

Local Government Act 1972

Borough of North Tyneside

20 February 2014

At the Extraordinary meeting of the Council of the Borough of North Tyneside duly convened and held on Thursday 20 February 2014 at 6.00pm in the Chamber at Quadrant at which a quorum of members were present, that is to say:

Present

Councillor Janet Hunter (In the Chair)
N Redfearn (Elected Mayor)

Councillor A Arkle	Councillor C Johnson
Councillor A Austin	Councillor D W Lilly
Councillor K Barrie	Councillor F Lott
Councillor G Bell	Councillor W Lott
Councillor B Burdis	Councillor G Madden
Councillor C Burdis	Councillor P Mason
Councillor W Caithness	Councillor Mrs P McIntyre
Councillor K A Conroy	Councillor J McLaughlin
Councillor D E Corkey	Councillor A McMullen
Councillor A Cowie	Councillor L Miller
Councillor S Cox	Councillor Mrs S E Mortimer
Councillor E N Darke	Councillor T Mulvenna
Councillor L Darke	Councillor P Oliver
Councillor C Davis	Councillor D Ord
Councillor S Day	Councillor K Osborne
Councillor M Finlay	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 D Sarin
Councillor J L L Harrison	Councillor L Spillard
Councillor E F J Hodson	Councillor J Stirling
Councillor John Hunter	Councillor A Waggott-Fairley
Councillor M Huscroft	Councillor J I Walker
Councillor M J Huscroft	Councillor Mrs J A Wallace
Councillor N J Huscroft	

In attendance via Skype in a non-voting capacity: Councillor J Munby

C118/02/14 Chair's Opening Remarks

The Chair advised Council she was aware that papers for tonight's Council meeting had been circulated to Members home addresses this afternoon and appreciated some Members may not have had the opportunity to read them. She was therefore going to allow 15 minutes for Members to read the papers before moving onto item 3.

She also informed Council of new regulations soon to come into force which would require local authorities to have recorded or named votes on any decision at budget meeting relating to the budget or Council Tax, and that this practice would be adopted for this year's meetings before the regulations came into force.

Prior to the 15 minute adjournment the Chair invited the Head of Finance and Commercial Services to explain the key changes to the Elected Mayor and Cabinet's proposals since those outlined in the report to the Council meeting held on 6 February 2014.

C119/02/14 Apologies

Apologies for absence were received from Councillors J Allan, P Brooks, S Hill, M Madden, D McGarr, A Normand and G Westwater.

C120/02/14 Declarations of Interest and Dispensations

The Chair reminded all Members of the Council of the letter from the Head of Law and Governance sent to all Members which set out the position with regard to interests in meetings of the Cabinet/Council that dealt with the Budget proposals.

In relation to a Registerable Personal Interest held where a Member had been appointed by the Authority to an outside body or bodies, a dispensation had been granted to allow them to participate and vote at any meeting. Members were not required to declare these registerable personal interests or the grant of dispensations at this meeting.

A list of the appointments to the Authority's Outside Bodies and dispensations granted to Members in respect of these appointments was available for inspection if required. Members' declarations and dispensations continued from the last meeting. Members who had any further interests for this meeting that had not previously been declared on 6 February were invited to declare them.

Further to Minute No. C117/02/14 (Declarations of Interest), of the meeting held on 6 February 2014, the following additional declaration of interest was made to the item below (Minute C121/02/14):

Item 3 – 2014-2015 Financial Planning and Budget Process: 2014/15 Budget and Council Tax Requirement Submission to the Authority

Councillor M Green – non-registerable personal interest – mother living in council sheltered accommodation and receives support from Adult Social Care services.

C121/02/14 2014-2015 Financial Planning and Budget Process: 2014/15 Budget and Council Tax Requirement Submission to the Authority

The Chair explained the procedure that would be followed at the meeting. Further to the meeting on 6 February, the Chair stated that the information contained in the business cases was no longer 'exempt' so any additional questions on the Cabinet's proposals would be taken after those proposals were formally moved and seconded.

The Chair would request Councillor Glindon to move the Elected Mayor and Cabinet's proposals. Once those proposals were seconded, Members would be given the opportunity to ask questions on any new matters in relation to those proposals. Objections would then be taken from the Liberal Democrat Group and then the Conservative Group in that order.

A report of the Head of Finance and Commercial Services (Chief Financial Officer) had been circulated to all Members of the Council.

The report set out the Cabinet's 2014/15 Council Tax Requirement and Council Tax level for 2014/15, in relation to the General Fund Revenue Budget (including the Dedicated Schools Grant), proposals for the 2014-2018 Investment Plan, including prudential indicators for 2014/15 and the proposed Minimum Revenue Provision Policy (excluding housing) and proposals for the Treasury Management Statement and Annual Investment Strategy for 2014/15.

