

Extraordinary Cabinet

15 January 2014

Present: Mrs N Redfearn (Elected Mayor) (in the Chair),
Councillors CA Burdis, EN Darke, R Glindon, I Grayson,
JLL Harrison, F Lott, CB Pickard, L Spillard and JJ Stirling

CAB172/01/14 Apologies

There were no apologies received.

CAB173/01/14 Declarations of Interest

There were no declarations of interest made.

CAB174/01/14 2014-2018 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals (All Wards)

Cabinet considered a report on the Final Budget Proposals for the 2014/15 Budget and Housing Revenue Account (HRA).

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 relation to the General Fund, Dedicated Schools Grant (DSG), HRA and the 2014-2018 Investments Plan, as part of the overall Financial Planning and Budget process for 2014-2018. Cabinet also approved the Budget Engagement Strategy at that meeting. (Minute CAB82/09/13 refers.)

At its meeting on 25 November 2013, Cabinet considered its initial budget proposals, based on information available at that point in time (Minute CAB131/11/13 refers). It was now necessary for Cabinet to 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.

It was noted that due to the nature of the information which was still outstanding as detailed in Annex 1 Section 2 of the report, a further update report on the 2014-2018 Financial Plan and Budget may need to be provided to the meeting of Cabinet on 30 January 2014, prior to submission to full Council on the 6 February 2014.

In terms of the Housing Revenue Account, the purpose of the report was for Cabinet to consider and agree the proposed 2014 - 2018 Housing Revenue Account Business Plan and Budget and housing elements of the 2014-2018 Investment Plan and to consider proposals to increase housing rents, housing service charges and garage rents for 2014/15.

Annex 1 of the report covered:

- 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;
- Cabinet's final budget proposals for the 2014-2018 Housing Revenue Account and associated Business Plan;
- Response to Overview and Scrutiny Committee Recommendations in relation to the Housing Revenue Account; and,
- Statement to Cabinet in relation to the Housing Revenue Account by the Chief Finance Officer.

In relation to Equality and Diversity considerations there had 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 affected individuals with protected characteristics under the Equality Act 2010 an Equality Impact Assessment would be included. The timescale for Equality Impact Assessments to be completed had been aligned with the Financial Planning and Budget process.

Initial assessments had been 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. More detailed assessments had now been carried out following the engagement on the initial proposals and had been used to inform decisions on the Budget proposals for 2014/15 for consideration at the meeting.

With regard to engagement, each Cabinet Member had been consulted on the proposals put forward in the report, with regular discussions held between the Chief Executive, Heads of Service, the Elected Mayor and the Cabinet Member for Finance and Resources. The Senior Leadership Team and their teams had been fully engaged in the process and in the proposals.

A specific Trades Union briefing on the Financial Plan and Budget had been held on 19 November 2013 and attended by Senior Officers. In addition, consultation had taken place with staff both generally and on specific proposals.

The budget proposals had been shaped in the context of the 'Our North Tyneside Plan 2014 -2018'. This Plan had been developed following engagement with a wide range of stakeholders. Engagement on the budget proposals had commenced on 26 November 2013 and would end on 7 February 2014.

Members were given the opportunity to ask questions which were responded to appropriately.

Cabinet considered the following decision options:

Option 1 – approve the proposals set down in the report.

Option 2 – approve a selection of the proposals and suggest that further / different options are considered by the Senior Leadership Team before submission to full Council on 6 February 2014.

Option 3 - reject the proposals.

