

NORTHUMBERLAND COUNTY COUNCIL

CABINET

At a meeting of the **Cabinet** held at County Hall, Morpeth on Tuesday, 13 February 2018 at 10.00 am.

PRESENT

Councillor P.A. Jackson
(Leader of the Council, in the Chair)

CABINET MEMBERS

Daley, W.
Homer, C..
Oliver, N.

Riddle, J.R.
Sanderson, H.G.H.
Wearmouth, R.

OTHER MEMBERS

Cessford, T.
Davey, J.G.
Flux, B.

Pidcock, B.
Reid, J.
Renner-Thompson, G.

OFFICERS IN ATTENDANCE

Elsdon, A.
Hadfield, K.

Henry, L.
Johnson, A.

Lally, D.
McEvoy, C.

Turner, M.

Director of Finance
Committee Services and Scrutiny
Manager
Legal Services Manager
Project Director (Education and
Skills Service)
Chief Executive
Executive Director of Children's
Services
Head of Property and Capital
Programming

3 members of the press and public were present.

63. APOLOGIES

Apologies were received from Councillors Dodd and Jones.

Ch.'s Initials.....

64. REPORTS OF THE DIRECTOR OF FINANCE

(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.

65. JOINT REPORT OF THE EXECUTIVE DIRECTOR OF CHILDREN'S SERVICES and SERVICE DIRECTOR - LOCAL SERVICES

Consultation Exercise for Proposed Changes to Post 16 Transport Policy

The report sought approval to undertake a consultation exercise on proposed changes to the Post 16 Transport Policy, namely the re-introduction of free Post 16 transport provision for those students that met the defined eligibility criteria to qualify for free travel as set out in the revised Post 16 Transport Policy document (copy attached the signed minutes as Appendix B, along with the report of the FACS OSC circulated at the meeting).

The report was introduced by Councillor Daley, who referred to the Administration's commitment in its manifesto to abolish the charge to improve access to education and improve social mobility. The results of the consultation exercise would be reported back to Cabinet on 8 May and he highlighted that the £50 administration fee would not be payable by those on benefits or EHP.

Councillor Renner-Thompson introduced the report of the FACS OSC, highlighting the additional recommendation to Cabinet that the final decision on the granting of funding should be at the discretion of the County Council.

In response to a question from the Leader, members were advised that due to the complexities of the system, the earliest the change could be implemented was September 2018.

Members warmly welcomed the initiative, commenting on the negative effect the charge had had in their areas.

RESOLVED unanimously that:-

- (a) the proposed changes to the Post 16 Transport Policy which seek the reintroduction of free post 16 transport provision, subject to defined eligibility criteria, be approved for consultation;
- (b) approval be given to the commencement of a consultation exercise on the proposed changes to the Post 16 Transport Policy, which will take place over a 6 week period starting 19 February and ending on 30 March, so that changes to the policy can be considered and new post 16 transport arrangements implemented for the start of the 2018/19 academic year in September 2018;
- (c) it be noted that the financial implications associated with the proposed reintroduction of the free post 16 transport based upon the eligibility criteria defined in the draft policy document of £1.413 million in 2018/19 and £0.800 million in 2019/20 have been included within the Council's proposed Medium Term Financial Plan; and

- (d) the recommendation of the Family and Children's Services OSC that "the final decision on the granting of school transport funding lie at the discretion of the County Council" be approved.

66. REPORTS OF THE EXECUTIVE DIRECTOR OF CHILDREN'S SERVICES

(1) Schools' Annual Report

The report informed the community of Northumberland about the quality of schools and the impact of the local authority (copy attached to the signed minutes as Appendix C, along with the report of the FACS OSC attached to the back of the report).

Councillor Daley introduced the report highlighting the executive summary on page 8 which clearly showed the challenges and the need for significant uplift in educational attainment in Northumberland. He reiterated his commitment to working in partnership with all schools to improve standards.

Mr Johnson referred to the main issues:-

- The level of educational attainment above 11 - although there had been improvement in the last three years, this was not enough especially in SEN/D, and this remained a focus for improvement.
- There were problems in recruiting good teachers and a Task and Finish Group had been established to report on this.
- The funding formula was a challenge.
- Safeguarding remained the highest priority.
- There was a commitment to invest in school estates.
- Partnership working could be difficult because the system was now so disparate.

RESOLVED unanimously that:-

- (a) the content of the report be noted; and
- (b) the report of the Family and Children's Services OSC be noted.

(2) School Admission Arrangements for Community and Voluntary Controlled Schools for the 2019/20 Academic Year

The report informed Cabinet of the outcomes of the consultation on School Admission Arrangements for Community and Voluntary Controlled Schools for the 2019/20 Academic Year as required by the School Admissions Code 2014. Approval (determination) of these admission arrangements was also sought (copy attached to the signed minutes as Appendix D along with the report of the FACS OSC attached to the back of the report).

