

North Tyneside Council Report to Council Date: 16 February 2017

Title: 2017-2020 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 2017/18 General Fund Revenue Budget, the proposed Council Tax Level for 2017/18, the Investment Plan for 2017-2020 and the Treasury Management Statement and Annual Investment Strategy for 2017/18

1.0 Introduction

This year's budget process is set against the background of a stronger, growing economy thanks to the Conservative Government's excellent stewardship of the country's finances in recent years. The UK was the fastest growing economy of the G7 countries last year, and we welcome ever rising levels of employment and job creation. The Conservative Government gave the people the chance to have their say on our membership of the EU in a referendum – and there is now a renewed sense of purpose and optimism following their democratically expressed wish to leave the failed EU project and embrace the opportunities which Brexit will offer us as a nation.

However, we acknowledge that in the field of Social Care, there is an unprecedented level of demand facing all councils. As a result we accept the 3% precept levied to pay for this vital area of the Council's work, and indeed we are proposing additional funding.

We believe, however, that **the 2% general rise in council tax can be avoided**. The Council received a dividend of £2.697 million during the current year from its share in Newcastle Airport. We will use that money for the general fund in 2017/18, thus removing entirely the need for a 2% rise in council tax.

Furthermore, we believe that the available finances should be spent in a way that will really improve the state of the Borough and on those priorities which residents have shown us are important to them. In survey after survey, and through our own Member Enquiries, the appalling state of our roads and pavements has shown itself to be possibly the most important issue to residents, especially the elderly and disabled who are afraid of tripping and falling, and motorists who risk damage to their cars.

The second major part of our budget, therefore, is to **massively increase spending on roads and pavements**. The Council should be mindful that it is spending residents' money and that its spending priorities should mirror theirs. The balance of the Airport dividend will be used in this way, as will a reduction in the cost of the Council magazine. Spending on the magazine has reduced very little despite the Mayor's pledge to axe it, a pledge she has failed to keep. We propose reducing it to two editions per year, saving £25,000. We will also put into the roads and pavements fund a reduction of 50% of the cost of Trade Union facility time, which currently stands at £208,000 per year. The Labour Group has got its priorities wrong. We will reduce spending on the Mayor's office and the Policy Department by 50% and the Communications Department by 25% – these savings do not affect front line services and will then be used to finance a fund of £2.6million to be spent on improving our roads and pavements, making a total

of £3.8 million for this much needed work. These huge investments and proactive approach will save money in the long term as the need for ongoing repairs due to the half hearted, reactive patching up of potholes and pavements will be removed. The Conservatives have faith in our area and a real commitment to our success – this investment will get the Borough ready to attract new businesses and will complement the huge Government investment already made in our borough through such road schemes as Billy Mill, Norham Road and Silverlink junction.

Additionally, the sum of £175,000 which has recently become available as set out in the Mayor's Final Amendments letter should, we propose, be used for the environment, dementia day care, and establishing a fund to review parking charges, with the intention of considering the feasibility of introducing disc parking and providing additional free parking in town centres.

We acknowledge the hard work of our officers in finding savings, more efficient ways of working and service delivery improvements and we note that resident satisfaction with those services has risen. We would urge the Mayor and Cabinet to encourage officers to come up with new innovative ideas, ways of earning money rather than simply spending it. To this end we would like to see the Trading Company which was set up by the last Conservative administration utilised more fully and used commercially to bring in new finance to the Council.

We would also like to see increased efforts to persuade businesses to relocate to our area – the Government is keen to boost growth here and encourage businesses to move north.

We urge the Mayor to give serious consideration to renegotiating the various PFI deals the Council is party to, given that the cost of borrowing has fallen so drastically. The local Healthcare Trust has renegotiated one such deal and we suggest that feasibility work is done to see if this could be of advantage to North Tyneside Council – we believe there may be the potential to realise huge savings as a result. Such work should start immediately.

We suggest also that the Mayor should review last year's decision to massively increase the cost of Foreshore Parking Permits. The cost rose from £50 to £250 per year, and, as we predicted, sales have fallen dramatically. We suggest that the cost should be reduced to £100 per year, a figure which still provides good value but which will meet residents' needs, without reducing council income.

Similarly, we question the Labour administration's decision to spend £27,367 on a brand new civic car – we feel few, if any, residents would consider this an acceptable use of taxpayers' money. In addition, money is spent each year by the Mayor's office organising and publicising the Mayor's "Listening Events", which many residents feel are simply PR exercises for the Mayor and Labour colleagues. We suggest an alternative arrangement which would allow residents to access the Mayor but without incurring any additional expense. Councillors' surgeries are held in every ward in the Borough, either in Council owned buildings or premises of which the cost of hire is met by the Council. We propose that the Mayor rotates around the different ward surgeries to be available to residents – the advertising of this could be easily done through the Customer Service Centres, on the Council website and perhaps the two Labour MPs could advertise the dates in their weekly "News Guardian" columns. The money saved from scrapping the Mayor's Listening Events could then be ploughed back into the things residents really care about, such as roads and pavements.

In conclusion, we have removed the 2% council tax rise, and applied additional funds to hugely improving roads and pavements, using resources more wisely. We propose no cuts in front line services but a reduction in what many residents see as the vanity projects of the Council administration – the Mayor's office, the Listening events, Policy and Communications Departments, with the money saved being repurposed to finance a once in a lifetime opportunity to create a roads and pavements fund which will have a massive impact on the quality of life of our residents without any loss of important frontline services.

It's their money – in spending it we should be guided by their priorities.

