

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

The following report was presented to the OSC on 10 February for comment prior to determination by the Cabinet.

The following is an extract from the Cabinet minutes of 11 February 2020:

### **(1) Budget 2020-21 and Medium Term Financial Plan 2020-22**

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

The report provided the Revenue Budget for 2020-21 and 2021-22 and the Capital Plans for 2020-21 to 2022-23, following the Government's Spending Round Announcement 2019 (SR 2019), on 4 September 2019, and the publication of the provisional Local Government Finance Settlement on 20 December 2019 (copy of report attached to the signed minutes, along with the report of the Corporate Services and Economic Growth OSC circulated at the meeting).

Councillor Oliver highlighted a number of points and thanked officers for their work in getting to this point:-

- The budget contained an ambitious capital programme
- There had been an increase of £8m in core spending, equating to 6.4%
- CIPFA indices showed that the Council was well run and in a sound financial position
- The schedule of efficiencies to be achieved detailed at page 53 would be achieved
- The report detailed the expected level of expenditure at £784m this year, which demonstrated that overall expenditure was increasing

The Leader remarked on the extra provision of 6.5% in core funding on the previous year to meet the extra demand in core services. Northumberland was being transformed through the Administration's ambitious capital programme to make it fit for the 21st century. In May 2017, the Administration had pledged £100m to upgrade the County's roads and transport network. An extra £15m was now being made available for minor roads and pavements. He highlighted a few other issues:-

- Extra car park capacity was being provided
- Efforts were being made to ensure that town centres were viable. This included the creation of the Heritage Action Zone in Hexham and work on a business case to government to give Blyth town centre a brand new future.
- Progress was being made to upgrade/rebuild leisure centres across the County which would improve the health and wellbeing offer.
- Schools were another high priority
- The largest transport project the County would ever have to reintroduce passenger transport services to Newcastle was making progress. The Government was listening to the Authority on this and he hoped for a positive announcement soon.

Councillor Daley felt that the budget demonstrated belief in Northumberland and a commitment to delivering what people had asked for, including balancing the Council's accounts. The budget contained £115m of investment overall into the County's children, with schools being a focus and priority for the Administration. He thanked officers for their hard work on the school building programme.

Councillor Sanderson felt the budget was about ambition and commitment, and he was proud to be part of it. The Council's officers carried out important front line work and the extra £15m, which represented an additional full year's LTP, would demonstrate the Authority's commitment to getting the County's roads and pavements sorted out. This was a huge investment in the County and its staff.

Councillor Riddle commented that the underspend in the current year demonstrated excellent financial management, and showed that this was an Administration that did things, not just talk about them.

Councillor Oliver referred to the comments from Scrutiny regarding pavement/minor roads improvements, electric charging points and the Northumberland Line. These would be taken on board and members had already been emailed about them.

**RESOLVED** that Cabinet:-

1. Note that the figures contained within the Medium Term Financial Plan 2020- 22 within Appendix 1 are based on the provisional Local Government Finance Settlement of 20 December 2019;
2. Approve the revenue budget for 2020-21 including, the budget balancing targets totalling £9.800 million contained within Appendix 1;
3. Note the Medium Term Financial Plan covering the period 2020-22 detailed within Appendix 1 and the requirement to deliver budget balancing measures in 2021-22 of £12.024 million;
4. Note that with effect from 1 April 2020 the Council will no longer be part of the North of Tyne 75% Business Rates Pool Pilot with Newcastle City and North Tyneside Councils;
5. Note the estimated retained Business Rates and the Top-Up grant funding to be received by the Council over the period of the Medium Term Financial Plan;
6. Note the contribution of protected Collection Fund Business Rates balances of £0.172 million to support the Medium Term Financial Plan;
7. Note the estimated receipt of Rural Services Delivery Grant of £2.340 million for 2020-21 and the indicative allocation of £2.340 for 2021-22;
8. Note the estimated receipt of the New Homes Bonus of £5.937 million for 2020-21 and the indicative allocation of £3.003 million for 2021-22;