Councillor Daley referred to the increased school places planned for Horton Grange Primary, New Delaval Primary, New Hartley First and Whytrig Middle Schools.

Mr Johnson added that this also applied to Newsham First School, and that this was a required annual consultation but the Authority's Code had not changed. No comments had arisen from the consultation. The bulk of the changes were around the increase in the planned admission numbers for the schools mentioned to allow for an increase in pupil population. Additional accommodation had been agreed by Cabinet in December.

RESOLVED unanimously that :-

- (a) the outcomes of the six week consultation undertaken in relation to the Council's proposed admission arrangements for community and voluntary controlled schools for 2019/20 that took place between 16 October and 26 November 2017 be noted;
- (b) the proposed co-ordinated admission scheme for all maintained schools and academies, as provided in Appendix 1 of the report be approved;
- (c) the proposed admission arrangements, including proposed oversubscription criteria and proposed admission numbers for First and Primary community and voluntary and controlled schools, as provided in Appendix 2 of the report be approved;
- (d) the proposed admission arrangements, including proposed over subscription criteria and proposed admission numbers, for Middle, High and Secondary community and voluntary controlled schools, including sixth forms, as provided in Appendix 3 of the report be approved;
- (e) the increase in the admission number at Blyth Horton Grange Primary School, Blyth New Delaval Primary School, New Hartley First School and Whytrig Middle School, as detailed in the report be approved; and
- (f) the report of the Family and Children's Services OSC be noted.

67. REPORTS OF THE DIRECTOR OF PLANNING AND ECONOMY

(1) Hadrian's Wall World Heritage Site: Future Funding and Governance

The report advised Cabinet about proposed governance and funding arrangements, and their implications, with regard to the future management of the Hadrian's Wall World Heritage Site (copy attached to the signed minutes as Appendix E, along with the report of the Communities and Place OSC attached to the back of the report).

Councillor Homer introduced the report, highlighting that the Council had coordinated management of the world heritage site since 2013. This was a key tourism asset and the Authority was the the most likely partner to benefit from any future investment. She referred to the potential which could still be realised and the delivery of a wider range of future projects as detailed on page 5 of the report. A bid was in the process of being made to the Resilient Heritage Fund and an agreement had been signed with the Great Wall of China to increase the historical and cultural understanding of the two sites. This was the first of its kind and very exciting news.

Councillor Reid advised that Scrutiny had been very supportive of the initiative.

Councillor Oliver supported the proposal, commenting on the importance of tourism to the economy and employment in the west of Northumberland.

The Leader commented this was a very good deal for Northumberland and hoped that there would now be some stability within the management arrangements of the organisation.

RESOLVED unanimously that:-

- (a) the findings of the funding and governance review of the management of Hadrian's Wall World Heritage Site be welcomed;
- (b) the Council's annual contribution to the Wall's management be increased by £10,000 to £25,000 to reflect the economic, culture and social importance of this significant heritage asset located within Northumberland;
- (c) the submission of a bid to the Resilient Heritage Fund to support the expansion of the development and marketing functions associated with the management of the Wall over the next 18 months be endorsed;
- (d) the intention of the Partnership Board to undertake a governance review to coincide with the appointment of a new independent Chair from June 2018 be noted;
- (e) the intent of the Partnership Board to better align the management of the Hadrian's Wall National Trail with that of the WHS be welcomed;
- (f) agreement be given to hosting the post of Management Plan Coordinator on behalf of the Partnership Board for a further three years from April 2018, and that the management of that post transfers to the Cultural Development Manager who manages the WHS budget;
- (g) consideration be given to how best the value of the Wall can be showcased through both the recently created All Party Parliamentary Group and the the recently-announced collaboration with the Great Wall of China; and

- (h) the report of the Communities and Place OSC be noted.

(2) Morpeth Business Improvement District

The report sought Cabinet approval of the Morpeth Business Improvement District (BID) proposals (copy attached to the signed minutes as Appendix F).

Councillor Wearmouth highlighted the key points of the report and advised that this was a compact bid focussing on the town centre, which had been supported by the Local Area Council recently. He advised members about a change to the report to make the last recommendation two distinct recommendations. This was to clarify that there was no need to delegate arrangements for undertaking the ballot to the returning officer as this was automatic with no discretion, and the portfolio holder had no role in ballot arrangements. The recommendations would therefore read as follows:-

- (d) it be noted that minor technical changes to the documents (business plan, operating agreement and baseline services document) may be necessary prior to the ballot being undertaken; and

- (e) approval of the final documentation and final arrangements for undertaking the ballot process be delegated to the Director of Planning and Economy (County Returning Officer) in liaison with the Portfolio Holder for Economic Development (Section 3).

