

## **CABINET DECISIONS ON REPORTS PREVIOUSLY CONSIDERED BY THE CORPORATE SERVICES AND ECONOMIC GROWTH OSC**

The following reports were presented to the OSC on 8 and 25 January 2018 for comment prior to determination by the Cabinet.

The following is an extract from the Cabinet minutes of 9 January:

### **(1) Gilsland Station**

The report provided members with an overview of progress to date in relation to the proposed reopening of Gilsland Station and sought member resolution as to the future support for the project (copy attached to the signed minutes as Appendix A, along with the report of the Corporate Services and Economic Growth OSC circulated at the meeting).

The report was introduced by Councillor Wearmouth. The initiative would support the local economy by providing improved commuting facilities and better access to tourism opportunities such as Hadrian's Wall.

Members were advised by Mr McNaughton that there was a strong local campaign in support of this. Risks identified needed further work to determine the scale of those risks and potential costs in more detail. The responsibility of funding the project to GRIP Stage 4 would fall to the County Council.

The Leader commented that, though it was not spelled out in the report, the project still had the active support of the Council and it was hoped that significant funding could be secured through the Borderlands Initiative and the devolution deal.

Members spoke in support of the proposal.

**RESOLVED** unanimously that:-

- (a) the contents of the report be noted;
- (b) support be given to the inclusion of Gilsland Station within the Borderlands Growth Deal negotiations as an opportunity for securing the necessary funds to proceed with the project; and
- (c) the report of the Corporate Services and Economic Growth OSC be noted.

### **(2) Shared Services Proposal**

The report sought approval to establish a shared service with Newcastle City Council for a range of transactional financial services which were currently provided by both councils (copy attached to the signed minutes as Appendix B along with the report of the Corporate Services and Economic Growth OSC circulated at the

meeting). An amendment to the recommendations was circulated (copy attached to the signed minutes).

Councillor Oliver introduced the report, highlighting the following points:-

- This was a complex proposal with a lot of work still to be finalised.
- Concerns had been looked at in detail, particularly around the level of consultation with County Council staff. A reassurance had been given that detailed consultation would be undertaken at every step.
- There were substantial cost savings to be achieved.
- The County Council currently operated a very good level of service, but there were still opportunities for improvement and investment. There was a lot of expertise in Northumberland which needed to be recognised and staff needed to be involved in the process.
- The proposed location in Northumberland would be beneficial in terms of bringing jobs into the County and increased business rates.
- The merger would bring benefits in terms of the rollout of universal credit as Newcastle were ahead of Northumberland on this, and on home working practices which would improve flexibility for staff.

Mrs Elsdon detailed some of the main points in the report, highlighting that Northumberland would be responsible for supplying the “big ticket” services to the Shared Service. 430 staff were involved in total and the proposal offered a good opportunity to streamline processes and systems and save on IT and procurement costs. It was estimated that around £900,000 of revenue savings could be made over a three year period, though there would be some capital and one-off redundancy costs in the first year. She referred to the amended recommendations circulated which proposed the deletion of recommendation 8(a) and added an additional recommendation 13 regarding the development of risk management and internal audit arrangements.

Councillor Oliver referred to the detailed consideration of the matter by Scrutiny the previous day on issues such as staff, location, economic impact, membership of the joint committee and due diligence. He had agreed that proposals would be taken back to Scrutiny so they could be looked at as they evolved. He then read the four recommendations from Scrutiny as detailed in the Committee’s report.

The Leader felt that these were acceptable and asked Mrs Elsdon to take the recommendation regarding membership of the Joint Committee back to Newcastle City Council for agreement.

