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Date : 17 February 2016

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

Dear Councillor or Co-opted Member,

2016-2019 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 27 January 2016 and the Council meeting of 4 February 2016. Cabinet, at its meeting on 27 January 2016 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 2016/17 (delegation 1.2.1 (t) 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 2016/17, 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 position of the Council as set out in the 2016/17 NNDR1 Return;
4. Tyne and Wear Joint Service Budgets;
5. Environment Agency Levy;
6. Public Health grant allocations;
7. Independent Living Fund grant allocations;

8. Youth Justice Board grant allocations;
9. Council Tax Support Administration grant allocations.

Information has now been received / is anticipated as follows:

1. The Final Local Government Finance Settlement announcements for 2016/17, 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 2016/17 was announced by the Department for Communities and Local Government (DCLG) on 8 February 2016.

The key national changes between the 2016/17 Provisional and Final Local Government Finance Settlement was the Government announced £300m of additional resources through Transition Grant funding (£150m for both 2016/17 and 2017/18). It was stated that “was to ease the pace of reductions during the most difficult first 2 years of the Settlement for councils with the sharpest reductions in Revenue Support Grant”. The Government also announced that the Rural Services delivery grant would increase to £80.5m in 2016/17.

For North Tyneside Council, there was no change in the Settlement Funding Assessment allocations from the Provisional Local Government Finance Settlement announced on 17 December 2015.

On 29 January 2016, the Government issued the 2016/17 funding allocations for local authorities to carry out Special Educational Needs and Disabilities (SEND) reforms. The North Tyneside allocation was £0.116m. This represents **an increase of £0.012m** compared with the original estimate.

The Final 2016/17 Allocation of New Homes Bonus grant to North Tyneside Council shows a **£0.102m increase** compared with original estimates.

(b) 2016-2019 Investment Plan

The Disabled Facilities Grant (DFG) allocation was announced on 10 February 2016 as part of the Better Care Fund. The Authority will receive a total of £1.307m for 2016/17. This allocation now includes the Social Care Capital Grant that was previously allocated as separate grant. The 2016-2019 draft Investment Plan has been updated to include this revised allocation.

On 11 February 2016 the Education Funding Agency confirmed allocations for 2016/17 for Schools Capital Maintenance and Devolved Formula Capital. These are in line with the estimates previously included in the 2016-2019 draft Investment Plan, and so no changes are required.

Table 1 below sets out the revised 2016-2019 draft Investment Plan following the announcement of DFG.

Table 1: Summary of Investment Plan 2016-2019

Spend	2016/17 £000's	2017/18 £000's	2018/19 £000's	Total £000's
General Fund	67,012	32,942	17,168	117,122
Housing	24,859	23,085	23,366	71,310
Total	91,871	56,027	40,534	188,432

A full breakdown of the plan will be shown within the Appendix A (i) of the 18 February 2016 Council Budget Report.

Capital Financing

Table 2 below summarises the revised financing of the draft 2016-2019 Investment Plan:

Table 2: Summary of Financing 2016-2019

Resources	2016/17 £000's	2017/18 £000's	2018/19 £000's	Total £000's
<u>General Fund</u>				
Council Contribution:				
Unsupported Borrowing	29,058	16,091	10,697	55,846
Capital Receipts	1,415	0	380	1,795
Revenue contribution	66	0	0	66
	30,539	16,091	11,077	57,707
Grants & Contributions	36,473	16,851	6,091	59,415
Total General Fund Resources	67,012	32,942	17,168	117,122
<u>Housing – HRA</u>				
Capital Receipts	132	2,573	2,746	5,451
Revenue Contribution	5,909	4,593	5,280	15,782
Major Repairs Reserve	14,370	14,848	15,340	44,558
House Building Fund	3,621	1,071	0	4,692
Grants & Contributions	827	0	0	827
Total Housing - HRA Resources	24,859	23,085	23,366	71,310
Total Resources	91,871	56,027	40,534	188,432

2016-2019 Prudential Indicators

The amended 2016-2019 Prudential Indicators will be included within Appendix A (ii) of the 18 February 2016 Council Budget Report.

Annual Minimum Revenue Provision (MRP) Statement

No changes are proposed to the Annual Minimum Revenue Provision (MRP) Statement previously presented.