Resolved that the proposals be approved as follows:

The 2014-2018 Financial Planning and Budget Process

- (1) the progress made in relation to this year's Financial Planning and Budget process, be noted;
- (2) it be noted that Cabinet's estimates of amounts in the setting of the Council Tax requirement will be submitted to full Council for its meeting on 6 February 2014, in accordance with the Authority's Constitution and Budget and Policy Framework Procedure Rules;
- (3) it be noted that Cabinet's proposals for the 2014-2018 Investment Plan, including prudential indicators for 2014/15 in accordance with the Chartered Institute of Public Finance & Accountancy's (CIPFA's) Prudential Framework and the proposed Minimum Revenue Provision (MRP) Policy in line with capital finance regulations will be submitted to full Council for its meeting on 6 February 2014;
- (4) it be noted that Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2014/15 will be submitted to full Council for its meeting on 6 February 2014;
- (5) it be noted that any implications that impact on this report arising from decisions of full Council on the 23 January 2014 and Cabinet on the 30 January 2014 will be provided as a supplementary report to full Council on the 6 February 2014;
- (6) the key messages that have emerged from the budget engagement process and how the results of this and the engagement during the development of the Our North Tyneside Plan have influenced the draft Financial Planning and budget proposals for 2014/15 and future years, be noted;

The 2014-2018 Council Plan - 'Our North Tyneside'

- (7) it be noted that the Our North Tyneside Plan forms the Policy Framework and Strategic priorities for the Financial Planning and Budget Process for 2014-2018;
- (8) it be noted that on 9 December 2013 Cabinet approved the performance management and reporting framework around the Our North Tyneside Council Plan;

Local Government Finance

- (9) the key aspects of the 2014/15 provisional Local Government Finance Settlement announced on 18 December 2013, and how this has been incorporated into the financial strategy and financial plan of the Authority and the outstanding information required to allow the Mayor and Cabinet to finalise the proposals, be noted;
- (10) the Head of Finance and Commercial Services, as the Authority's Chief Finance Officer, be authorised to approve the final National Non-Domestic Rates 1 form for North Tyneside Council for 2014/15, by the deadline of 31 January 2014;

The Financial Strategy 2014-2018

- (11) the key principles being adopted in preparing the Financial Strategy for the Authority, subject to an annual review, be approved;
- (12) the formal Reserves and Balances Policy for the Authority, which is reviewed at least annually, be approved;
- (13) the medium-term financial challenges and financial risks facing the Authority be noted and these issues be addressed as part of the Change, Efficiency and Improvement Programme for the Authority, to deliver continued financial stability and prudent management of the Authority's financial resources;
- (14) the approach being taken in relation to the Change, Efficiency and Improvement Programme for the next four years, starting in 2014/15, be approved;

Cabinet's Estimates of Amounts for the setting of the Council Tax Requirement including the 2014-2018 General Fund Revenue Budget and Dedicated Schools Budget

(15) the estimates of amounts be approved for the 2014/15 setting of the Council Tax requirement including the general fund revenue budget and dedicated schools grant, thereby calculating the proposed level of Council Tax, to be recommended to full Council for approval, including the assessment in relation to the current year's budget monitoring information (2013/14) and indications of the financial plan for 2015/16 and the following 2 years;

(16) the Chief Finance Officer be requested to prepare the appropriate Council Tax Requirement and budget resolution document for full Council's consideration at its meeting on 20 February 2014, based upon the outcomes of recommendation (14);

2014-2018 Investment Plan

(17) the estimates of amounts in relation to the 2014-2018 Investment Plan, including prudential indicators (including the Housing Revenue Account) for 2014/15, be approved in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Framework and the proposed Minimum Revenue Provision (MRP) policy in respect of General Fund investment, in line with capital finance regulations;

(18) the proposed Reserve List of Schemes that will be considered should additional funding become available, being funding by the Authority or otherwise, be approved;

(19) it be noted that all approved schemes within the 2014-2018 Investment Plan will be kept under corporate review by the Capital Programme Management and Finance Group to ensure that necessary information has been supplied prior to any expenditure taking place;

Treasury Management Statement and Annual Investment Strategy for 2014/15

(20) the Treasury Management Statement incorporating the Annual Investment Strategy for 2014/15, be approved;

(21) the revised Counterparty List amended under delegation to the Head of Finance and Commercial Services, be noted;

2014-2018 Housing Revenue Account Business Plan and Budget

(22) the final proposals in relation to the 2014/15 Housing Revenue Account Business Plan and Budget, including an assessment in relation to the current year's budget monitoring information (2013/14), be approved and the Chief Finance Officer's statement, be noted;