The following documents had also been circulated to all Members of the Council:

- Main report on the Elected Mayor and Cabinet Budget and Council Tax Requirement Resolution for 2014/15
- Notification of the Elected Mayor's Final Amendments
- Liberal Democrat Group Notice of Objection
- Conservative Group Notice of Objection

It was moved by Councillor R Glindon and seconded by Councillor B Pickard that:

"Council

- (a) Agree the recommendations, authorisations and delegations set down in paragraph 1.5.34 of the report in relation to the 2014/15 General Fund Revenue Account Budget, the 2014/15 Council Tax Requirement and Council Tax level for 2014/15, being the Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution;
- (b) Agree the Elected Mayor and Cabinet's proposals for the 2014-2018 Investment Plan, (set down in paragraphs 1.5.6 to 1.5.7, Appendices B (i) and B (ii) to the report which includes prudential indicators for 2014/15 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) Agree the Elected Mayor and Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2014/15, as detailed in the original report to full Council on 6 February 2014; and

(d) Agree the following Resolution:

Council agree:

1. The recommended budgets of the Authority by Directorate, be approved as noted below subject to the variations listed in paragraphs 2 and 3 below and notes the estimated allocation of £139.696m in Dedicated Schools Grant, for 2014/15:

Directorate	£
Chief Executive's Office	22,056,321
Deputy Chief Executive's Office	119,348,811
Corporate	12,281,675
Total	<u>153,686,807</u>

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

	£
Tyne & Wear Integrated Transport Authority	12,398,399
Tyne Port Health Authority	51,191
Environment Agency	175,444
Northumberland Inshore Fisheries and Conservation Authority	128,597
Total	<u>12,753,631</u>

3. The contingency provision be set as follows:

	£
Contingency Provision	1,955,000
Total	<u>1,955,000</u>

4. Note that at its meeting held on 30 January 2014 Cabinet agreed the Council Tax Base for 2014/15 for the whole Authority area as 55,400 (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.
5. Agree that the Council Tax requirement for the Authority's own purposes for 2014/15 is £73,573,416 (as set down in paragraph 1.5.33, Table 6).
6. Agrees that the following amounts now calculated by the Authority for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended (the Act):
 - (a) £359,068,155 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.

- (b) £285,494,739 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
- (c) £73,573,416 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 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 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

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 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 2014/15 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 2014/15 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 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 2014/15 for each part of its area and for each of the categories of dwellings shown below:

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
991.8	1,157.18	1,322.50	1,487.81	1,818.43	2,149.06	2,479.68	2,975.62

7. The Authority's relevant basic amount of council tax for 2014/15 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 general Contingency Budget for 2013/14 was £5.581m. Of this, £4.392m has been permanently allocated into service base budgets, resulting in a revised Contingency base budget of £1.189m for 2014/15. These budget proposals increase the Contingency base budget by £0.766m to reflect ongoing demand led pressures for Adults and Children's Social Care and provision for a potential pay award in 2014/15.

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.

10. The Reserves and Balances Policy as set out in the report to full Council on 6 February 2014, is adopted as set down and is subject to review at least annually.
11. The Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources, the Head of Finance and Commercial Services 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.
12. The Elected Mayor, in consultation with the Investment Programme Board, be granted delegated authority to keep under review the proposed Reserve List of Schemes, within the 2014-2018 Investment Plan.
13. 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.

14. 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.
15. 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.
16. 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 asked questions on the Elected Mayor and Cabinet's proposals on new matters that had not previously been raised.

In response to a Member's question in relation to how many children and young people would not meet the new threshold to access support from the children's adolescent mental health service (Business Case 3), the Cabinet Member for Children, Young People and Learning agreed to provide a written response.

Liberal Democrat Group Objection

An objection was then moved by Councillor M J Huscroft and seconded by Councillor N J Huscroft, as set out in Appendix 1 to these minutes.

Members asked questions on the Liberal Democrat Group objection. The objection was then debated.

Two Members present requested a recorded vote in accordance with Council Procedure Rule 13 (5).

Votes for the Liberal Democrat Group Objection

Councillors M Finlay, M Huscroft, M J Huscroft, N J Huscroft and D Ord.

Votes against the Liberal Democrat Group Objection

N Redfearn, Elected Mayor, Councillors A Arkle, A Austin, K Barrie, G Bell, B Burdis, C Burdis, W Caithness, K Conroy, D Corkey, A Cowie, S Cox, E Darke, L Darke, C Davis, S Day, R Glindon, S Graham, I Grayson, M Green, J Harrison, E Hodson, Janet Hunter, John Hunter, C Johnson, D Lilly, F Lott, W Lott, G Madden, P Mason, P McIntyre, J McLaughlin, A McMullen, L Miller, S Mortimer, T Mulvenna, P Oliver, K Osborne, J O'Shea, B Pickard, J Pickard, M Rankin, D Sarin, L Spillard, J Stirling, A Waggott-Fairley, J Walker, J Wallace.

The objection, on being put to the meeting, was defeated by 48 votes to 5 votes.

Conservative Group Objection

An objection was then moved by Councillor J Wallace and seconded by Councillor D Lilly, as set out in Appendix 2 to these minutes.

Members asked questions on the Conservative Group objection. The objection was then debated.

Two Members present requested a recorded vote in accordance with Council Procedure Rule 13 (5).

Votes for the Conservative Group Objection

Councillors A Austin, K Barrie, E Hodson, D Lilly, P Mason, P McIntyre, J McLaughlin, L Miller, S Mortimer, D Sarin, J Wallace.

