

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

The following reports were presented to the OSC on 4 February 2019 for comment prior to determination by the Cabinet.

The following is an extract from the Cabinet minutes of 12 February 2019:

(1) Medium Term Financial Plan 2019-22 and Budget 2019-20

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

The report provided the Medium Term Financial Plan 2019-22 and Budget for 2019-20, following the Government's Autumn Budget of 29 October 2018 and the publication of the provisional Local Government Finance Settlement on 13 December 2018. (Budget document attached to the signed minutes, along with the report of the Corporate Services and Economic Growth OSC and feedback from the Local Area Councils circulated at the meeting).

Councillor Oliver introduced the report, thanking officers for their hard work in the preparation of it. This had been a challenging process, with £36m of savings to be found over the next three years. The majority of these had now been identified and he thanked Cabinet colleagues for their involvement in the process. The picture was not all pessimistic, and significant opportunities had been identified. Some of the points to note were that front line service delivery would be unchanged or improved, savings were proportionate to the budget spend where possible and spread across the County, an invest to save approach was creating extra capacity which supported the revenue cost of service delivery, and attempts were being made to reduce demand on services where possible. Good progress was also being made to attract new investment into the County.

The Leader commented that additional funding had been identified for areas where there were significant pressures - adult social care and special educational needs. Extra funding had been built into the budget for post 16 transport provision in line with the commitment given by the Administration for this area. Councillor Oliver drew members' attention to page 72 of the report, which detailed the base and final budgets.

It was noted that there had been extensive consultation on the report and the report from Corporate Services and Economic Growth OSC, and feedback from the Local Area Councils, had been circulated to members.

Councillor Daley commented that the Administration had managed to reduce the Authority's debt from £1.7bn to £700m whilst still investing in core services and communities. He commended Cabinet colleagues and officers for this.

RESOLVED that Council be recommended to:-

- (1) (a) approve the Medium Term Financial Plan covering the period 2019-22 detailed within Appendix 1 and the revenue budget for 2019-20; including the requirement to deliver budget balancing targets equating to £12.8 million in 2019-20 and £36.4 million over the period 2019 to 2022;
- (1) (b) note that the figures contained within the Medium Term Financial Plan 2019-22 within Appendix 1 are based on the provisional Local Government Finance Settlement of 18 December 2018; and, take into account the Council being part of the North of Tyne 75% Business Rates Pool Pilot with Newcastle City and North Tyneside Councils;
- (2) 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;
- (3) note the £1.3 million contribution required to fund the estimated cumulative Collection Fund Business Rates deficit at 31 March 2019;
- (4) note the receipt of non-recurrent grant funding of £1.0 million for 2018-19 funded from a surplus on the National Business Rates Retention Levy/Safety Net account, some of which will be utilised in 2019-20;
- (5) note the estimated receipt of the New Homes Bonus of £6.0 million for 2019-20 and the indicative allocation of £17.5 million over the period of the Medium Term Financial Plan;
- (6) note the total estimated receipt of Improved Better Care Fund grant of £10.6 million in 2019-20 and £31.8 million over the period of the Medium Term Financial Plan;
- (7) note the receipt of non-recurrent Social Care Support grant and Winter Pressures grant of £4.1 million in 2019-20;
- (8) approve a 2.99% increase in Council Tax for 2019-20, 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 2019-22 includes a 1.99% annual increase in Council Tax over the remaining period of the plan, and, that an estimate of annual Tax Base growth has been included;
- (9) note the contribution of protected Collection Fund Council Tax balances of £2.3 million in 2019-20 to support the Medium Term Financial Plan;
- (10) approve a 1% increase in Council Tax in 2019-20 for use on Adult Social Care services; raising an additional £1.9 million in 2019-20. Note that the Medium Term Financial Plan assumes an increase of 2% for future years which would raise an additional £7.7 million for use on Adult Social Care services;

