

CORPORATE SERVICES AND ECONOMIC GROWTH OSC

REPORTS TO THE CABINET

12 FEBRUARY 2019

Medium Term Financial Plan 2019-22 and Budget 2019-20

Peter Jackson, Leader of the Council and Nick Oliver, Cabinet Member: Corporate Services and Cabinet Secretary presented the report to the Committee on 4 February 2019.

The proposals were aimed at dealing with the deficit with a savings target of £36m over three years across all services. The Committee were advised that the Administration had managed to achieve a modest budget surplus in the current year which demonstrated sound financial management.

There would continue to be pressures on Council services, particularly in adult and children's services. However, members were advised that improving education was at the heart of everything that the Council does and it would continue to make significant investment in the schools estate. Investment would also be made in improving roads; car parking and in strategic projects such as the Northumberland Rail Line.

The Administration intended to adopt a One Council approach in identifying efficiencies, for example, having a long term strategy in dealing with potholes; investing to save, such as improvements to salt barns to reduce waste, and making further efforts to attract external funding.

The Committee were advised of an amendment to recommendation 17 (the change is in italics):

Approve the identified budget balancing measures contained in Appendix 7 of £12.8 million for 2019-20; and, *approve in principle and subject to consultation where necessary* £6.5 million for 2020-21; and £6.0 million for 2021-22. Also note and approve the additional requirement to identify and deliver further budget balancing measures of £5.2 million in 2020-21 and £5.8 million in 2021-22 in order to balance the budget.

Members from all four Overview and Scrutiny Committees were invited to attend the meeting and comment on the proposals. The main issues raised were:

- several members made reference to projected spending and efficiencies contained in last year's report, which differed from those listed in the current document. The Committee were advised that this was due to the base level being readjusted resulting in the figures being presented in a different way and therefore making such comparisons meaningless;
- borrowing had been reduced by the Administration, and projected debt was down from £1.5b to around £700m;

- there was a suggestion that consideration should be given to cancelling the proposed reduction of 8% to the council tax support scheme, by taking the expected £1m saving from the capital programme. The Leader reminded the Committee that this issue had been dealt with by Council and the agreed reduction was less than proposed by the previous Administration. He reported that the Council would support vulnerable residents in many other ways, such as through the provision of affordable housing; care and support for housing facilities; school investment, particularly those in special educational needs; better provision of vocational training, and continuing to seek business investment into the county to provide better jobs and wages;
- members were concerned that the anticipated collection rate for those eligible for council tax support was predicted to be 83%, which may result in lower than expected council tax receipts. However Nick Oliver confirmed that the lower receipt rate for the additional Council Tax payers had already been factored into the proposed savings and that the 83% rate was benchmarked with other North East local authorities;
- concern was also expressed that almost half the anticipated savings would come from Adult Services. The Committee were advised that Adult Services had the highest budget allocation, so any percentage reduction would be significant. Veronica Jones, Cabinet Member: Adult, Well Being and Health reported that the Council had received an additional £4m from the government, which had been used to offset the overall reduction from the service. She further advised members that care packages were constantly reviewed and commissioning of services had improved to provide further efficiencies. The savings from the Adult Services budget would be realised in one year. The Leader agreed to provide a breakdown of the proposed efficiencies;
- members noted that there was a projected income of £35,000 from the introduction of electronic Town and Parish Council consultation on planning matters. However there was some doubt that this sum could be fully realised as some rural parishes may have difficulty accessing the relevant online portals due to poor broadband coverage. John Riddle, Cabinet Member: Planning, Housing and Resilience reported that the feedback he had received from town and parish councils had not raised this as an issue, and confirmed that the Administration continued to work with broadband providers to increase coverage across the county;
- following the recent consultation on charges at tourism and railway station car parks, revised proposals would realise a shortfall in the level of income originally anticipated. Glen Sanderson, Cabinet Member: Environment and Local Services reported that the shortfall would be met by efficiencies elsewhere. In addition, he confirmed that the proposed increase in the charge for the annual car park pass would be phased in over two years;
- with regard to the capital programme, members were advised that the Northumberland Rail Line was largely being funded by the government and remained a regional priority;

- note was also made regarding slippage throughout the capital programme. The Committee were advised that this was due to the Administration seeking to spend money in the best way;
- concern was expressed regarding the impact brexit could have on the fleet replacement programme, as the chassis on larger council vehicles, such as gritters were manufactured in Germany, although the completed vehicles were assembled in this country. Glen Sanderson, Cabinet Member: Environment and Local Services advised the Committee that the council had a modern fleet and although he was not concerned regarding this issue, he would monitor it, and
- members welcomed the allocation for flood and coastal protection measures and were advised that the £3m scheme in Seahouses would be starting soon.

RESOLVED that the Cabinet be advised of the Committee's comments when it considered this report.

COUNCILLOR DAVID BAWN

CHAIRMAN