Votes against the Conservative Group Objection

N Redfearn, Elected Mayor, Councillors A Arkle, G Bell, B Burdis, C Burdis, W Caithness, K Conroy, D Corkey, A Cowie, S Cox, E Darke, L Darke, C Davis, S Day, M Finlay, R Glindon, S Graham, I Grayson, M Green, J Harrison, Janet Hunter, John Hunter, M Huscroft, M J Huscroft, N J Huscroft, C Johnson, F Lott, W Lott, G Madden, A McMullen, T Mulvenna, P Oliver, D Ord, K Osborne, J O'Shea, B Pickard, J Pickard, M Rankin, L Spillard, J Stirling, A Waggott-Fairley and J Walker.

The objection, on being put to the meeting, was defeated by 42 votes to 11 votes.

The Chair announced that as the Council had not agreed the Liberal Democrat Group and Conservative Group objections, she invited Members to speak to the Elected Mayor and Cabinet's proposals (the substantive motion).

Two Members present requested a recorded vote in accordance with Council Procedure Rule 13 (5).

Votes for the Elected Mayor and Cabinet's Proposals (the substantive Motion)

N Redfearn, Elected Mayor, Councillors A Arkle, G Bell, B Burdis, C Burdis, W Caithness, K Conroy, D Corkey, A Cowie, S Cox, E Darke, L Darke, C Davis, S Day, R Glindon, S Graham, I Grayson, M Green, J Harrison, Janet Hunter, John Hunter, C Johnson, F Lott, W Lott, G Madden, A McMullen, T Mulvenna, P Oliver, K Osborne, J O'Shea, B Pickard, J Pickard, M Rankin, L Spillard, J Stirling, A Waggott-Fairley and J Walker.

Votes against the Elected Mayor and Cabinet's Proposals (the substantive Motion)

Councillors A Austin, K Barrie, M Finlay, E Hodson, M Huscroft, M J Huscroft, N J Huscroft, D Lilly, P Mason, P McIntyre, J McLaughlin, L Miller, S Mortimer, D Ord, D Sarin and J Wallace.

The substantive motion, on being put to the meeting, was approved by 37 to 16 votes.

The Chair announced that the Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution for 2014/15 had been approved by the Council and therefore the meeting provisionally scheduled for 4 March 2014 was no longer required.

C122/02/14 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.

**North Tyneside Council
Report to Council
Date: 20 February 2014**

**Title: 2014-2018 Financial
Planning and Budget Process:
Liberal Democrat Group Notice
of Objection**

Report of: The Liberal Democrat Group

Wards affected: ALL

Liberal Democrat Group Notice of Objection for the 2014/15 General Fund Revenue Budget, the proposed Council Tax Level for 2014/15, the Investment Plan for 2014-2018 and the Treasury Management Statement and Annual Investment Strategy for 2014/15

1.0 Introduction

The Liberal Democrat Group have submitted objections to the Elected Mayor's budget to ensure that the Authority concentrates on maintaining services.

We believe at a time when many families are still feeling under pressure, it is essential that the Authority prioritises and cuts out waste, it aims to protect services for children and vulnerable adults.

The Liberal Democrat Group does not believe that there is any tangible benefit to the people of North Tyneside by continuing to freeze Council Tax when a small increase may well help to protect service delivery.

We believe all parties should be prepared to work together for the benefit of North Tyneside residents and we again call for an all party group to monitor the budget especially any areas of high risk. We believe it is essential to have strict budgetary control, to maintain financial stability and concentrate on providing the quality services residents deserve.

This budget therefore proposes a small Council Tax increase of 1.90% (Council element only) and an increase of 1.70% (including precepts).

2.0 Liberal Democrat Group Resolution: Setting the Council Tax 2014/15

2014/15 Council Tax Requirement Resolution

2.1 The Liberal Democrat Group recommends that:

1. The recommended budgets of the Authority, be approved as noted below subject to the variations listed in paragraphs 2, 3 and 4 below and notes the estimated allocation of £139.696m in Dedicated Schools Grant, for 2014/15:

Directorate	£
Chief Executive's Office	22,056,321
Deputy Chief Executive's Office	119,789,811

Corporate	11,280,417
Total	<u>153,126,549</u>

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

	£
Tyne & Wear Integrated Transport Authority	12,398,399
Tyne Port Health Authority	51,191
Environment Agency	175,444
Northumberland Inshore Fisheries and Conservation Authority	128,597
Total	<u>12,753,631</u>

3. The contingency provision be set as follows:

	£
Contingency Provision	3,600,000
Total	<u>3,600,000</u>

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

Growth

Item	£	
<u>Corporate</u>		
1.	Loss of 2014/15 Council Tax Freeze Grant	863,000
2.	Revenue effect of capital plan proposals	20,000
3.	Freeze school and community meals price increases	230,000
4.	Reinstate proposal to 'Reduce the Book Fund'	100,000
5.	Reinstate part of proposal 'Review of Learning Disability Residential Care'	100,000
6.	Reinstate proposal to 'Reduce out of hours staffing costs' in Adult Social Care	11,000
7.	Create a fund to promote (and establish) apprenticeships	500,000
	Total Corporate	1,824,000
	If All Objections are accepted the Total Growth will be	1,824,000

Additional Grants Received by the Council

Item	£	
8.	Final Section 31 Grant to compensate Local Authorities for the cost of changes to the Business Rates system announced in the 2013 Autumn Statement – Cumulative 2014/15 Change	1,511,000
	Total Additional Grants Received by the Council	-1,511,000