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 2016/17 are as follows:

(a) Tyne & Wear Fire and Rescue Authority

Precept increase of **1.99%** over the 2015/16 level was approved on 15 February 2016 and,

(b) Police and Crime Commissioner for Northumbria

Precept increase of **£5 at Band D i.e. 5.66%** over the 2015/16 level was approved on 11 February 2016.

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 each year. 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:

	Share
Share to Central Government	50%
Distribution to the Tyne and Wear Fire and Rescue Authority	1%
Retained by North Tyneside Council	49%

The 2016/17 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 2016/17. The NNDR1 Form for North Tyneside Council was submitted to the Department for Communities and Local Government on 17 February 2016 (Final)

Government on 28 January 2016. The final NNDR1 results are the figures shown in Table 3 below for North Tyneside Council.

Table 3: 2016/17 North Tyneside Council Business Rates Calculation

	2016/17 £m
Central Government Share	28.921
Tyne and Wear Fire and Rescue Authority Share	0.580
North Tyneside Council Retained Business Rates	28.410
Total	57.911

The outcome of the North Tyneside Council NNDR1 Form for 2016/17 is to result in **increased resources of £0.009m** being available to the Council for 2016/17, and **additional resources of £0.054m** of Section 31 grant income.

4. Tyne and Wear Joint Service Budgets

There is no change to the Tyne and Wear Joint Service Budgets information since 27 January 2016 Cabinet Budget meeting.

5. Environment Agency Levy

The final Environment Agency Levy for 2016/17 was a **£0.002m increase** compared with the original estimate.

6. Public Health Grant Allocations

The final Public Health Grant Allocations for 2016/17 and indicative figures for 2017/18 were announced on 9 February 2016. For 2016/17, the North Tyneside allocation is £13.080m, which represents a **reduction of £0.008m** compared with the original estimate. This represents a total reduction in the Public Health Budget for 2016/17 of £0.303m, bringing the total reduction to £1.075m for 2015/16 and 2016/17.

7. Independent Living Fund grant allocations

The final Independent Living Fund grant allocations were announced on 9 February 2016. The 2016/17 allocation for North Tyneside Council is £0.674m, which represents an **increase of £0.182m** (on the Base Budget). This increase in grant will be used to fund the ongoing requirements of the responsibilities transferred to the Local Authority in 2015.

8. Youth Justice Board Grant Allocations

The Final Youth Justice Board allocations for 2016/17 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.

9. Council Tax Support Administration grant allocations

The Final Council Tax Support Administration grant allocations for 2016/17 are yet to be received. Any material changes to this grant will be reported as part of the regular Budget monitoring process.

Effect of Amendments to the 2016/17 General Fund Revenue Budget

The effect of the above amendments is set down in Table 4 below:

Table 4: Effect of Amendments to 2016/17 General Fund Revenue Budget

Item	Change in Spending Power since 27 January 2016	Change £'000
	Spending Changes	
5.	Increase in Environment Agency Levy	+2
	Total Spending Changes	+2
	Resource Changes	
1.	Special Educational Needs and Disabilities (SEND) Reforms Grant	-12
1.	New Homes Bonus Grant	-102
3.	Increase in Resources as a result of the Final NNDR1 form for 2016/17 (Confirming Total)	-9
3.	Increase in Section 31 grant as a result of the Final NNDR1 form for 2016/17 (Confirming Total)	-54
6.	Reduction in Public Health Grant	+8
7.	Independent Living Fund grant allocations	-182
	Total Resource Changes	-351
	Increase in Spending Power since 27 January 2016	-349

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

Final Proposals for the 2016/17 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 2016/17 and proposes the following:

Table 5: Final Proposals for the 2016/17 General Fund Revenue Budget

Proposals as at 17 February 2016	Mayoral Amendments £000's
Special Educational Needs and Disabilities (SEND) Reforms Grant Expenditure	+12
Independent Living Fund Grant Expenditure	+182
Increase in Contingencies for the Environmental Services Review (Business Case 02)	+155
TOTAL	+349

Council Tax Increase for 2016/17

The North Tyneside element of the Council Tax level for 2016/17 (excluding precepts) is proposed to be as set out in report to Cabinet on 27 January 2016 i.e. a 2% "Adult Social Care Precept" is proposed to fund Adult Social Care, and a general 1.998% increase in Council Tax. The total increase is rounded to 4.0% on Council Tax bills.

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 18 February 2016.

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

Yours sincerely

Janice Gillespie
Head of Finance
(Chief Finance Officer)

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

Sent via E-mail and Courier to all addressees