**RESOLVED** unanimously that:

1. the establishment of a shared service with Newcastle City Council with effect from 1 April 2018, be approved;
2. the name for the shared service be agreed as “NNTS”;
3. the establishment of a Joint Committee to oversee, regulate and monitor performance of the shared service be approved;

4. the required constitutional amendments be delegated to the Monitoring Officer;
5. the Joint Committee agreement (Appendix 3) between the two Councils be approved;
6. the development and finalisation of the detailed operating agreement be delegated to the Director of Resources in Newcastle, and, Director of Finance in Northumberland;
7. Northumberland County Council be agreed as the employer for all staff within the scope of the shared service and provide:
  - a) Office accommodation
  - b) Human Resources support
  - c) ICT platforms and support
  - d) Procurement support
  - e) Accountancy and budget support;
8. Newcastle City Council to provide:
  - a) Legal support
  - b) Joint Committee support
  - c) A proportion of ICT support for the Newcastle network in Northumberland
  - d) Transformational support
  - e) Communications and marketing
  - f) Digital Printing Service if this provides value for money. If not this will be done externally;
9. all Newcastle City Council staff within the scope of the shared service TUPE transfer into Northumberland County Council on 1 April 2018 or as soon as practicable thereafter;
10. the ICT recommendations in the ICT paper, Appendix 11 of the business case be noted;
11. the financial model and three year savings proposal be noted;
12. the accommodation recommendations as outlined in paragraphs 51 and 52 of the business case be approved;
13. it be noted that risk management and internal audit arrangements will be developed which allow the statutory assurance responsibilities of each authority to be met and provide optimum assurance to the proposed Joint Committee. More work will be undertaken on developing and evaluating options around these assurance arrangements; and
14. the recommendations of the Economic Growth and Corporate Services OSC, as detailed in its report, be accepted.

The following is an extract from the Cabinet minutes of 13 February:

**(1) Medium Term Financial Plan 2018-22 and Budget 2018-19**

The purpose of the report was to enable Cabinet to make formal recommendations to the County Council.

The report provided the Medium Term Financial Plan 2018-22 and Budget for 2018-19, following the Government's Autumn budget of 22 November 2017 and the publication of the provisional Local Government Finance Settlement on 19 December 2017.

Members were asked to note that there may need to be some revisions to the figures following receipt of the Government's February 2018 final Local Government Finance settlement figures. It was proposed that any changes to the figures as a result of this announcement, which impacted on the 2018-19 budget and 2018-22 Medium Term Financial Plan, were delegated to the Director of Finance in consultation with the Portfolio Holder for Corporate Services. The report of the Economic Growth and Corporate Services OSC on this matter was included at the front of the report (copy of bound document filed with the signed minutes).

Councillor Oliver advised that a lot of time had been spent by portfolio holders and finance officers in creating the balanced budget, which would be put to Council for approval. Each area of activity had been looked at and areas for potential savings identified. He was pleased to report that there had been a good attendance at Scrutiny and some useful feedback received from that.

Councillor Reid felt that the budget added up, but he did not feel it was deliverable as it included too many reviews. He queried when the savings would be delivered which had been identified. The Leader responded that they would be delivered in the financial year promised, but there would be recurrent savings year on year. Councillor Oliver added that, with some areas, there would be smaller savings in the first year and greater savings in subsequent years. In areas where work had already been done, he was confident that early savings would be achieved.

Mrs Elsdon advised members of some minor details as a result of the final settlement figures, which resulted in the Authority being £1.3m better off. In response to a query from Councillor Reid regarding the Housing Revenue reserves matching up with the Housing Revenue Account, she confirmed that the HRA reserves had been updated for Cabinet and Council and advised about a change to recommendation 14 as follows:-

“Approve the identified 2018-19 budget balancing measures of £8.2m contained within Appendix 7. Agree in principle the 2019-20 measures of £11.3m. Where public consultation is required, this will take place during 2018-19 and the proposal will be brought back to full Council as part of the 2019-20 budget report for consideration.

Note that £65.1m of spending reductions are required over the period of the Medium Term Financial Plan.”

