

Local Government Act 1972

Borough of North Tyneside

5 March 2013

At the Extraordinary meeting of the Council of the Borough of North Tyneside duly convened and held on Tuesday 5 March 2013 at 6.00pm in the Chamber at Quadrant at which a quorum of members were present, that is to say:

Present

Councillor F Lott (In the Chair)
Mrs L Arkley (Elected Mayor)

Councillor J M Allan	Councillor C Johnson
Councillor A Arkle	Councillor D W Lilly
Councillor A Austin	Councillor G Madden
Councillor K Barrie	Councillor M Madden
Councillor B Burdis	Councillor P Mason
Councillor W Caithness	Councillor D McGarr
Councillor K A Conroy	Councillor P McIntyre
Councillor D Corkey	Councillor J McLaughlin
Councillor A Cowie	Councillor A McMullen
Councillor S Cox	Councillor L J Miller
Councillor E N Darke	Councillor Mrs S E Mortimer
Councillor L Darke	Councillor T Mulvenna
Councillor C Davis	Councillor P Oliver
Councillor S Day	Councillor D Ord
Councillor M Finlay	Councillor K Osborne
Councillor C A Gambling	Councillor J O'Shea
Councillor R Glindon	Councillor C B Pickard
Councillor S Graham	Councillor J Pickard
Councillor I Grayson	Councillor M G Rankin
Councillor M A Green	Councillor N Redfearn
Councillor J L L Harrison	Councillor D Sarin
Councillor S Hill	Councillor L A Spillard
Councillor E Hodson	Councillor J J Stirling
Councillor Janet Hunter	Councillor A Waggott-Fairley
Councillor John Hunter	Councillor J I Walker
Councillor M Huscroft	Councillor Mrs J A Wallace
Councillor M J Huscroft	Councillor G Westwater

C153/03/13 Apologies

Apologies for absence were received from Councillors G Bell, P Brooks, N J Huscroft, J Munby and A Normand.

C154/03/13 Declarations of Interest

Further to Minute No. C150/02/13 (Declarations of Interest), of the meeting held on 27 February 2013, no additional declarations of interest were made.

C155/03/13 The 2013/14 General Fund Revenue Budget, Council Tax Requirement and Council Tax Level, the Treasury Management Statement and Annual Investment Strategy for 2013/14 and the 2013-2023 Capital Plan

The Chair explained the procedure that would be followed at the meeting. At the reconvened Council meeting held on 27 February 2013, the Council had agreed objections submitted by both the Labour and Liberal Democrat Groups to the Cabinet's proposals.

The Mayor had subsequently consulted with her Cabinet at an Extraordinary Cabinet meeting held on 4 March 2013 in relation to the Council's objections, and at that meeting the Mayor had responded to the objections as set out in the report for tonight's meeting.

He indicated that the Council would consider the Mayor's response to those objections agreed by the Council and would make a final determination on the 2013/14 General Fund Revenue Budget, Council Tax requirement and Council Tax level for 2013/14, the Treasury Management Statement and Annual Investment Strategy for 2013/14 and the 2013-2023 Capital Plan.

There would be a two stage process:

The Council would first of all be requested to decide whether it wished to put forward alternative proposals to those submitted by the Elected Mayor and Cabinet and if so which proposals these were.

Secondly, if the Council did wish to propose Alternative Proposals, Council would be required to determine whether those proposals became the Council's Council Tax requirement for 2013/14. If the Alternative Proposals were agreed by at least two thirds of Members present, they became the Council's Council Tax requirement for 2013/14.

It was proposed to allow the Mayor up to 10 minutes to move the Cabinet's proposals and the mover of any alternative proposals up to 10 minutes to move such amendment.

This was a departure from the Council's normal rules of debate which the Chair proposed to adopt for this meeting.

It was moved by Councillor Mrs J Wallace and seconded by Councillor D Lilly that Council Procedure Rule 12(5) (Content and Length of Speeches) be suspended to reflect the above.

The Council agreed.