5. Note that at its meeting held on 30 January 2014 Cabinet agreed the Council Tax Base for 2014/15 for the whole Authority area as 55,400 (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 2014/15 is £74,971,158, as set out below:

2014/15 Council Tax Requirement for North Tyneside Council

	£	£
2014/15 Budget Requirement		169,793,180
Financed by:		
Revenue Support Grant	(53,093,771)	
Retained Business Rates	(26,467,371)	
Business Rates Top Up	(15,252,485)	
Council Tax Collection Fund Surplus	(8,395)	(94,822,022)
Council Tax Requirement		74,971,158

7. Agrees that the following amounts now calculated by the Authority for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended (the Act):
 - (a) £361,360,896 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
 - (b) £286,389,738 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
 - (c) £74,971,158 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) £1,353.27 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
£	£	£	£	£	£	£	£
902.18	1,052.55	1,202.90	1,353.27	1,653.99	1,954.72	2,255.45	2,706.54

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 Valuation Bands

Note that for the year 2014/15 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 2014/15 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 2014/15 for each part of its area and for each of the categories of dwellings shown below:

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,008.69	1,176.81	1,344.92	1,513.04	1,849.27	2,185.50	2,521.73	3,026.08

8. The Authority's basic amount of council tax for 2014/15 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. It is proposed to change the level of contingencies to £3.600m to recognise demand-led pressures particularly in Adults' and Children's Social Care areas, the estimated pay award for 2014/15 and additional contingencies as set out in

Appendix B.

11. 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.
12. The Reserves and Balances Policy as set out in the report to full Council on 6 February 2014, is adopted as set down and is subject to review at least annually.
13. The Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources, the Head of Finance and Commercial Services 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.
14. The Elected Mayor in consultation with the Strategic Property Group, be granted delegated authority to keep under review the proposed Reserve List of Schemes, within the 2014-2018 Investment Plan and agree any changes considered appropriate subject to the Financial Regulations.
15. An All Party Group review the Investment Plan proposals in relation to the Learning Village / Multiversity proposal.
16. The review of Home to School Transport arrangements will not include the cessation of post 16 subsidy for Home to College transport or the cessation of school bus pass assistance to faith schools.
17. 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.
18. 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.
19. 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.
20. 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 2014-2018

- 3.1 The Liberal Democrat Group recommends that the following amendments be incorporated within the 2014-18 Investment Plan:

Additional Growth:	_____
1. Increase Additional Highways Maintenance budget by £1.000m per year for 4 years (EV056)	4,000,000

Total Additional Growth	4,000,000

The Investment Plan for 2014-2018 including these changes is attached as **Appendix A**.

3.2 Draft Prudential Indicators

The following indicators have been amended to reflect the changes to the Investment Plan set out in section 3.1 above and the revenue impact of the changes.

The following sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2014–2018.

3.3 Indicators of Affordability

Prudential Indicators (PIs) 1 to 4 are key indicators of affordability.

3.4 Ratio of Financing Costs to Net Revenue Stream (PIs 1 and 2)

This indicator calculates the estimated net finance costs for the year divided by the amounts to be met from government grants and local taxpayers for the non-HRA element, and the total HRA income for the HRA element. The objective is to identify trends over time.

The actual figures for 2013/14 are also set out in Table 1 below:

Table 1: Ratio of Financing Costs to Net Revenue Stream (PIs 1 and 2)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Est.	Est.	Est.	Est.	Est.
General Fund	13.32%	13.46%	16.20%	17.64%	18.57%	19.37%
HRA	22.93%	30.59%	27.54%	27.89%	32.76%	33.40%

The above indicator shows costs for all borrowing, both supported and unsupported. It also includes the financing costs of PFI schemes (including the estimated Housing Quality Homes for Older People PFI scheme) and leases. To enhance the information available for decision-making we have also provided a local indicator to show the proportion of the budget that is spent on unsupported borrowing. This is shown in Table 2 below:

Table 2: Ratio of Financing Costs for prudential (unsupported) borrowing to Net Revenue Stream (PIs 1 and 2)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Est.	Est.	Est.	Est.	Est.
General Fund	6.75%	6.73%	8.55%	9.71%	10.69%	11.58%
HRA	3.94%	10.07%	4.35%	4.37%	6.61%	7.83%

Debt financing costs related to past and current capital programmes have been estimated in accordance with proper practices. Actual costs will depend on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis. Any reprogramming in the capital programme, whether planned or unplanned, may delay the impacts of debt financing costs to future years.

3.5 Incremental impact of new capital investment decisions on council tax and housing rents

Council Tax

This indicator represents an estimate of the incremental impact of new capital investment decisions on the annual Council Tax (Band D). It is intended to show the effect on Council Tax of approving the additional capital expenditure.

Revenue budget impacts may arise from the following:

- Interest from the use of external borrowing;
- Set aside of Minimum Revenue Provision (MRP);
- Revenue running costs or savings; and,
- Direct revenue contributions to capital expenditure

Table 3: Estimates of incremental impact of new capital investment decisions on Council Tax

	General Fund
2014/15	£6.38
2015/16	£28.54
2016/17	£38.38
2017/18	£62.18

These figures are notional and in practice the incremental costs of borrowing for the capital programme are incorporated into the calculations for the revenue budget build up along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

Housing rents

This indicator represents an estimate of the incremental impact of new capital investment decisions on average weekly housing rents.

