There were no changes for North Tyneside Council from those announced at the time of the Provisional Local Government Finance Settlement on 8 December 2011.

5. Final consideration of the impact of the economic climate on the residents of the borough and council tax payers

(a) 2012/13 Council Tax Base

The Cabinet's proposals as at 18 January 2012 were based on an assumed Council Tax Base of 64,147. Council, at its meeting on 26 January 2012 approved the 2012/13 Council Taxbase as 64,219. This has the impact of additional resources of £87,000 being available for the budget.

These changes are reflected in Table 2 below.

(b) Collection Fund Surplus

The second change in this category is the annual statutory collection fund surplus calculation which produces a £33,000 surplus for 2012/13.

Chartered Institute of Public Finance and Accountancy (CIPFA) Consultation on proposed changes to the Prudential Code

The CIPFA consultation on proposed changes to the Prudential Code included a proposal to change the Net Debt indicator to a Gross Debt indicator to avoid any potential for the masking of borrowing for purposes other than capital. This was subsequently agreed. In order to reflect this change, Members are asked to note the additional indicator set out below:

Net Debt and the Capital Financing Requirement (PI5)

This is a key indicator for prudence and is designed to ensure that over the medium term net debt will only be for a capital purpose. Net debt should not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two

financial years.

Following recent changes to the CIPFA Prudential Code this indicator now includes all debt (PFI schemes and Finance leases), less investments, rather than purely borrowing. The Council's estimated net debt (debt less investments) is set out below together with the estimated Capital Financing Requirement (i.e. the Council's underlying need to borrow for Capital purposes) projected to 31 March 2015:

- Estimated net debt as at 31 March 2012 - £514.058m
- Capital Financing Requirement as at 31 March 2015 - £622.956m

(For information previous net borrowing figure was £462.598m).

CIPFA is currently consulting on introducing a further change to this indicator so that the gross debt position is shown rather than net. If agreed this change will take effect in 2012/13. With this in mind we have introduced a further local indicator to show the estimated gross debt as set out below:

- Estimated gross debt as at 31 March 2012 - £524.058m

Effect of Amendments to the 2012/13 General Fund Revenue Budget

The effect of the above amendments is set down in Table 1 below:

Table 1: Effect of Amendments to 2012/13 General Fund Revenue Budget

Item	Change in Spending Power since 18 January 2012	Change £'000
	Spending Changes	
2.(c)	Environment Agency	-10
2.(d)	Northumberland Inshore Fisheries and Conservation Authority (IFCA)	-4
	Total Spending Changes	-14
	Resource Changes	
5.(a)	Increase in Resources as a result of Council setting the 2012/13 Council Tax Base on 26 January 2012	-87
5.(b)	Collection Fund Surplus	-33
	Total Resource Changes	-120
	Extra Spending Power since 18 January 2012	-134

Note: Additional resources are shown as a negative (-) and reduced expenditure budgets are shown as a negative (-).

Those Members in each Political Group who are working on any proposed Notice of Objections were advised of this figure on Friday 17 February 2012.

Final Proposals for the 2012/13 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 2012/13 and proposes the following:

Table 2: Final Proposals for the 2012/13 General Fund Revenue Budget

Proposals as at 20 February 2012	Mayoral Amendments £000's
Killingworth Lake Area - Improvements	+50
Apprenticeships (which includes support for Armed Forces return to employment)	+84
TOTAL	+134

Consultation

Changes to methods of delivery of savings

Since the report to Council on 2 February 2012, there have been two changes to the methods of delivery of the savings included as part of the Change, Efficiency and Improvement Programme in two areas:

(a) Tourist Information Centre

It is no longer proposed to close the Tourist Information Centre in North Shields. The saving of £15,000 is now proposed to be delivered through a remodelling of the service.

(b) Kids Club at Battle Hill

It is no longer proposed to close the Kids Club provision at Battle Hill. The £59,000 saving in the business case related to 2 posts that have a borough wide remit. The Council intend to achieve the savings linked to the original Kids Club proposal through a remodelling of the service that will see all Clubs maintained but delivered on a bi-weekly instead of weekly basis.

Council Tax Increase for 2012/13

The council tax level for 2012/13 (including precepts) is therefore proposed to be unchanged from 2012/13 i.e. a 0% increase, as previously proposed in the report to full Council on 2 February 2012.

Council Tax Setting Resolution

Pending receipt of the Northumbria Police Authority precept for 2012/13 the Council is unable to finally set the council tax level. As this will not be available until 22 February 2012 the Council Tax can therefore only be set at the Council meeting planned for 1

March 2012. In any event 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 Notice of Objections on 21 February 2012.

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

Yours sincerely



Fiona Rooney
Strategic Director of Finance and Resources
(Chief Finance Officer)

Copies to: Elected Mayor
Graham Haywood, Chief Executive
All Strategic Directors and Heads of Service
Employee Joint Consultative Forum via Paul Wheeler, Democratic Services

Sent via E-mail and Courier to all addressees