

Report of the Cabinet

THE CABINET reports and recommends as follows: -

That they have referred the initial proposals on the Revenue Budget to the Scrutiny Co-ordinating Committee:-

- On 14 October 2021, Scrutiny Co-ordinating Committee considered the Budget Planning Framework and Medium-Term Financial Plan 2022/2023 – 2025/2026 report which was referred from the October Cabinet meeting:

The Scrutiny Coordinating Committee noted the budgetary information provided including the Medium-Term Financial Plan, Budget Planning Framework and Capital Strategy. The Committee acknowledges the current financial situation of the Council, including the spending pressures that exist.

The Committee also recognises the importance of robust budget consultation and engagement with all stakeholders to ensure that there is a clear understanding not only of the challenges and pressures that face the local authority, but also how resources are prioritised and assigned.

Finally, the Committee would like to thank officers and members for their continued work. The Committee will also continue to receive budgetary information and the opportunity to scrutinise these reports.

- On 9 December 2021, Scrutiny Co-ordinating Committee considered the Budget Planning Framework and Medium-Term Financial Plan 2022/2023 – 2025/2026 report which was referred from the December Cabinet meeting:

The Scrutiny Co-ordinating Committee acknowledged the information contained in the report and recognises then continuing budget pressures that the Council faces. The Committee also acknowledges that a number of funding uncertainties remain as well as the continued impact, on a number of budget areas, from the Covid-19 pandemic.

The Committee is satisfied that it will continue to receive updates on the budget including the outcome from the budget consultation process.

Finally, the Committee would like to thank Members and Officers for their continued efforts in developing a balanced budget in these difficult times.

- On 10 February 2022, Scrutiny Co-ordinating Committee considered Budget and Service Reports on Collection Fund (Council Tax) 2021/2022, Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023, including Prudential Indicators for 2022/2023 to 2025/2026 and Revenue Budget and Proposed Council Tax for 2022/2023 and Medium-term Financial Plan 2022/2023 to 2025/2026 reports which were referred from the February Cabinet meeting:

The Scrutiny Coordinating Committee acknowledges the financial information presented in the various reports. The Committee notes the ambitious capital programme as presented.

The Committee also recognises that there remain considerable financial pressures on the Council and its services and therefore notes the recommended Council Tax increase for 2022/23, which still needs to be approved by Council. The Committee also notes the proposed budget savings proposals within the reports and the budget consultation, noting the low level of responses from the public and that officers look to improve this response rate during future consultations.

The committee also noted the comments that alternative group budgets would be tabled at the Council's budget setting meeting.

Finally, the Committee would like to thank Officers and Members for their continued efforts in developing these detailed budget reports and engaging with a variety of stakeholders and has no further comments to make.

That they have also referred the proposals for Capital Programme Planning 2022/2023 – 2025/2026 to the Scrutiny Co-ordinating Committee:-

- On 9 December 2021, Scrutiny Co-ordinating Committee considered the Capital Programme Planning 2022/2023 – 2025/2026 and Capital Strategy report which was referred from the November Cabinet meeting:

The Scrutiny Coordinating Committee has considered the capital resources and commitments as well as the additional project proposals and is satisfied with the report and has no further comments to make.

That they have also submitted the Treasury Management Policy and Strategy and prudential indicators within the attached report numbered 1 to the meeting of the Audit and Governance Committee:-

- On 4 February 2022, the Audit and Governance Committee was consulted specifically on the Treasury Management Policy and Strategy for 2022/2023.

The Committee noted the Treasury Management Policy and Strategy for 2022/2023 and the Prudential Treasury Management Indicators for 2022/2023 to 2025/2026.

The Committee noted the Borrowing and Investment Strategies contained within the report and that the Council continued to follow and adhere to fundamental principles in relation to the prudent investment of treasury balances.

The Committee commented on the current position with regard to rising interest rates and were satisfied that the Authority was suitably prepared to address potential challenges in relation to future borrowing, capital and cash flow requirements.

The Committee noted their responsibility for ensuring effective scrutiny of the treasury management strategy and policies and that they would continue to receive quarterly performance reports.

Subsequently

The precept figures have been confirmed as those set out in the report to Cabinet on 8 February 2022:

- The precept figures of the Police and Crime Commissioner Northumbria (PCCN) will mean an increase of 6.95% in the precept level for 2022/2023;
- The precept figures of the Tyne and Wear Fire and Rescue Authority (TWFR) will mean an increase of 1.99% in the precept level for 2022/2023;and
- The precept figures of the Parish of Hetton Town Council will mean an increase of 0% in the precept level for 2022/2023.

The position set out at Item 3 of the report as Determination of Council Tax 2022/2023 reflects the above notified 2022/2023 precept levels in respect of all of the Precepting Authorities and the figures as reported remain unchanged.

NOTE:

In relation to the report numbered 2 below entitled “Revenue Budget and Proposed Council Tax for 2022/2023 and Medium Term Financial Plan 2022/2023 to 2025/2026”, Appendix F has not been printed with this item, but the recommendation, which includes all of the substantive content of the report, is set out in full at item 3 overleaf.

1. Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023, including Prudential Indicators for 2022/2023 to 2025/2026

That they have considered the attached report of the Executive Director of Corporate Services on:

- the proposed Capital Programme for 2022/2023;
- the Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Investment Strategies);
- the Prudential Indicators for 2022/2023 to 2025/2026; and
- the Minimum Revenue Provision Statement for 2022/2023.