Revenue budget impacts may arise from the following:

- Direct revenue contributions to capital expenditure;
- Use of the Major Repairs Allowance (MRA);
- Interest from the use of external borrowing;
- Amounts set aside for the repayment of debt; and,
- Revenue running costs or savings.

Table 4: Estimates of incremental impact of new capital investment decisions on weekly housing rents

	HRA
2014/15	£6.80
2015/16	£3.64
2016/17	(£0.78)
2017/18	£1.37

These figures are notional and in practice the incremental costs of borrowing for the HRA capital programme are incorporated into the calculations for the HRA budget build up along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

3.6 Prudential Indicators for Prudence

A key indicator of prudence is that, over the medium term, gross debt will only be used for a capital purpose. Under the Code the underlying need to borrow for a capital purpose is measured by the Capital Financing Requirement (CFR). Following changes to the CIPFA Prudential Code gross debt includes external borrowing and also other liabilities including PFI schemes and Finance Leases.

Gross debt and Capital Financing Requirement (CFR)

This key indicator is intended to show that gross debt does not, except in the short term, exceed the total CFR plus estimates of additional capital requirements for 2014/15 to 2017/18.

Table 5: Gross external debt less than CFR

	2014/15	2015/16	2016/17	2017/18
	£'000s	£'000s	£'000s	£'000s
External Borrowing	490,610	498,114	494,383	487,769
Other Liabilities (including PFI and Finance Leases)	88,663	120,898	126,638	122,908
Total Gross debt	579,273	619,012	621,021	610,677
Capital Financing requirement	617,385	649,537	650,634	639,542

3.7 Prudential Indicators for Capital Expenditure

Estimate of capital expenditure

This indicator requires reasonable estimates of the total capital expenditure to be incurred during the forthcoming financial year and at least the following two financial years.

The Investment Plan for 2014-18 is included as **Appendix A** and the figures below are based on that report.

Table 6: Capital Expenditure

	2014/15	2015/16	2016/17	2017/18
	Estimate £000's	Estimate £000's	Estimate £000's	Estimate £000's
General Fund	56,483	21,686	18,920	11,158
HRA	23,936	25,427	24,303	24,731
Total	78,419	47,113	43,223	35,889

After the year end, the actual capital expenditure is calculated using the figures shown in the Financial Statements.

There is a real risk of cost variations to planned expenditure against the capital programme, arising for a variety of reasons, including tenders coming in over/under budget, changes to specifications, slowdown/acceleration of project phasing. There is also the possibility of needing to bring urgent and unplanned capital works into the capital programme. These risks are managed by project officers on an ongoing basis, by means of active financial and project monitoring, and will be overseen by the Capital Programme Management and Finance Group.

The availability of financing from capital receipts, grants and external contributions also carry significant risks. These risks are particularly relevant to capital receipts, where market conditions are a key driver to the flow of funds, causing problems in depressed or fluctuating market conditions.

3.8 Estimate of Capital Financing Requirement (CFR)

The CFR can be understood as the Authority's underlying need to borrow money long term for a capital purpose. The underlying need is the expenditure remaining to be financed after allowing for capital funding from capital receipts, grants, third party contributions and revenue contributions. It reflects the cumulative amount of borrowing required for capital purposes less the annual Minimum Revenue Provision (MRP).

In accordance with best professional practice the Authority does not associate borrowing with particular items or types of expenditure. The Authority has a number of daily cashflows, both positive and negative, and manages its Treasury position in terms of its borrowing and investments in accordance with the approved Treasury Management Strategy. In day to day cash management no distinction can be made between revenue cash and capital cash. Over the long term external borrowing may only be incurred for capital purposes.

The Authority is required to make reasonable estimates of the total CFR at the end of the

forthcoming financial year and, as a minimum, the following two years. The HRA estimates must be shown separately.

The CFR has been calculated in line with the methodology required by the relevant statutory instrument and the guidance to the Prudential Code. It incorporates the actual and forecast borrowing impacts of the Authority's previous, current and future capital projects, current and future PFI programmes and current Finance Leases.

Table 7: Capital Financing Requirement

	2012/13 Actual £000's	2013/14 Est. £000's	2014/15 Est. £000's	2015/16 Est. £000's	2016/17 Est. £000's	2017/18 Est. £000's
General Fund	292,043	295,247	301,480	301,297	298,314	293,695
HRA	287,011	288,841	316,904	350,190	355,170	349,547
Total	579,054	584,088	618,384	651,487	653,484	643,242

The above indicator shows the total borrowing requirement, both supported and unsupported. To enhance the information available for decision-making we have provided a local indicator to show the Capital Financing Requirement for unsupported borrowing. This is shown in Table 8 below:

Table 8: Capital Financing Requirement for Unsupported Borrowing

	2012/13 Actual £000's	2013/14 Est. £000's	2014/15 Est. £000's	2015/16 Est. £000's	2016/17 Est. £000's	2017/18 Est. £000's
General Fund	124,130	133,588	134,173	146,962	155,279	156,047
HRA	43,593	39,693	38,943	37,823	35,063	31,173
Total	167,723	173,281	173,116	184,785	190,342	187,220

After the year end, the actual capital financing requirement and actual external borrowing are calculated from the Financial Statements.

