

North Tyneside Council Report to Cabinet Date: 15 January 2014

ITEM 3

Title: 2014-2018 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals

Portfolios: Elected Mayor Finance Housing	Cabinet Members: Mrs Norma Redfearn Cllr Ray Glindon Cllr John Harrison
Report from: Senior Leadership Team	
Report Author: Fiona Rooney, Head of Finance and Commercial Services	Tel: 643 5724
Wards affected: All	

1.1 Purpose:

- 1.1.1 At its meeting on 9 September 2013, Cabinet approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2014/15 revenue budgets in respect of the general fund, dedicated schools grant (DSG) and housing revenue account (HRA), the 2014-2018 Investment Plan and the Prudential Indicators, as part of the overall Financial Planning and Budget process for 2014-2018. Cabinet also approved the budget engagement strategy at that meeting.
- 1.1.2 On 25 November 2013, Cabinet considered its initial budget proposals, based on information available at that point in time. Cabinet now needs to receive this report and consider its estimates of amounts for the 2014/15 Council Tax requirement including the general fund budget, the 2014-2018 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2014/15 and the Prudential Indicators. At the time of writing this report there were still a number of issues outstanding from the issue of the Provisional 2014/15 and 2015/16 Local Government Finance Settlement. A supplemental report will be circulated to all members of Cabinet in advance of the Cabinet meeting which will set out in detail the implications for the 2014-18 Financial Plan and Budget.
- 1.1.3 Following the report on 25 November 2013 in relation to the Housing Revenue Account for 2014/15, Cabinet is now formally asked to approve the housing rent, garage rent and service charge increases, along with the Housing element of the 2014-2018 Investment Plan. Included in the supplemental report will be the details of the final proposals for the Housing Revenue Account.

1.2 Recommendation(s):

Please see supplemental report

1.3 Forward plan:

This report was included in the Forward Plan for the period from 1 January 2014 to 30 April 2014.

1.4 Council plan and policy framework:

- 1.4.1 The Budget and Policy Framework Procedure Rules are set out in Part 4.7 of the Authority's Constitution. The Budget is guided by paragraph 4.7.3 covering the process for the preparation, consideration and final approval of the Authority's Council Tax requirement and Council Tax level. The statutory and constitutional requirements for preparing, considering and approving these issues drive the timetable for the Financial Planning and Council Tax setting process of the Authority.
- 1.4.2 The development of the Financial Plan and Budget has followed the same timetable as in previous years. The priorities in the 2014-2018 Council Plan - 'Our North Tyneside' provides the strategic framework within which budget resources are allocated.
- 1.4.3 The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that is considered as part of preparing the Annual Governance Statement each year.
- 1.4.4 Feedback through the Annual Governance Statement and the Overview and Scrutiny Committee's report into the 2013-2015 Financial Planning and budget process has been used to inform this year's process.

1.5 Information - Executive Summary

- 1.5.1 At its meeting on 9 September 2013, Cabinet approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2014/15 revenue budgets in respect of the general fund, dedicated schools grant (DSG) and housing revenue account (HRA), the 2014-2018 Investment Plan and the Prudential Indicators, as part of the overall Financial Planning and Budget process for 2014-2018. Cabinet also approved the budget engagement strategy at that meeting.
- 1.5.2 On 25 November 2013, Cabinet considered its initial budget proposals, based on information available at that point in time. Cabinet now needs to receive this report and consider its estimates of amounts for the 2014/15 Council Tax requirement including the general fund budget, the 2014-2018 Investment Plan, the Treasury Management Statement and Annual Investment Strategy for 2014/15 and the Prudential Indicators.

