

**Tyne Port Health Authority  
Report to the Joint Board  
Date: Tuesday 7 February 2017**

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**Subject:** Draft Budget for 2017/18

**Reporting Officer:** Janice Gillespie,  
Responsible Financial Officer to the Authority

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**PART 1**

**1.1 Purpose:**

The purpose of this report is to present the draft budget for the forthcoming financial year 2017/18 to the Joint Board for consideration and seek approval of it.

**1.2 Recommendation**

It is recommended that the Joint Board:

- a) Consider the draft budget for the financial year 2017/18 for the Authority as attached to this report;
- b) Approve the contributions for the financial year 2017/18 from the four riparian authorities as attached to this report and that the Responsible Financial Officer be authorised to call for payment; and
- c) Approve the draft budget for the financial year 2017/18 for the Authority as attached to this report

**2.0 Information**

**2.1 Background**

The Tyne Port Health Authority is constituted in accordance with the Tyne Port Health Authority Order 2010. Article 9 of that Order provides that the Authority be funded by contributions for the specified riparian authorities in the following proportions-

North Tyneside Council	33%
South Tyneside Council	33%
Gateshead Council	13%
Newcastle-upon-Tyne City Council	21%

The Tyne Port Health Authority is a “smaller relevant body” under the Accounts and Audit Regulations 2015 by virtue of the Local Audit and Accountability Act 2014 for the purposes of auditing of accounts. As such the Authority has a responsibility for ensuring that its financial management is adequate and effective.

Formulation of a draft budget for the forthcoming financial year and due consideration of it by the Joint Board is a key aspect of the financial controls in place.

The proposed budget for 2017/18 is attached in Appendix 1. The key movements to note are:

- The port & river inspection budget has been removed for 2017/18 as it is a bi-annual constitutional commitment.
- The support services budget is included as an estimated allocation. Support service allocations have not been completed by the host Authority however these will either remain unchanged or will reduce.
- Since the strategic partnering arrangements with Capita commenced on 1 November 2012 salary budgets and car mileage are included within the Tyne Port Health Authority budget as a third party payment.
- The Audit fee has been reduced in line with current expenditure levels.
- Fees are forecast to reduce due to changing activity at the port and the resultant change in profile in the type of vessel that visits the port.

### Reserve Position

The balances of the Tyne Port Health Authority budget are held in reserve. The forecast balance to be held in the reserve as at 31 March 2018 is £94,835. The draft budget for 2017/18 is financed using a contribution from reserve of £13,369. The original plan had been to freeze precepts until the reserve fell to £100,000 which was projected to happen during 2017/18. However the cumulative impact of the reductions and the freeze over several years means that to retain a balance of £100,000 at March 2018 there would be a requirement of an 11.2% increase in the precept paid in 2017/18.

In light of that it is proposed to reduce the reserve to £90,916 during 2017/18 which will reduce the required increase in the precept in 2017/18 to 7.5%. The revised proposal would be to return the reserve to £100,000 by end of financial year 2019/20 with an additional 7.5% increase in precept in financial years 2018/19 and 2019/20 respectively.

	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	£	£	£	£
Opening balance 1st April	128063	108204	94835	91539
Draw Down from Reserve	-19859	-13369	-3296	8461
Closing balance 31st March	108204	94835	91539	100000
Precepts	(139,946)	(150,442)	(161,725)	(173,854)

### **3.0 Decision Options**

The options available to the Joint Board are:

#### Option 1

To agree with the recommendations set out in Section 1.2 of the report.

#### Option 2

To agree with the recommendations set out in Section 1.2 of the report with amendment.

#### Option 3

To instruct the Responsible Financial Officer to undertake further work to be reconsidered by the Joint Board.

Option 1 is the recommended option.

### **4.0 Appendices:**

**Appendix 1** – Draft budget for the forthcoming financial year 2017/18 including proposed funding contributions from the four riparian authorities.

### **5.0 Contact Officers:**

Janice Gillespie, Responsible Financial Officer to the Authority – Tel: 0191 643 5701  
Richard Gray, Senior Accountant, North Tyneside Council – Tel 0191 643 7033  
Colin MacDonald, Clerk to the Authority – Tel 0191 643 6620  
Stephen Ballantyne, Legal Manager: Monitoring Officer Support and Employment –  
North Tyneside Council – Tel 0191 643 5329

### **6.0 Background Information:**

The following background papers have been used in the compilation of this report and are available for inspection at the offices of the author of the report:

Tyne Port Health Authority Order 2010.  
Local Audit and Accountability Act 2014.  
The Accounts and Audit Regulations 2015.  
Code of Audit Practice, National Audit Office April 2015.  
Governance and Accountability for Local Councils, A Practitioners' Guide (England) 2014, JPAG.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **1.0 Finance and Other Resources:**

The precepts for 2014/15 and 2015/16 were both reduced by 10% and the 2016/17 precept was frozen. This was proposed because the reserve held by the Authority had been built up over a number of years and it was agreed by the authorities that £100,000 only was required as a healthy reserve, with the extra to be shared out to the riparian authorities through a reduction of fees until increases were required again.

To retain the reserve at £100,000 in 2017/18 would require a large increase (circa 11.2%) and it is proposed that an alternative of more gradual increases over the next three years might be more appropriate. As such a more modest increase of 7.5% year on year for three years up to and including 2019/20 is proposed which will return the reserve back to £100,000 by March 2020.

In real terms the precepts charge will have increased by only 0.6% over a six year period.

### **2.0 Legal**

There are no direct legal implications arising from this report. The report outlines the legal responsibilities the Authority has as a smaller relevant body under the Accounts and Audit Regulations 2015 and the need for adequate financial controls and the manner in which financial contributions are provided for under the Tyne Port Health Authority Order 2010.