Prudential Indicators for External Debt

3.9 Authorised limit for total external debt

For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities.

This indicator requires the Authority to set the forthcoming financial year and following years authorised limit for total external debt, separately identifying borrowing from other long term liabilities such as PFI and Finance Leases.

The authorised limit represents the maximum amount the Authority may borrow at any point in time in the year. It has to be set at a level the Authority considers is “prudent” and has to be consistent with the plans for capital expenditure and financing.

This limit is based on the estimate of the most likely, but not worse case, scenario with additional headroom to allow for operational management, for example unusual cash movements.

Full Council is requested to approve these limits and to delegate authority to the Chief Finance Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the Authority.

Any such changes made will be reported to the Cabinet at its next meeting following the change.

Table 9: Authorised Limit for External Debt

	2014/15 £000's Est.	2015/16 £000's Est.	2016/17 £000's Est.	2017/18 £000's Est.
Borrowing	1,072,000	1,074,000	1,066,000	1,058,000
Other Long Term Liabilities	120,000	150,000	157,000	153,000
Total	1,192,000	1,224,000	1,223,000	1,211,000

The Chief Finance Officer reports that these Authorised Limits are consistent with the Authority’s current commitments, existing plans and the proposals in this 2014/15 budget report for capital expenditure and financing, and in accordance with its approved Treasury Management Policy Statement and Practices.

3.10 Operational Boundary for total external debt

The proposed operational boundary is based on the same estimates as the authorised limit. However, it excludes the additional headroom which allows for unusual cash movements.

The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer. Within the operational boundary, figures for borrowing and other long term liabilities are identified separately. Full Council is requested to delegate authority to the Chief Finance Officer, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the Authorised Limit.

Any such changes will be reported to the Cabinet at its next meeting following the change.

Table 10: Operational Boundary for External Debt

	2014/15 £000's Est.	2015/16 £000's Est.	2016/17 £000's Est.	2017/18 £000's Est.
Borrowing	536,000	537,000	536,000	529,000
Other Long Term Liabilities	100,000	130,000	137,000	133,000
Total	636,000	667,000	673,000	662,000

At the end of the financial year, the closing balance for actual borrowing and other long term liabilities will be obtained from the Financial Statements.

3.11 HRA limit on indebtedness

Under the reforms of housing finance the Government published *Limits on Indebtedness Determination 2012* which set out the maximum amount of housing debt the Authority could have outstanding at any one time. The limit for North Tyneside was £290.824m. This limit will be required to flex to allow headroom for the Quality Homes for Older People PFI scheme. Details of how this will take place are still to be determined by CLG, however, Table 11 below shows the assumed limit on the level of indebtedness following the flexing of the cap.

Table 11: HRA limit on indebtedness

	2014/15 Estimate £000's	2015/16 Estimate £000's	2016/17 Estimate £000's	2017/18 Estimate £000's
Assumed HRA limit on indebtedness	325,367	359,773	367,513	365,780
HRA capital financing requirement	316,904	350,190	355,170	349,547

3.12 Prudential Indicators for Treasury Management

Adoption of the CIPFA Code of Practice for Treasury Management

The Authority has an integrated Treasury Management Strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. North Tyneside Council has, at any point in time, a number of cash flows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management

Strategy and Practices.

Upper limits on interest rate exposure 2013/14 to 2015/16

Full Council will be requested to set an upper limit on its variable interest rate exposures for 2014/15, 2015/16, 2016/17 and 2017/18 of 50% of its net outstanding principal sums.

The proposals to set upper and lower limits for the maturity structure of the Authority's borrowings are as follows:

Table 12: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate

	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months to 2 years	50%	0%
2 years to 5 years	50%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	25%
20 years to 30 years	100%	25%
30 years to 40 years	100%	25%
40 years to 50 years	100%	25%

Table 13: Upper limit for total principal sums invested for over 364 days

	2014/15	2015/16	2016/17	2017/18
% of Investments with Maturity over 364 days	25%	25%	25%	25%

The above indicator sets the exposure of investments in excess of 364 days at no more than 25% of the portfolio.

2014-2018 Investment Plan Summary
General Fund

Project Ref	Project Title	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's	Funding Source	£000's
	<u>Our People</u>							
CO064	Community Capacity	2,266	0	0	0	2,266	Department of Health Grant	2,010
HS003	Private Sector Homes Renovation	200	200	200	200	800	Social Care Grant Council Contribution	256 800
HS004	Disabled Facility Grants	883	883	883	883	3,532	Council Contribution Disabled Facilities Grant	960 2,572
HS036	North Tyneside Warm Zone	600	252	0	0	852	Council Contribution External contribution	142 710
NEW09	Cremator and building works Tynemouth	2,772	0	0	0	2,772	Council Contribution	2,772
ED075	Devolved Formula Capital	587	0	0	0	587	Devolved Formula Capital Grant	587
ED120	Basic Need	1,010	383	403	0	1,796	Basic Need Grant	1,796
ED132	Capital Maintenance	2,730	0	0	0	2,730	Capital Maintenance Grant	2,730

