



North Tyneside Council

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Date : 15 February 2017

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

Dear Councillor or Co-opted Member,

2017-2020 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 25 January 2017 and the Council meeting of 2 February 2017. Cabinet, at its meeting on 25 January 2017 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 2017/18 (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 2017/18, 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 Rates position of the Council as set out in the 2017/18 NNDR1 Return;
4. Tyne and Wear Joint Service Budgets;
5. Youth Justice Board grant allocations;

Information has now been received / is anticipated as follows:

1. The Final Local Government Finance Settlement announcements for 2017/18, 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 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 Settlements. Currently there is no indication that this will be any different for 2017/18.

It is on this basis that, in my opinion, 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.

(b) 2017-2020 Investment Plan

On 17 January 2017 the Authority received notification that it's bid for funding, to SUEZ Communities Trust, for the installation of a new BMX Skate Park and playsite at The Parks Sports Centre, had been successful. The total cost of the project is £0.179m with contributions from SUEZ Communities Trust (£0.044m), section 106 (£0.125m) and council contribution (£0.010m) from the Local Infrastructure project. This project has been included in the draft 2017-2020 Investment Plan attached as Appendix A to the 16 February 2017 Council Budget Report.

Table 1 below sets out the revised 2017-2020 draft Investment Plan.

Table 1: Summary of Investment Plan 2017-2020

Spend	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's
General Fund	80,903	24,744	8,043	113,690
Housing	26,049	24,144	22,790	72,983
Total	106,952	48,888	30,833	186,673

A full breakdown of the plan will be shown within the Appendix A of the 16 February 2017 Council Budget Report.

Capital Financing

Table 2 below summarises the revised financing of the draft 2017-2020 Investment Plan:

Table 2: Summary of Financing 2017-2020

Resources	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's
<u>General Fund</u>				
Council Contribution:				
Unsupported Borrowing	47,298	14,825	7,230	69,353
Capital Receipts	0	380	380	760
	47,298	15,205	7,610	70,113
Grants & Contributions	33,605	9,539	433	43,577
Total General Fund Resources	80,903	24,744	8,043	113,690
<u>Housing – HRA</u>				
Capital Receipts	663	2,847	2,805	6,315
Revenue Contribution	6,818	5,955	4,136	16,909
Major Repairs Reserve	14,850	15,342	15,849	46,041
House Building Fund	3,558	0	0	3,558
Grants & Contributions	160	0	0	160
Total Housing - HRA Resources	26,049	24,144	22,790	72,983
Total Resources	106,952	48,888	30,833	186,673

2017-2020 Prudential Indicators

Table 1 reflects the revised 2017-2020 Prudential Indicator for capital expenditure. All other indicators remain the same as reported to Council on the 2 February 2017.

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 2017/18 are as follows:

(a) Tyne & Wear Fire and Rescue Authority

Precept increase of **1.9840%** over the 2016/17 level was approved on 13 February 2017 and,

(b) Police and Crime Commissioner for Northumbria

Precept increase of **£5 at Band D i.e. 5.36%** over the 2016/17 level was approved on 11 February 2017.

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 2017/18 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 2017/18. The NNDR1 Form for North Tyneside Council was submitted to the Department for Communities and Local Government on 30 January 2017. The final NNDR1 results are the figures shown in Table 3 below for North Tyneside Council.

Table 3: 2017/18 North Tyneside Council Business Rates Calculation

	2017/18 £m
Central Government Share	26.318
Tyne and Wear Fire and Rescue Authority Share	0.527
North Tyneside Council Retained Business Rates	25.802
Total	52.647

The outcome of the North Tyneside Council NNDR1 Form for 2017/18 is to result in **a reduction to resources available to the Council of £0.126m** for 2017/18, and **additional resources of £0.008m** of Section 31 grant income.

In addition, updated Council Tax estimates for 2017/18 result in **an increase in resources available to the Council** in 2017/18 of £0.479m.

4. Tyne and Wear Joint Service Budgets

There is no change to the Tyne and Wear Joint Service Budgets information since 25 January 2017 Cabinet Budget meeting.

5. Youth Justice Board Grant Allocations

The Final Youth Justice Board allocations for 2017/18 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.

6. Sundry Grant Amendments

These amendments reflect small changes to grants and associated costs.

7. Northumberland Inshore Fisheries and Conservation Authority Levy

The final Northumberland Inshore Fisheries and Conservation Authority Levy for 2017/18 was £0.134m, an increase of £0.003m compared with our original estimate (based on 2016/17 levy of £0.131m).

Effect of Amendments to the 2017/18 General Fund Revenue Budget

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

Table 4: Effect of Amendments to 2017/18 General Fund Revenue Budget

Item	Change in Spending Power since 25 January 2017	Change £'000
	Spending Changes	
7.	Increase in Northumberland Inshore Fisheries and Conservation Authority Levy	+3
6.	Sundry Grant Amendments	+183
	Total Spending Changes	+186
	Resource Changes	
3.	Reduction in Resources as a result of the Final NNDR1 form for 2017/18	+126
3.	Increase in Section 31 grant as a result of the Final NNDR1 form for 2017/	-8
3.	Increase in Council Tax estimates for 2017/18	-479
	Total Resource Changes	-361
	Increase in Spending Power since 25 January 2017	-175

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

Final Proposals for the 2017/18 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 2017/18 and proposes the following:

Table 5: Final Proposals for the 2017/18 General Fund Revenue Budget

Proposals as at 16 February 2017	Mayoral Amendments £000's
Increase in Contingencies (to reflect a prudent approach as the Final Local Government Finance Settlement has not yet been received)	+175
TOTAL	+175

Council Tax Increase for 2017/18

The North Tyneside element of the Council Tax level for 2017/18 (excluding precepts) is proposed to be as set out in report to Cabinet on 25 January 2017 i.e. a 3% "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 5.0% 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 16 February 2017.

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