It was moved by Councillor B Pickard and seconded by Councillor J Allan that Council Procedure Rule 12(21) (Right of Reply) be suspended to allow the mover of any Alternative budget proposal a right of reply immediately before the proposal is put to the vote.

The motion, on being put to the meeting, was approved by 39 votes to 15 votes.

A report was submitted to Council which detailed the following:

- (a) The Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution in order to finalise the 2013/14 General Fund Revenue Budget and set the 2013/14 Council Tax Requirement and the Council Tax level for 2013/14;
- (b) The Elected Mayor and Cabinet's proposals for the 2013-2023 Capital Plan, including prudential indicators for 2013/14 in accordance with the Chartered Institute of Public Finance & Accountancy's (CIPFA's) Prudential Framework and the proposed Minimum Revenue Provision (MRP) Policy in line with capital finance regulations; and
- (c) The Elected Mayor and Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2013/14.

The report detailed the Mayor's responses to the Council's Objections that had been agreed at the Council meeting held on 27 February 2013 (reconvened from 21 February 2013), and which were set out in Table 1 in relation to the Liberal Democrat Group Notice of Objection; and in Table 2 in relation to the Labour Group Notice of Objection.

It was then moved by Mrs L Arkley, Elected Mayor and seconded by Councillor Mrs J Wallace that Council:

- (a) notes the guidance set out in the report (paragraphs 1.5.1 to 1.5.4);
- (b) notes the Elected Mayor's responses to the full Council's objections from the 27 February 2013 Council meeting;
- (c) agrees the recommendations, authorisations and delegations set down in paragraph 1.5.12 of the report in relation to the 2013/14 General Fund Revenue Account Budget, the 2013/14 Council Tax Requirement and Council Tax level for 2013/14, being the Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution;
- (d) agrees the Elected Mayor and Cabinet's proposals for the 2013-2023 Capital Plan, (set out in paragraphs 1.5.13 to 1.5.21 and the original reports to Council on 7 and 21 February 2013) which includes prudential indicators for 2013/14 in accordance with the Chartered Institute of Public Finance & Accountancy's (CIPFA's) Prudential Framework and the proposed Minimum Revenue Provision (MRP) Policy in line with capital finance regulations; and
- (e) agrees the Elected Mayor and Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2013/14, as detailed in the original report to full Council on 7 February 2013.

The Chair then invited Members to move any Alternative proposals.

It was moved by Councillor M J Huscroft and seconded by Councillor D Ord that the Liberal Democrat Group Objection, as approved by Council on 27 February 2013 (reconvened from 21 February 2013), be approved as the Council's Alternative Proposal.

Members were given the opportunity to ask questions about the proposal and to debate the proposal.

On being put to the meeting, there were 3 votes in favour of and 13 votes against the Alternative Proposal being adopted as the Council's Alternative Proposal.

At this point there was a short adjournment.

It was moved by Councillor J M Allan and seconded by Councillor B Pickard that the following Alternative Proposal be approved:

“MEETING THE NEEDS OF THE PEOPLE

1.0 Introduction

The Labour Group have submitted an Objection to the Mayor's Budget at the last meeting of the Council, where it was agreed that the budget should be reconsidered by the Mayor and her Cabinet. The reasons were expressed within the Labour Group's written statement and alongside the comments made at the Council meeting in support of the Labour Group's Objection. Unfortunately, the Conservative Cabinet and their Group left the meeting so they were not available to answer the remaining questions as part of the Budget and Policy Framework process as laid down in the Council's Constitution. As a consequence the deliberations of the Cabinet on Monday 4th March will be limited but predictable, and we expect very little consideration of what we have outlined as our concerns and views on how the budget proposals will impact a great many residents of all ages and in particular where there are budget items that are not very clear in how they will be delivered or even implemented quickly enough to enable them to be achieved. There are serious risks contained within the Mayor and her Cabinet's proposals, and a lot of uncertainty amongst the individual Cabinet members who appear to be unable to explain or present their proposals to enable a simple understanding of what the real measures and targets are.