The Leader made some comments about the budget generally as follows:-

- It had taken from May until now for the Administration to get to the bottom of the Council’s finances.
- An anticipated deficit of £30m had turned into an actual deficit of £65m.
- The Administration had started the process of getting the Council onto a firm and prudent financial footing, but this would not be achieved in the first year.
- Pledges from the Administration included:-
  - ❑ The return of free post 16 transport as the charge acted as a disincentive to stay in education and was a strain on families.
  - ❑ Investment in the County’s roads - which were important to every community. The Council had recently allocated £420,000 of additional revenue to fund additional highway maintenance caused by the severe winter weather, and this had been supplemented by an additional £930,000 of funding from the Government.
  - ❑ Investment in schools for example in Blyth, where there were not enough places for growing communities.
  - ❑ Additional funding for car parking in the County.

Councillor Oliver commented that the budget report provided a comprehensive picture, including all the costs. This was much more transparent than in the past, which was important for public confidence. He added that the Administration’s measures would ensure that, at the end of the next three years, the amount of debt would be £0.5 billion less than if the previous year’s budget and capital programme had been maintained. This would mean more funding to spend on front line services. Also, the revenue costs associated with capital spending were now being built in to provide a more accurate cost picture.

**RESOLVED** unanimously that the following recommendations be made to Council:

1. Approve the Medium Term Financial Plan covering the period 2018-22 detailed within Appendix 1 and the revenue budget for 2018-19; including, the requirement to deliver budget balancing targets equating to £8.2 million in 2018-19 and £65.1 million over the period 2018 to 2022, against last year’s spending plans.
2. Note the Government’s assessment of Core Spending Power for the Council assumes an annual inflationary uplift for Council Tax; that the additional Adult Social Care Council Tax precept is charged annually; and, that the Council grows its Council Tax Base year on year.
3. Note the estimated retained Business Rates and the Top-Up grant funding received by the Council over the period of the Medium Term Financial Plan.
4. Note the estimated receipt of Rural Services Delivery grant funding of £1.9 million for 2018-19 and £7.5 million over the period of the Medium Term Financial Plan.

5. Note the estimated receipt of the New Homes Bonus of £5.8 million for 2018-19 and the indicative allocation of £24.1 million over the period of the Medium Term Financial Plan.
6. Note the total estimated receipt of Improved Better Care Funding of £8.7 million in 2018-19 and £10.6 million in 2019-20.
7. Approve a 2.99 per cent increase in Council Tax for 2018-19, noting that this is in line with the Government's assumptions regarding the Council's Core Spending Power. Note that the Medium Term Financial Plan 2018-22 includes a 1.99 per cent annual increase in Council Tax over the remaining period of the plan, and, that a prudent estimate of annual Tax Base growth has been included.
8. Note the use of protected Collection Fund balances of £4.5 million in 2018-19 to support the Medium Term Financial Plan.
9. Approve a 2 per cent increase in Council Tax in 2018-19 for use on Adult Social Care services; raising an additional £3.3 million in 2018-19. Note that the Medium Term Financial Plan assumes an increase of 1 per cent in 2019-20 which would raise an addition £1.8 million for use on Adult Social Care services.
10. Note the schedule of Service Specific grants of £132.8 million contained within Appendix 2.
11. Approve the schedule of recurrent and non-recurrent pressures that have been included within the Medium Term Financial Plan, detailed in Appendices 3 and 4.
12. Approve the Inflation Funding Schedule (£4.3 million) detailed in Appendix 5.
13. Approve the schedule of Growth and Commitments detailed in Appendix 6.
14. Approve the identified 2018-19 budget balancing measures of £8.2m contained within Appendix 7. Agree in principle the 2019-20 measures of £11.3m. Where public consultation is required, this will take place during 2018-19 and the proposal will be brought back to full Council as part of the 2019-20 budget report for consideration.

Note that £65.1m of spending reductions are required over the period of the Medium Term Financial Plan.