- (11) note the schedule of Service Specific grants of £241.9 million contained within Appendix 2;
- (12) approve the schedule of recurrent pressures of £19.5 million that has been included within the Medium Term Financial Plan, detailed in Appendix 3;
- (13) approve the schedule of non-recurrent pressures of £2.1 million that has been included within the Medium Term Financial Plan, detailed in Appendix 4;
- (14) approve the use of £1.6 million from the Strategic Management Reserve to fund non-recurrent pressures in 2019-20, and £2.1 million over the period of the Medium Term Financial Plan;
- (15) approve the Inflation Schedule totalling £5.3 million detailed in Appendix 5;
- (16) approve the schedule of Growth and Commitments of £19.3 million detailed in Appendix 6;
- (17) approve the identified budget balancing measures contained in Appendix 7 of £12.8 million for 2019-20; and, £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;
- (18) note the 2019-20 budgets by service area detailed in Appendix 9;
- (19) note the Summary of the Reserves and Provisions contained within Appendix 10;
- (20) approve the use of £0.3 million from the General Fund in 2019-20;
- (21) note the overall reduction in the ring-fenced Dedicated Schools Grant of £19.72 million in 2019-20. This is a result of the expectation that fifteen schools will convert to academies during 2019-20;
- (22) agree the Housing Revenue Account 2019-20 budget as detailed within Appendix 11, which will reduce the estimated balance on the HRA reserve from £27.4 million at 31 March 2018, to £14.9 million at 31 March 2024. This will fund a Housing Investment programme over the same period which will allow £22.5 million of new investment in council housing;
- (23) note that 2019-20 is the fourth and final year of a compulsory 1.0% reduction for Council tenants' rents and that the budget detailed in Appendix 11 assumes that rents will rise by CPI plus 1% from April 2020 in line with Government guidance;
- (24) note the indicative 30 year Housing Revenue Account business plan as detailed within Appendix 11;
- (25) note that the Government has removed the Housing Revenue Account borrowing cap on 29 October 2018 which will enable the Council to consider

a new Housing Investment Programme without the constraints of the previous debt cap;

- (26) agree to refinance a maturing Housing Revenue Account loan of £15.3 million during 2019-20;
- (27) approve the Capital Strategy 2019-20 to 2021-22 contained within Appendix 12;
- (28) approve the delegation of the detail of the use of the Strategic Regeneration budget to the Council's Section 151 Officer, Executive Director of Place, the Cabinet Member for Corporate Services and the Cabinet Member for Economic Development;
- (29) approve the revised Capital Programme as detailed within Appendix 13; and, note the projects highlighted within the main body of the report which will complete after 2021-22;
- (30) approve the delegation of the detail of the final Local Transport Programme and any subsequent in year amendments to the Executive Director - Place and the Cabinet Member for Environment and Local Services;
- (31) agree delegation to Cabinet to approve individual projects which propose to utilise the flexibilities of capital receipts;
- (32) approve the Prudential Indicators based on the proposed Capital Programme detailed within Appendix 14;
- (33) approve the Minimum Revenue Provision Policy detailed in Appendix 15;
- (34) approve the proposed Treasury Management Strategy Statement 2019-20 detailed in Appendix 16;
- (35) approve the Revenues and Benefits Policies for 2019-20 contained within Appendix 17 and note the proposed changes to the Council Tax Discount, Corporate Debt and Rate Relief policies in particular;
- (36) approve the Pay Policy Statement for 2019-20 at Appendix 18;
- (37) approve a delegation to amend the budget 2019-20 and Medium Term Financial Plan in light of any changes as a result of the final Local Government; and
- (38) note the report of the Corporate Services and Economic Growth OSC.

(2) Potential Loan to Alnwick Youth Hostel

The report provided details of a potential loan facility to Alnwick Youth Hostel for up to £100,000 for the repair and maintenance of the building (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).

Councillor Oliver introduced the report, highlighting the importance of the facility both to young people and the local tourism economy in Alnwick. The facility was well run, and the profit and loss account demonstrated the ability to make the loan repayments.

Councillor Homer felt that the business plan was reasonable and risks had been mitigated. The tourism perspective was an important one - Alnwick was a huge contributor to this, and an expanding accommodation offer was important to increase accessibility for all.

Councillor Wearmouth supported this. The planned work would bring the hostel up to a good standard and would help to make Alnwick open to everyone.

RESOLVED that:-

- (a) the contents of the report be noted;
- (b) the current risks associated with the loan which are contained within the report be noted;
- (c) the proposed loan terms and conditions, including the requirement for the signed lease agreement be noted;
- (d) it be noted that there is no loan security;
- (e) agreement be given in principle to the loan of £100,000 being granted, subject to 3 above; and
- (f) the report of the Corporate Services and Economic Growth OSC be noted.

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