- 1.5.2.1 On 18 December 2013, the Provisional 2014/15 & 2015/16 Local Government Finance Settlement (the Settlement) was announced however some details are still being worked through to determine the financial implications for 2014/15 and the period of the financial plan. In addition, some significant aspects of the Settlement are still to be made clear especially in relation to the localisation of Business Rates, a finally determined National Non Domestic Rates position (NNDR1) and monies transferring from the NHS to Local authorities and the implications for North Tyneside Council.
- 1.5.2.2 A supplemental report will be circulated to all Members of Cabinet in advance of the meeting detailing the updated financial plan and budget. Details of the appropriate delegations to Officers will be detailed in the supplemental report. The Annex to the supplemental report will contain the following:
- The 2014-2018 Council Plan - 'Our North Tyneside'
 - The 2014-2018 Financial Planning and Budget Process;
 - Local Government Finance;
 - The Financial Strategy 2014-2018;
 - Cabinet's Estimates of Amounts for the 2014/15 Council Tax Requirement including the General Fund Revenue Budget and 2014-2018 Financial Plan and the Dedicated Schools Grant;
 - Cabinet's Estimates of Amounts for the 2014-2018 Investment Plan and Prudential Indicators;
 - Treasury Management Statement and Annual Investment Strategy 2014/15;
 - Response to Overview and Scrutiny Committee Recommendations;
 - Provisional Statement to full Council by the Chief Finance Officer; and,
 - Cabinet's final budget proposals for the 2014-2018 Housing Revenue Account and associated Business Plan which includes the proposed increases to council rents, housing service charges and garage rents.

Equality and Diversity Considerations

- 1.5.3 There have been a number of recent legal challenges to the setting of council budgets. In order to comply with current requirements where the Authority's Financial Planning and Budget proposals affect individuals with protected characteristics under the Equality Act 2010 an Equality Impact Assessment will be included. The timescale for Equality Impact Assessments to be completed has been aligned with the Financial Planning and Budget process.
- 1.5.4 Initial assessments were completed in order to inform Cabinet's decisions on the initial Budget proposals for 2014/15 which were considered at the 25 November 2013 Cabinet meeting.
- 1.5.5 More detailed assessments have now been carried out following the engagement on the initial proposals and have been used to inform decisions on the Budget proposals for 2014/15 for consideration at this meeting.

1.6 Decision options:

Please see supplemental report

1.7 Reasons for recommended option:

Please see supplemental report

1.8 Appendices:

Please see supplemental report

1.9 Contact officers:

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1.10 Background information:

Please see supplemental report

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Please see supplemental report

2.2 Legal

Please see supplemental report

2.3 Consultation/community engagement

Please see supplemental report

2.4 Human rights

Please see supplemental report

2.5 Equalities and diversity

2.5.1 In undertaking the process for the setting of the Budget the Authority's aim has been at all times to secure compliance with its responsibilities under the Equality Act 2010 and in particular the public sector equality duty under that Act.

To achieve this we have taken a phased approach:

- An equalities impact assessment has been carried out on the Budget Engagement Strategy process. The aim is to remove or minimize any disadvantage for people wishing to take part in the engagement programme.
- Initial Equality Impact Assessments were completed as part of the business cases on all relevant budget proposals ensuring the Cabinet make recommendations after considering all known equality implications. The impact assessments and business cases will be refined as additional information becomes available.
- The outcome of any decisions made following the community engagement on the Budget Process will be subject to further Equality Impact Assessments.

2.6 Risk management

Individual projects within the Financial Plan and Budget are subject to full risk reviews. For larger projects, individual project risk registers are / will be established as part of the Authority's agreed approach to project management. Risks will be entered into the appropriate directorate, corporate/strategic or project risk register(s) and will be subject to ongoing management to reduce the likelihood and impact of each risk.

2.7 Crime and disorder

Projects within the Financial Plan and Budget will promote the reduction of crime and disorder within the borough. Under the 1998 Crime and Disorder Act, local authorities have a statutory duty to work with partners on the reduction of crime and disorder.

2.8 Environment and sustainability

The Sustainable Community Strategy includes the aim to, "Reduce carbon emissions and ensure that the borough is prepared for the effects of climate change." A number of the proposals will contribute directly to this including those to reduce the Council's energy consumption. The environmental and sustainability aspects of individual proposals will be assessed in detail as and when agreed and implemented.

PART 3 - SIGN OFF

- Chief Executive x
- Head of Service x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Strategic Manager, Policy Partnerships, Performance And Communications x