Project Ref	Project Title	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's	Funding Source	£000's
ED166	Primary Capital Strategy (Longbenton voluntary aided schools)	2,369	0	0	0	2,369	Council Contribution	169
ED185	Universal infants free school meals capital	440	0	0	0	440	Contribution from Diocesan Authorities Universal infants free school meals capital grant	2,200 440
	Total: Our People	13,857	1,718	1,486	1,083	18,144		18,144
	<u>Our Places</u>							
DV019	Whitley Bay Regeneration	3,068	4,915	2,570	2,625	13,178	Council Contribution Coastal Communities Grant Heritage Lottery Fund Grant	8,453 1,125 3,600
DV054a	Coastal Regeneration	1,423	700	0	0	2,123	Council Contribution Coastal Communities Fund Grant New Homes Bonus Heritage Lottery Fund Grant Tynemouth Volunteer Life Brigade	1,300 498 90 185 50
NEW02	Pilot investment fund to tackle empty properties in North Tyneside	150	0	0	0	150	Council Contribution	150

Project Ref	Project Title	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's	Funding Source	£000's
NEW11	Rosehill regeneration	400	50	0	0	450	Council Contribution	450
EV034	Local Transport Plan	3,995	0	0	0	3,995	Local Transport Plan (LTP) Grant Integrated Transport Authority (ITA) contribution	3,630 365
EV071	Pinch Point - Four Lane Ends / A188 Corridor	1,201	0	0	0	1,201	Department for Transport Pinch Point Funding Section 106	1,111 90
EV055	Surface Water Management Improvements	1,000	1,000	1,000	500	3,500	Council Contribution	3,500
EV056 & DV048	Additional Highways Maintenance	3,000	3,000	3,000	3,000	12,000	Council Contribution	11,824
EV054	Central Promenade Reconstruction Scheme	300	1,289	1,671	0	3,260	Department for Transport Grant Council Contribution	176 1,278
NEW10	A1058 Coast Road Improvements to junctions	681	2,920	2,920	0	6,521	Environment Agency Grant Northumbrian Water Limited Council Contribution Department for Transport Grant	1,132 850 681 5,840

Project Ref	Project Title	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's	Funding Source	£000's
EV072	Streetlighting	500	0	0	0	500	Council Contribution (Salix loan)	500
CO061	Excellent Parks - Northumberland Park	2,863	0	0	0	2,863	Council Contribution Heritage Lottery Fund Grant	1,086 1,777
CO061	Excellent Parks - Churchill and Soutar Park	120	800	1,000		1,920	Council Contribution Heritage Lottery Fund Grant	192 1,728
	Total: Our Places	18,701	14,674	12,161	6,125	51,661		51,661
	<u>Our Economy</u>							
DV058	Swan Hunters Redevelopment	17,527	0	0	0	17,527	Council Contribution (including Growing Places loan funded through BRGI) Homes and Communities Agency Grant European Regional Development Fund (ERDF) Grant Growing Places loan	7,779 1,730 8,163 -145
DV046	WallSEND North Bank of Tyne	100	0	0	0	100	Council Contribution Growth Point Funding	40 60

Project Ref	Project Title	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's	Funding Source	£000's
	Total: Our Economy	17,627	0	0	0	17,627		17,627
	<u>Corporate</u>							
BS026	Asset Planned Maintenance programme	1,500	1,500	1,500	1,500	6,000	Council Contribution	6,000
EV069	Vehicle Replacement	1,206	1,065	2,273	950	5,494	Council Contribution	5,494
IT020	ICT Strategy	1,000	1,000	1,000	1,000	4,000	Council Contribution	4,000
NEW14	Electronic Document and Records Management System (EDRMS)	2,092	1,229	0	0	3,321	Council Contribution	3,321
GEN03	Contingency Provision	500	500	500	500	2,000	Council Contribution	2,000
	Total: Corporate	6,298	5,294	5,273	3,950	20,815		20,815
	TOTAL: GENERAL FUND	56,483	21,686	18,920	11,158	108,247		108,247

FINANCING**GENERAL FUND**

Council Contribution - Unsupported Borrowing	19,870	15,415	11,552	10,515	57,352
Council Contribution - Capital Receipts	5,540	0	0	0	5,540
Grants & Contributions	31,073	6,271	7,368	643	45,355
	56,483	21,686	18,920	11,158	108,247

Note Those projects highlighted in bold are 100% grant funded.

Project Ref	Project Title	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's	Funding Source	£000's
	<u>Housing</u>							
	<u>Our People/Our Places</u>							
HS002	HRA Schemes	16,812	18,518	19,518	19,814	74,662	Revenue Contribution	33,510
	HRA new build	7,124	6,909	4,785	4,917	23,735	Capital Receipts Major Repairs Reserve House Building Fund	5,475 56,211 3,201
	Total: Housing	23,936	25,427	24,303	24,731	98,397		98,397

FINANCING

HOUSING

Capital Receipts	2,574	1,489	868	544	5,475
Revenue Contribution	6,913	9,351	8,309	8,937	33,510
Contribution from reserves	1,050	717	717	717	3,201
Major Repairs Reserve	13,399	13,870	14,409	14,533	56,211
	<u>23,936</u>	<u>25,427</u>	<u>24,303</u>	<u>24,731</u>	<u>98,397</u>