RESOLVED unanimously that:-

- (a) the development of the Morpeth BID proposal (Section 1) be noted;
- (b) the County Councils previously stated position that it will abstain from voting in the BID ballot on the basis that the introduction of BID arrangements is for local businesses to decide (Section 2) be confirmed;
- (c) the Morpeth BID proposals be approved, noting that the BID Proposer has undertaken the necessary steps as required by legislation (Section 2);
- (d) it be noted that minor technical changes to the documents (business plan, operating agreement and baseline services document) may be necessary prior to the ballot being undertaken; and

- (e) approval of the final documentation and final arrangements for undertaking the ballot process be delegated to the Director of Planning and Economy (County Returning Officer) in liaison with the Portfolio Holder for Economic Development (Section 3).

68. REPORT OF THE HEAD OF PLANNING SERVICES

Funding for Areas of Outstanding Natural Beauty

Current funding arrangements for the Northumberland Coast AONB Staff Unit and the North Pennines AONB Staff Unit end at the end of the current financial year. Ongoing funding is available from Defra but this is conditional on 25% match funding being secured from Local Authorities. The purpose of the report was to seek approval for funding from Northumberland County Council for the next three years (copy attached to the signed minutes as Appendix G, along with the report of the Communities and Place OSC attached to the back of the report).

Councillor Riddle introduced the report highlighting the key achievements of the AONB team. A lot of funding had been levered in for a very small investment by the the Council and this had brought enormous benefits.

Councillor Homer supported the recommendation and felt that the team demonstrated the importance of partnership working to access the various sources of funding which were available to organisations.

Councillor Reid advised that this had been well supported at Scrutiny, though it had been felt that the time was right to review the area of designation of the Coast AONB which had been in place since 1958. Members welcomed this suggestion and felt it was an issue relevant for Scrutiny to investigate.

RESOLVED unanimously that:-

- (a) the Council's annual funding contribution of £33,700 towards the Northumberland Coast AONB and £22,660 towards the North Pennines AONB be maintained over the next three years to enable the 75% funding contribution from Defra to continue to be obtained, and to enable the important work of the AONB Staff Units to be continued in these nationally designated areas;
- (b) Communities and Place OSC be tasked with investigating the review process and potential need to amend the existing boundary of the Northumberland Coast AONB, and report back to Cabinet on that; and
- (c) the report of the Communities and Place OSC be otherwise noted.

69. REPORT OF THE HEAD OF PROPERTY AND CAPITAL PROGRAMMING

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarised proposed amendments to the Capital Programme considered by the officer Capital Strategy Group at its meeting held on 12 January 2018 (copy attached to the signed minutes as Appendix H).

(a) County Hall External Works

Mr Turner detailed the external works proposed in order to make the building watertight before internal works commenced. Refurbishment of the windows was now planned, instead of replacement, which would reduce the costs to £2.7m from £3.9m. Staff would be decanted to Blyth Civic Centre and Wansbeck Square, Ashington where needed.

Members welcomed the planned approach, and in response to a question from Councillor Wearmouth, members were advised that the annual energy costs for County Hall were £285,000. It was suggested that members could learn from the headquarters at Newcastle and Gateshead Councils as they provided good examples of what could be achieved.

RESOLVED that County Council be recommended to approve the proposals and associated budget requirement of £2.7m, subject to moves being carried out as efficiently as possible and an acceleration of agile working IT solutions for those moving early in the programme.

(b) Beadnall Cafe, Toilet and Shop

Councillor Sanderson spoke in support of this initiative and advised that further opportunities for similar investment would be investigated.

RESOLVED that County Council be recommended to approve the submission of a bid to the Coastal Communities Fund for a grant of £1,150,000, representing 80% of the anticipated project cost.

(c) Flood and Coastal Erosion Programme

Councillor Sanderson supported this proposal and welcomed the partnership working with the Environment Agency, and the prudential use of the available funding which maximised value for money.

Councillor Oliver commented that the Authority's relationship with the Environment Agency was regarded as exemplar and that the Authority was punching above its weight in terms of the funding it was attracting for flood alleviation projects. He commended the work planned for Haltwhistle and felt that all types of buildings needed flooding protection, including businesses and schools, as well as homes.

Councillor Jackson spoke in support of the Seahouses Pier Coast protection Scheme, which was a real priority for the local community. The harbour pier at Berwick was also to be rebuilt and working with partners was the best way to secure funding.

RESOLVED that County Council be recommended to approve the reallocation of NCC contributions as set out in the report and in Appendix 1.

CHAIR.....

DATE.....