CEI – the Labour Group believes that the proposal to place the responsibility of finding the £18m (£20m announced at the meeting) shortfall on the CEI programme is passing the problem to one side in the hope that it will go away is reneging on the responsibility of political and policy leadership. We have in front of us a twelve month Budget along with a two year financial plan that shows an £18m (£20m announced at the meeting) gap in the Council's budget. There is no key plan or proposals on how this will be addressed. To simply let it just arrive upon us without due preparation is not the way to run a business and any business would be implementing mitigation plan well in advance to avoid a financial crisis.

The Labour Group believes, that in pursuing the issue of the massive central government cuts through cost cutting without regard to a council plan for the next

five years that the proposals are out of balance with the needs of the people of North Tyneside.

For example we are concerned with

- Massive Outsourcing and the consequential loss of control of vital Council services, and leaving the Council exposed to private company changes.
- We believe there should be a root and branch review to ensure the remaining Council services and support services accurately reflect the new role required for a modern Council.
- The use of the consultants is costing £1.45m in 2012/13 so far. We believe that a fundamental review of the need for such a large element of consultancy reflects badly on the knowledge and the experience of the Council's own workforce. This should be reviewed and consultants only used where there is a demonstrable and short term need for external expertise.
- We believe that a fundamental review for a large requirement of agency staff could be better handled by a programme of retraining and redeploying existing staff. Service areas that are finding difficulty to recruit should be reviewed to determine why there is a large turnover in those service areas.
- A modern Council should not be reliant on increasing fees and charges to generate income. We believe that the increases are having a detrimental impact on individuals in the highest need areas and also those residents that are just above the benefits level, are amongst the most detrimentally impacted by these actions.
- The Welfare Reforms will have a detrimental effect on the most vulnerable residents in our borough. We believe the cuts in support services will add to the pressure on these individuals and should be reviewed.
- The transfer of Public Health responsibilities to the Council should have been used to increase the Council's contribution to the overall health and well-being of the residents of our borough. The use of the additional grant to support existing services should be reviewed to allow additional services to be provided.
- We are concerned that the capital plan, again, does not reflect the greater need of the borough. The capital plan is closely linked to the borrowing and investment strategy and this is an area that needs urgent review and control. The spiralling capital financing requirement, (which is debt), is continuing to grow and there are no obvious plans to reduce the amount which will stand at over £603m at 31 March 2014.

We call upon the incoming Cabinet, after the Mayoral election, to immediately start the process to readdress the budget to reflect the needs of the residents of North Tyneside and to formulate medium and long term financial policies and plans.

2.1 Labour Group Alternative Budget Proposal: Setting the Council Tax 2013/14

2013/14 Council Tax Requirement Resolution

2.2 The Labour Group recommends that:

1. The recommended budgets of the Authority by Directorate, be approved as noted below subject to the variations listed in paragraphs 2, 3 and 4 below and notes the estimated allocation of £136.798m in Dedicated Schools Grant, for 2013/14:

Directorate

	£
Children, Young People and Learning, Chief Executive's Office, Community Services, Finance And Resources, Public Health and Corporate	158,407,949
Total	<u>158,407,949</u>

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

	£
Tyne & Wear Integrated Transport Authority	12,793,836
Tyne Port Health Authority	56,879
Environment Agency	163,273
Northumberland Inshore Fisheries and Conservation Authority	128,597
Total	<u>13,142,585</u>

3. The contingency provision be set as follows:

	£
Contingency Provision	5,581,000
Total	<u>5,581,000</u>

4. That Financial Regulations be amended, in accordance with the requirements of the Constitution, to state that any additional borrowing requirement in excess of £0.500m for capital schemes not included in the 2013-2023 Capital Plan be subject to approval by full Council.
5. Note that at its meeting held on 31 January 2013 Cabinet agreed the Council Tax Base for 2013/14 for the whole Authority area as 53,006 (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 2013/14 is £70,394,134, as set out below:

2013/14 Council Tax Requirement for North Tyneside Council

	£	£
2013/14 Budget Requirement		177,131,534
Financed by:		
Revenue Support Grant	(63,425,523)	
Retained Business Rates / Baseline	(28,321,763)	
Business Rates Top Up	(14,961,035)	
Collection Fund Surplus	<u>(29,079)</u>	<u>(106,737,400)</u>
Council Tax Requirement		70,394,134