**2014/15 Notice of Objection
Liberal Democrat Proposed Increases in General Contingency**

Item	2014/15 Proposed Increases
£000's	
Liberal Democrat Notice of Objection Changes	
Business Case 1 - Costs of Out of Borough budget changes	200
Business Case 4 - Contribution from clinical commissioning groups	200
Business Case 5 - Reconfigure of Childrens Centre Offer	300
Business Case 6 - Development of a modern young people's service	500
Business Case 10 - Review of Local Welfare Provision	100
Business Case 16 - Creation of a single response team for Social Care	200
General Increase in contingencies to cover Childrens and Adult Social Care pressures	145
Total Increase in Contingencies Proposed 2014/15	1,645

**North Tyneside Council
Report to Council
Date: 20 February 2014**

**Title: 2014-2018 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 2014/15 General Fund Revenue Budget, the proposed Council Tax Level for 2014/15, the Investment Plan for 2014-2018 and the Treasury Management Statement and Annual Investment Strategy for 2014/18

Conservative Objection to Mayor's Budget 2014/15

1.0 Introduction

The Budget proposed by the Labour Mayor and Cabinet is set against a national background where the Coalition Government is tackling the massive national debt, (created by the Labour Government over 13 years), to prevent the UK collapsing as countries such as Greece and Spain have done.

The Government's policies are working: unemployment has fallen dramatically, there are more people in work than ever before, the number of benefit claimants has dropped and the economy is growing at the fastest rate in Europe. The Budget proposals, presented to Cabinet by the Labour Mayor and Cabinet Member for Finance on 15.1.14, acknowledge the improving situation "Growth rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Growth prospects remain strong, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. "We welcome the progress made by the Conservative and Liberal Democrat Coalition Government.

However, the Budget proposals of the Labour Mayor and Cabinet are cause for serious concern:

1. Casting adrift many vulnerable children and young people, cutting by half the number of staff in the Mental Health Service, reducing the staff dealing with young offenders, ceasing to fund youth activities, reducing Children's Centres' activities, withdrawing funding for holiday play schemes and the

Woodlawn swimming club; combined, we are seriously concerned that these measures will lead to an increase in youth offending and associated anti-social behaviour

2. Slashing the numbers of Fostering and Adoption staff, including those assisting children leaving care, a particularly difficult time in their young lives; increasing likelihood of needing expensive agency staff when the inevitable emergency arises. We will be back to the days of a previous Labour administration which spent £5million a year on agency fees.
3. The reduction in the funding for alcohol and drug rehabilitation, at a time when alcohol abuse is the highest in the country.
4. The attack on community facilities which have been built up and invested in over many years. There is an unsubstantiated hope that Marden Bridge Sports Centre will be taken over by the school, with no guarantee whatsoever that this will happen; local theatre and pantomime groups will be prevented from using the Playhouse, which was refurbished with taxpayers' money on the basis that these popular groups would be able to rehearse and perform there
5. The cuts in social care including dementia care, as our population is ageing, and residential care for those with learning difficulties, whose families rely on this service. There is a very risky assumption that Health will double its contribution to many services for families with complex needs.
6. The cuts in library services, including the book fund; the continuing review of library services of unspecified duration with its underlying threat of closure of branch libraries in the coming months
7. The £500,000 cuts in environmental standards, including reducing grass cutting; the appearance of the Borough will deteriorate, disappointing residents and deterring visitors
8. The review of the outsourcing contracts ,to save £1.3 million without specific plans but based apparently on an expectation of lower standards
9. The unexplained gap in the savings required; the budget refers to £20million of savings being required but only £16.5million is identified. Despite repeated requests, assurances have not been forthcoming to keep the Middle Schools at Valley Gardens, Wellfield, Marden Bridge and Monkseaton, with their valuable sites; meanwhile the review of education across the Borough continues.
10. The failure to provide for emergencies. Who can have failed to notice the horrific floods in parts of the UK? Yet the Mayor's proposals will leave this Council with no "rainy day" money. The contingencies proposed are woefully inadequate: at £1.9 million, (part of which is already earmarked for a pay award and thus cannot accurately be described as a "contingency") this could not cope with emergencies, such as another Thunder Thursday . Already in the current year, the Labour administration has spent over £4million from contingencies.

A major area of concern is the massive increase in debt proposed by the Labour Mayor, up by 70% . This will create an enormous burden for council taxpayers, who will have to pay the interest and eventually repay the debts. We recall that just over a decade ago, this Council was virtually in administration and financial collapse due to mismanagement of a previous Labour administration – this huge increase in debt now is worrying.

The Mayor claimed, during the election campaign, to be prudent but in 6 months she has increased the cash borrowed by £6million and these budget proposals make clear that this is how she intends to go on, committed to borrowing a further £53 million.

We would not take the steps which the Mayor proposes; we would retain the services at a high standard – our record in office shows this can be done. For example, efficiencies were made in Environmental Services which resulted in money being saved whilst attaining a Gold Star Award, the first time this borough had received such an accolade.

We urge the Elected Mayor and Cabinet to reconsider their plans, not to close services but to review the whole estate in an open manner to ensure a better use of assets to provide services. In the last four years, the Conservative administration managed to do this, yet after a matter of months in office, the Labour Elected Mayor is increasing borrowing while proposing savage cuts in services.

This is therefore an objection submitted by the Conservative Group to the Cabinet's proposals.