9. Note the total estimated receipt of Improved Better Care Fund grant (now including Winter Pressure funding) of £12.128 million for 2020-21 and £8.460 million for 2021-22;
10. Note the receipt of Social Care funding of £8.445 million for 2020-21 and the indicative allocation of £5.846 million for 2021-22;
11. Approve a 1.99% increase in Council Tax for 2020-21, noting that this is in line with the Government's assumptions regarding the Council's Core Spending Power; and, within the Government's referendum limit;
12. Note that the Medium Term Financial Plan 2020-22 includes a 1.99% annual increase in Council Tax for 2021-22, and, that an estimate of annual tax base growth has been included;
13. Note the contribution of protected Collection Fund Council Tax balances of £3.351 million to support the Budget 2020-2;
14. Approve a 2.00% increase in Council Tax in 2020-21 for use on Adult Social Care services; raising an additional £3.874 million to support the Budget 2020-21;
15. Note that the Medium Term Financial Plan assumes no future increases in council tax for use on Adult Social Care services beyond 2020-21;
16. Note the schedule of Service Specific grants of £252.904 million contained within Appendix 2;
17. Approve the recurrent pressures of £13.000 million for 2020-21 that have been included within the schedule totalling £19.316 million in the Medium Term Financial Plan, detailed in Appendix 3;
18. Approve the use of the Strategic Management Reserve to fund the Active Northumberland Management fee of up to £1.000 million per annum for the two years of the plan and the current year (2019-20);
19. Approve the use of the Invest to Save Reserve to fund the costs of the Improvement and Innovation Team of £1.159 million per annum for the two years of the plan;
20. Note the non-recurrent income of £0.300 million for 2020-21 and note that there will be non-recurrent income of £0.200 million in 2021-22 shown in Appendix 4; and, note the pressure of £0.500 million for 2021-22 that has also been included within Appendix 4;
21. Note the use of £0.500 million from the Strategic Management Reserve to fund the non-recurrent pressure in 2021-22;
22. Approve the Inflation Schedule for 2020-21 totalling £14.673 million detailed in Appendix 5 and note the risks in relation to the proposed inflation increase for staffing salaries;

23. Approve the identified budget balancing measures contained in Appendix 6 of £9.800 million for 2020-21;
24. Note the Corporate Equality Impact Assessment at Appendix 7;
25. Note the 2020-21 budgets by service area detailed in Appendix 8;
26. Note the Summary of the Reserves and Provisions contained within Appendix 9;
27. Approve the transfer of £6.536 million to the General Fund in 2020-21 to be utilised to offset budget pressures in 2021-22;
28. Note the receipt of Dedicated Schools Grant of £139.906 million in 2020-21; and, note the revised allocation of £137.557 million for 2019-20. This is following the conversion of nine schools to academy status during 2019-20;
29. Agree the Housing Revenue Account 2020-21 budget as detailed within Appendix 10, which will reduce the balance on the HRA reserve from £28.812 million at 31 March 2019, to £25.384 million at 31 March 2021; and note the indicative budgets to 2022-23 which will reduce the balance on the HRA reserve to £13.171 million. This will fund, alongside additional borrowing and grant funding, a Housing Investment Programme over the period to 2022-23 of £50.231 million of new investment in council housing;
30. Note that from 1 April 2020 there is a new Rent Standard for rent setting for Council tenants and that the budget detailed in Appendix 10 assumes that rents and service charges will rise by the Consumer Price Index of 1.70% plus 1.00% for the period 1 April 2020 to 31 March 2021 in line with the new Government guidance;
31. Approve the increase of 2.70% for Housing rents from 1 April 2020;
32. Note the indicative 30 year Housing Revenue Account business plan as detailed within Appendix 10;
33. Approve the Capital Strategy 2020-21 to 2022-23 contained within Appendix 11;
34. Approve the revised Capital Programme as detailed within Appendix 12; and, note the projects highlighted within the main body of the report which will complete after 2022-23;
35. 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;
36. Approve the delegation of the detail of the capital allocation for highway maintenance investment in U and C roads and footways to the Executive Director Place and the Cabinet Member for Environment and Local Services;
37. Agree delegation to Cabinet to approve individual projects which propose to utilise the flexibilities of capital receipts;

38. Approve the Prudential Indicators based on the proposed Capital Programme detailed within Appendix 13;
39. Approve the Minimum Revenue Provision Policy detailed in Appendix 14;
40. Approve the proposed Treasury Management Strategy Statement 2020-21 detailed in Appendix 15;
41. Approve the Revenues and Benefits Policies for 2020-21 contained within Appendix 16 and note the proposed changes to the Council Tax Discount, Corporate Debt and Rate Relief policies in particular;
42. Approve the Pay Policy Statement for 2020-21 at Appendix 17;
43. Approve a delegation to amend the budget 2020-21 and Medium Term Financial Plan in light of any changes as a result of the final Local Government Finance Settlement to the Council's Section 151 Officer in consultation with the Cabinet Member for Corporate Services; and
44. Note the report of the Corporate Services and Economic Growth OSC.