(23) an increase to individual council rents in accordance with proposals in section 10 of Annex 1 of the report and section 9 of the 25 November 2013 Cabinet report, to enable the Government's rent restructuring formulae to be achieved, be approved;

(24) the proposed increase to housing service charges and garage rents by 3.2%, be approved;

(25) the assessment in relation to the current year's budget monitoring information (2013/14) and indications of financial plans for 2014/15 to 2017/18 for the Housing Revenue Account, be noted;

Delegations and Authorisations

(26) the Elected Mayor be authorised to make any final amendments to the Cabinet's proposals in relation to that information which is still outstanding to enable due consideration to be given to the final level of Council Tax the Cabinet proposes to full Council for approval for 2014/15 (Annex 1, Section 2);

(27) the Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and the Senior Leadership Team, be authorised to manage the overall Change, Efficiency and Improvement Programme and that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided;

(28) delegated authority be granted to the Elected Mayor, in consultation with the Strategic Property Group, to keep under review the 'reserve list' of schemes within the 2014-2018 Investment Plan and agree any changes considered appropriate subject to the Financial Regulations;

(29) delegated authority be granted to the Elected Mayor, in consultation with the Deputy Mayor, Cabinet Member for Finance and Resources, the Chief Executive and the Head of Finance and Commercial Services to respond to any recommendations following Overview and Scrutiny Committee's consideration of the 2014-2018 Financial Planning and Budget process and Cabinet's draft budget proposals; and,

(30) delegated authority be granted to the Elected Mayor, in consultation with the Deputy Mayor, Cabinet Member for Finance and Resources, the Chief Executive and the Head of Finance and Commercial Services to consider any further comments received from residents after the drafting of this Cabinet report but on or before 7 February 2014, as the Budget Engagement process will continue until 7 February 2014, and present these as an addendum to the report to full Council on 6 February 2014 and 20 February 2014.

(Reason for decision – the budget proposals have been worked through with all Cabinet Members and have taken due consideration of the budget engagement suggestions.

The financial implications arising from this report are appraised as part of the decisions made about what will be included in the Council's Financial Plan, incorporating the 2014/15 Council Tax Requirement and budget process. Decisions on the budget in relation to the General Fund, Housing Revenue Account Business Plan and Budget, schools' funding and Investment Plan need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets. The Authority will need to examine closely the links with its key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed four-year resource planning period.

Cabinet and full Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year financial plan for 2014-2018, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in November 2008. A provisional statement to Council by the Chief Finance Officer is included in the Annex to this report.

The Local Government Finance Act 1992 (Section 31A and Section 31B: Calculation of Council Tax Requirement and Calculation of Basic Amount of Tax) sets out specific obligations for the calculation of council tax requirement by authorities in England and calculation of the basic amount of tax by authorities in England.

The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual budget and council tax level, the Authority, which in this context means all Members, must take into account a report from the Chief Finance Officer on the robustness of the budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.

The 2014-2018 Financial Planning and Budget process has been prepared to comply with the time-scales required within the Budget & Policy Framework Procedure Rules contained in the Authority's Constitution and statutory requirement to set the Council Tax by 11 March in the year preceding the year in which it is to have effect.

Section 76 (2) of the Housing Act 1989 requires each authority to produce a Housing Revenue Account budget in the January and February that immediately precede the financial year to which it will relate. In relation to the Housing Revenue Account (HRA) final revenue budget and associated business plan, there is a legal requirement to give all tenants four weeks notice of any rent changes. In order to allow time for the production and delivery of the appropriate notifications, the rent and service charge increase will be presented to this meeting of Cabinet, the 15 January 2014 for approval.)

CAB175/01/14 Date and Time of Next Meeting

4.00pm on Thursday 30 January 2014 (Extraordinary Meeting)

6.00pm on Monday 10 February 2014 (Ordinary Meeting)

Minutes published on Monday 20 January 2014.