Accordingly, the Cabinet recommends the Council to approve: -

- (i) the proposed Capital Programme for 2022/2023;
- (ii) the Treasury Management Policy and Strategy for 2022/2023 (including specifically the Annual Borrowing and Investment Strategies);
- (iii) the Prudential Indicators for 2022/2023 to 2025/2026; and
- (iv) the Minimum Revenue Provision Statement for 2022/2023.

2. Revenue Budget and Proposed Council Tax for 2022/2023 and Medium Term Financial Plan 2022/2023 to 2025/2026

That they have considered the report of the Executive Director of Corporate Services which is at the following link [[Cabinet 8 February 2022](#)] on:

- (a) the overall revenue budget position for 2022/2023;
- (b) the projected reserves position as at 31st March 2022 and 31st March 2023 and advise on their sufficiency;
- (c) a risk analysis of the Revenue Budget 2022/2023;
- (d) a summary of the emerging medium term financial position facing the Council from 2022/2023 to 2025/2026, and associated Council Efficiency strategy; and
- (e) any views received from residents, the local Business Sector, Trade Unions, Schools Forum, Change Council and Scrutiny Coordinating Committee on the proposed budget.

The attached report of the Executive Director of Corporate Services to Council sets out the proposed Revenue Budget and Council Tax for 2022/2023 and Medium Term Financial Plan 2022/2023 to 2025/2026 as recommended by Cabinet.

Accordingly, the Cabinet recommends the Council to approve: -

- (i) the proposals set out in the report including the proposed Revenue Budget for 2022/2023 set out at Appendix J;
- (ii) the Medium Term Financial Plan 2022/2023 to 2025/2026 including Efficiency Strategy as set out in Appendix G and the potential use of Capital Receipts Flexibility set out at section 9 of the report.

3. Determination of Council Tax 2022/2023

That they have given consideration to a report of the Executive Director of Corporate Services making, subject to the approval of the Revenue Budget 2022/2023 (as set out at item 2 above), recommendations with respect to Council Tax levels for 2022/2023, and advising that the Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as approved by Council on 26 January 2022, and setting out a number of resolutions required to be made to determine the Council Tax, including the confirmed precepts from the Major Precepting Authorities and Hetton Town Council.

They therefore recommend to Council: -

- (i) to confirm the council tax requirement for the Council for 2022/2023 for its own purposes is £114,706,404 (excluding Parish precepts) and which represents a 2.99% increase in council tax for 2022/2023. It should be noted that this includes the additional ringfenced social care precept of 1%.
- (ii) it be noted that at its meeting on 26th January 2022 the Council approved the following amounts for the year 2022/2023 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
 - a) 72,161 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended by Local Authorities (Calculation of Tax Base) (England) Regulations 2012, as its council tax base for the year (Item T).
 - b) 4,052 being the amount calculated by the Council, in accordance with the regulations, as the amount of its council tax base for the year for dwellings in the area of the Parish of Hetton Town Council.
- (iii) That the following amounts be calculated by the Council for the year 2022/2023 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
 - a) £764,880,417 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
 - b) £650,115,421 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - c) £114,764,996 being the amount by which the aggregate at (a) above exceeds the aggregate at (iii) (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year including Parish precepts (Item R in the formula in Section 31A(4) of the Act).

- d) £1,590.4020 being the amount at (iii) (c) above (Item R) all divided by Item T ((ii) (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- e) £58,592 being the precept notified by Hetton Town Council as a special item under Section 34 of the Act.
- f) £1,589.5900 being the amount at (iii) (d) above less the result given by dividing the amount at (iii) (e) above by the Item T ((ii) (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g) £1,604.0500 being the amount given by adding to the amount at (iii) (f) above, the amount at (iii) (e) divided by the amount at (ii) (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.
- h) Charges relating to the Council

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,069.37	1,059.73
B	1,247.59	1,236.34
C	1,425.82	1,412.96
D	1,604.05	1,589.59
E	1,960.51	1,942.84
F	2,316.96	2,296.07
G	2,673.42	2,649.32
H	3,208.10	3,179.18

being the amounts given by multiplying the amounts at (iii) (f) and (g) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (iv) it be noted that for the year 2022/2023, Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria have confirmed the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Valuation Band	Police and Crime Commissioner for Northumbria £	Tyne and Wear Fire and Rescue Authority £
A	102.56	58.23
B	119.65	67.94
C	136.75	77.64
D	153.84	87.35
E	188.03	106.76
F	222.21	126.17
G	256.40	145.58
H	307.68	174.70

- (v) having calculated the aggregate in each case of the amounts at (iii) (h) and (iv) above and having received confirmation of the precept in paragraph (iv), the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2022/2023 for each of the categories of dwellings shown below.

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,230.16	1,220.52
B	1,435.18	1,423.93
C	1,640.21	1,627.35
D	1,845.24	1,830.78
E	2,255.30	2,237.63
F	2,665.34	2,644.45
G	3,075.40	3,051.30
H	3,690.48	3,661.56

- (vi) To determine that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of Council Tax for 2022/2023 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed council tax increase for 2022/2023 means that the Council does not need to hold a referendum on its proposed council tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic council tax each year if they exceed government guidelines set out annually.)