7. Agrees that the following amounts now calculated by the Authority for the year 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended (the Act):

- (a) £348,571,553 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
- (b) £278,177,419 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
- (c) £70,394,134 Being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Authority in accordance with Section 31(A)(4) of the Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act).
- (d) £1,328.04 Being the amount at 7(c) above (Item R), all divided by Item T (5 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

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
885.36	1,032.92	1,180.48	1,328.04	1,623.15	1,918.28	2,213.40	2,656.08

being the amounts given by multiplying the amount at 7(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 (formally known as Northumbria Police Authority) Valuation Bands

Note that for the year 2013/14 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:

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
57.74	67.36	76.99	86.61	105.86	125.10	144.35	173.22

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

Note that for the year 2013/14 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:

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
48.77	56.90	65.03	73.16	89.42	105.68	121.93	146.32

(h) Total Valuation Bands

That, having calculated the aggregate in each case of the amounts at 7(e), 7(f) and 7(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 2013/14 for each part of its area and for each of the categories of dwellings shown below:

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
991.87	1,157.18	1,322.50	1,487.81	1,818.43	2,149.06	2,479.68	2,975.62

8. The Authority's relevant basic amount of council tax for 2013/14 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.
9. The Authority's Financial Regulations will apply to the financial management of this budget.
10. The Authority's Financial Regulations are amended, in accordance with the requirements of the Constitution, to include the requirement for a prioritisation process for the Capital Plan Reserve List.
11. It is proposed to increase the level of contingencies by £2.646m to £5.581m to recognise a number of areas, including any increase in Levies and/or Inflation, Members' Allowances, Flooding, changes in specific government grants as yet unknown and demand-led pressures particularly in Adults' and Children's Social Care areas.
12. 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.
13. The Reserves and Balances Policy as set out in the report to full Council on 7 February 2013, is adopted as set down and is subject to review at least annually.
14. The Chief Executive, in consultation with the Elected Mayor, Cabinet Member for Finance, the Strategic Director of Finance and Resources and the Senior

Leadership Team is authorised to manage the overall Change, Efficiency and Improvement Programme and note that decisions made under this authorisation will be reported to Cabinet as part of the regular budget monitoring information provided.

15. The Elected Mayor in consultation with the Major Projects Group, be granted delegated authority to keep under review the proposed Reserve List of Schemes, within the 2013-2023 Capital Plan.
16. The chief finance officer 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.
17. The chief finance officer be authorised to disburse monies from funds and accounts of the Authority as required for the lawful discharge of the Authority's functions.
18. Agree that the Police and Crime Commissioner for Northumbria (formerly the Northumbria Police Authority) 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.
19. 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."

Members were given the opportunity to ask questions about the Alternative proposal and to debate the proposal.

On being put to the meeting, there were 39 votes in favour of and 4 votes against the Alternative Proposal being adopted as the Council's Alternative Proposal.

The Chair announced that the Alternative Proposal moved by Councillor J M Allan and seconded by Councillor B Pickard had now been adopted as the Council's Alternative Proposal.

It was then moved by Councillor J M Allan and seconded by Councillor B Pickard that the Council's Alternative Proposal be approved as an amendment to the Cabinet's proposals.

Members were given the opportunity to ask questions about the Alternative proposal and to debate the proposal.

The Alternative Proposal, on being put to the meeting, was approved as the Council's alternative to the Cabinet's proposals by 39 votes to 17 votes.

In accordance with Part 4.7 3 (g) of the Constitution, the Alternative Proposal was approved as the 2013/14 Council Tax Requirement Resolution by 39 votes to 16 votes.

A Member referred to the Counterparty list for 2013/14, set out in an appendix to the report under Treasury Management arrangements, and asked whether any consideration had been given to the use of ethical banks for the Council's investments.

The Chair announced that a written response to the question would be provided to all Members.

C156/03/12 Common Seal

Resolved that the Common Seal be affixed to all deeds and documents required for carrying into effect the various decisions of the Council made since its last meeting.