2.0 Conservative Group Resolution: Setting the Council Tax 2017/18

2017/18 Council Tax Requirement Resolution

2.1 The Conservative Group recommends that:

1. The recommended budgets of the Authority, be approved as noted below subject to the variations listed in paragraphs 2 and 3 below and notes the estimated allocation of £145.830m in Dedicated Schools Grant, for 2017/18:

General Fund Revenue Budget	£ 152,360,276
Total	<u>152,360,276</u>

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

	£
The Tyne and Wear element of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Transport Levy	11,375,236
Tyne Port Health Authority	46,072
Environment Agency	185,117
Northumberland Inshore Fisheries and Conservation Authority	133,793
Total	<u>11,740,218</u>

3. The contingency provision be set as follows:

Contingency Provision	£ 1,377,000
Total	<u>1,377,000</u>

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

Growth

Item		£
1.	Revenue costs of additional borrowing for Roads and Pavements included in the 2017-2020 Investment Plan	208,110
2.	Revenue contribution to Roads and Pavements	129,000
3.	Additional grass cutting and environmental works	68,000
4.	Increase budget for Dementia Day Care	50,000
5	Parking Review	57,000

	If All Objections are accepted the Total Growth will be	512,110
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Savings

Item		
6.	Reduce budgets in the Elected Mayor's office by 50%	(72,053)
7.	Reduce budgets in the Corporate Policy team by 50%	(107,296)
8.	Reduce budgets in the Communications team by 25%	(28,761)
9.	Reduce additional Contingency Budget	(175,000)
10	Reduce Trades Union Facility Time	(104,000)
11.	Reduce the council magazine to 2 issues/annum	(25,000)
12.	Use of Airport Dividend	(1,606,345)
	If All Objections are accepted the Total Savings will be	(2,118,455)

Final Local Government Finance Settlement 2017/18

The Final Local Government Finance Settlement for 2017/18 was due to be announced on 9 February 2017, however, it has been delayed due to other priorities in the Parliamentary timetable and is not expected until 22 February 2017.

Historically there have been minimal changes to the North Tyneside Council financial position between the provisional and final Settlement. There is nothing to indicate this would be any different for 2017/18.

It is on this basis that, it is the opinion of the Chief Finance Officer that the budget can be set by the Council at the meeting on the 16 February 2017.

Any changes arising from the Settlement will be managed as in year changes during 2017/18 and reported as part of the financial management process.

5. Note that at its meeting held on 25 January 2017 Cabinet agreed the Council Tax Base for 2017/18 for the whole Authority area as 58,202 (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 2017/18 is £82,796,419, as set out below.

2017/18 Council Tax Requirement for North Tyneside Council

	£	£
2017/18 Budget Requirement		150,753,931
Financed by:		
Revenue Support Grant	(22,595,997)	
Retained Business Rates	(225,801,913)	

Business Rates Top Up	(19,189,107)	
Council Tax Collection Fund Surplus	(370,495)	(67,957,512)
Council Tax Requirement		82,796,419

Agrees that the following amounts now calculated by the Authority for the year 2017/18 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended (the Act):

- (a) £347,450,458 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
- (b) £264,654,039 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
- (c) £82,796,419 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) £1,422.57 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

Council Tax Band	£
A	948.38
B	1,106.44
C	1,264.51
D	1,422.57
E	1,738.70
F	2,054.82
G	2,370.95
H	2,845.14

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 2017/18 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:

Council Tax Band	£
A	65.55
B	76.48
C	87.40
D	98.33
E	120.18
F	142.03
G	163.88
H	196.66

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

Note that for the year 2017/18 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:

Council Tax Band	£
A	51.75
B	60.37
C	69.00
D	77.62
E	94.87
F	112.12
G	129.37
H	155.24

(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 2017/18 for each part of its area and for each of the categories of dwellings shown below:

Council Tax Band	£
A	1,065.68
B	1,243.29
C	1,420.91
D	1,598.52
E	1,953.75

F	2,308.97
G	2,664.20
H	3,197.04

7. The Authority's basic amount of council tax for 2017/18 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 level of contingencies will be £1.202m as pressures incurred during 2016/17 have been recognised as part of the 2017/18 Financial Planning and Budget process.
10. 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.
11. The Reserves and Balances Policy as set out in the report to full Council on 2 February 2017, is adopted as set down and is subject to review at least annually.
12. The Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and the Senior Leadership Team be authorised to manage the overall Creating a Brighter Future Programme and note that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided.
13. The Chief Executive, in consultation with the Elected Mayor and Head of Finance authorise the purchase of properties, on the open market, providing value for money is demonstrated and the cost can be contained within existing financial resources of the Authority. This is to ensure the programme of delivery of affordable homes and homes at market rent is progressed in line with the Cabinet's priorities.
14. The Head of Finance 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.
15. The Head of Finance be authorised to disburse monies from funds and accounts of the Authority as required for the lawful discharge of the Authority's functions.
16. 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.
17. 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 2017-2020

3.1 The Conservative Group recommends that the following amendments be incorporated within the 2017-2020 Investment Plan:

Additional Growth:	£
Additional funding for investment in Roads and Pavements (funded by borrowing)	2,601,375
Additional funding for Roads and Pavements (funded from the balance of the Airport dividend)	1,090,655
Additional funding for Roads and Pavements (funded from the saving from the Trades Union and Council Magazine budget reduction)	129,000
Total Additional Growth	3,821,030

The Investment Plan for 2017-2020 including these changes is attached as **Appendix A(i)**.

3.2 Draft Prudential Indicators

The 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.

Appendix A(ii) sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2017–2020.

4.0 EQUALITIES IMPACT ASSESSMENT

An Equalities Impact Assessment has been completed and no negative impacts have been identified.