In addition, note that the reductions required to balance the budget and Medium Term Financial Plan would have been higher, at £16.0 million 2018-19 and £72.9 million over the period of the Medium Term Financial Plan had the recurrent contingency of £7.8 million not been utilised in lieu of additional savings in 2018-19.

15. Note the 2018-19 budget by service area detailed in Appendix 9.
16. Note the Summary of the Reserves and Provisions contained within Appendix 10.

17. Approve the use of £3.2 million of the Strategic Management Reserve in 2018-19 to support the budget. Also, note the proposed use of £8.1 million over the period of the Medium Term Financial Plan.
18. Note the overall reduction in the ring-fenced Dedicated Schools Grant of £10.1 million in 2018-19. This is a result of six schools converting to academies during 2017-18.
19. Agree the Housing Revenue Account 2018-19 budget as detailed within Appendix 11, which will reduce the estimated balance on the HRA reserve from £23.6 million at 31 March 2017, to £11.1 million at 31 March 2023. This will fund an investment reserve over the same period which will allow £17.0 million of new investment in council housing.
20. Note that 2018-19 is the third year of a four year compulsory 1 per cent reduction for Council tenant rents and that the budget detailed in Appendix 11 assumes that rents will rise by CPI plus 1 per cent from April 2020 in line with the recently announced Government guidance.
21. Note the indicative 30 year Housing Revenue Account business plan as detailed within Appendix 11. A further report will be presented to Cabinet, (it is anticipated in April 2018), setting out proposals for a Housing Investment Programme covering the period to 2022-23 to utilise the investment reserve totalling £17.0 million over this period.
22. Note the debt cap of £109.5 million and the additional amount that could be borrowed to support capital investment is £4.3 million.
23. Agree to refinance a maturing Housing Revenue Account loan of £10.0 million during 2018-19.
24. Approve the Capital Strategy 2018-19 to 2020-21 contained within Appendix 12.
25. Approve the revised Capital Programme as detailed within Appendix 13.
26. Approve the delegation of the detail of the final Local Transport Programme and any subsequent in year amendments to the Service Director – Local Services and the Cabinet Member for Environment and Local Services.
27. Agree delegation to Cabinet to approve individual projects which propose to utilise the flexibilities of capital receipts.
28. Approve the Prudential Indicators based on the proposed Capital Programme detailed within Appendix 14.
29. Approve the Minimum Revenue Provision Policy detailed in Appendix 15.
30. Approve the proposed Treasury Management Strategy detailed in Appendix 16.

31. Approve the Revenues and Benefits Service Policies contained within Appendix 17 and note the proposed changes to the Rates Relief Policy, Corporate Debt Recovery Policy and the Council Tax Discount Policy.
32. Approve the Pay Policy Statement for 2018-19 at Appendix 18.
33. Approve a delegation to amend the budget 2018-19 and Medium Term Financial Plan in light of any changes as a result of the final Local Government Finance Settlement to the Director of Finance in consultation with the Portfolio Holder for Corporate Services; and
34. The report and comments of the Economic Growth and Corporate Services OSC be noted.

**(2) Potential Grant to Northumberland Community Bank**

The report provided details of a potential grant to Northumberland Community Bank of £50,000 towards the capital reserve (copy attached to the signed minutes as Appendix A, along with the report of the Economic Growth and Corporate Services OSC attached to the back of the report).

Councillor Oliver introduced the report, highlighting the very valuable service being provided by the organisation. Originally a loan had been sought, but it had been felt that a grant was more appropriate. The Authority worked in partnership with the organisation in many ways, including the provision of a front desk facility, communications and marketing support.

There was cross party support for the proposal and members recognised the value of the organisation to those in need.

**RESOLVED** unanimously that:-

- (a) a grant of £50,000 be awarded to NCB subject to a signed grant agreement being received (only once this condition has been met can the grant be drawn down); and
- (b) the report of the Economic Growth and Corporate Services OSC be noted.

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