## **(2) The Northumberland Line - Rail Network Enhancements Pipeline Progress**

The report provided Cabinet with:

- An update on progress on the Northumberland Line project in the last 12 months including the development of the project from Strategic Outline Business Case to Outline Business Case;
- An update on emerging funding opportunities for the project including the Transforming Cities Fund, Beeching Reversal Fund and Rail Network Enhancements Pipeline (RNEP);
- An overview of the programme and costs associated with the next stages of the project and how this can be funded (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).

The Leader remarked that others now seemed to be taking credit for getting this project off the ground. However, he wished to make it clear that the credit for this lay solely with the County Council, who had funded a detailed business case to get this project onto the Government's radar. Until 2.5 years ago, this had only been talked about. However, the Administration had made this a priority and he was very pleased to see the progress which had now been made. This was starting to accelerate, with a real indication of Government support as it fitted in with national priorities.

Mr O'Farrell provided an update to members, advising that, following the announcement by the Government last week, the rail franchise position had changed and officers were now looking at options. The Develop Stage for RNEP had just been completed and had been submitted to the DfT with a response expected in around 2-3 months. A bid had been submitted to the Transforming Cities Fund and other funding streams were being pursued.

There was now an urgent need to move to the Design Stage, and approval was being sought for the allocation of £9.923m to do this, in advance of DfT approval.

The Leader commented that he understood this project had one of the best cost benefit ratios of any project in the country, and it was this which had impressed the Government. Mr O'Farrell advised that the project was currently predicated on diesel trains. However, he assured Cabinet that officers would be looking at alternatives to meet the Council's climate change agenda.

**RESOLVED** that:-

- (a) progress on the scheme since February 2019, and the completion of the Outline Business Case as part of the Rail Network Enhancements Pipeline (RNEP) Develop Stage, be noted;
- (b) progress of the project to the next stage of development through the RNEP process i.e. Stage 3: Design Stage at a cost of £9.923 million be approved, and authority be delegated to the Chief Executive to contractually commit expenditure up to this value;
- (c) Cabinet approve the transfer of £8.5m from the Strategic Management Reserve to meet the cost of the RNEP Design Stage;
- (d) it be noted that any further contribution from the DfT as part of the RNEP process will be utilised to offset the Council's contribution;
- (e) a further update report be received following any potential funding announcements including the Transforming Cities Fund and Beeching Reversal Fund; and
- (f) the report of the Corporate Services and Economic Growth OSC be noted.

**(3) Proposed Incorporation - Group Holding Company for Northumberland County Council**

The report recommended to members that the Council establish a group holding of limited companies to support the expansion of commercial business opportunities being developed. The report also set out the risks, implications and opportunities with establishing a group holding of limited companies (copy attached to the signed minutes as Appendix E, along with the report of the Corporate Services and Economic Growth OSC circulated at the meeting).

The Leader commented that a key part of this proposal was the potential it would bring to reinvest money back into Council services, and a clear and transparent structure was needed to take that forward.

Councillor Oliver advised that the proposal was for a holding company with up to ten subsidiaries, with the County Council remaining the 100% shareholder. Transparency and governance would be clear and would be in line with best practice. Such companies might include a company to roll out fibre broadband to hard to reach areas where it had not been

possible to do this with BT, and a company to create more capacity for social care provision in the county in order to reduce expensive out of county placements.

**RESOLVED** that:-

- (a) Cabinet approve the establishment of a group holding of limited companies initially with a view to creating up to 10 limited companies which would support general commercial trading activities and also care trading activities, to be operational as and when the objectives of a company are determined;
- (b) the group holding company (Northumberland Enterprises Limited) once established have Director(s), and a Secretary appointed as a minimum in line with the proposed company structure in Appendix A. The group holding company will seek the most appropriate legal form for the subsidiary entities to reflect the purpose of the business Venture;
- (c) the appropriate project management systems be put in place to assure that the formation of the proposed company structure is robust, compliant with all the necessary regulations and statutory responsibilities; this will include business planning processes and financial projections for each potential venture opportunity; and
- (d) before each company commences trading, the business plan and governance assurance (including arrangements to deal with conflicts of interests arising from roles of members and officers as directors), will be approved by Cabinet; and
- (e) the report of the Corporate Services and Economic Growth OSC be noted.

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