

# Extraordinary Cabinet

24 November 2014

**Present:** 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

**In Attendance:** D Hodgson (Business Sector)  
R Layton (North Tyneside JTUC)

## **CAB97/11/14 Apologies**

Apologies were received from M Almond (Voluntary and Community Sector), A Caldwell (Age UK North Tyneside), M Cushlow (North Tyneside Clinical Commissioning Group) and A Oghene (Young Mayor).

## **CAB98/11/14 Declarations of Interests and Notification of any Dispensations Granted**

There were no declarations of interest or dispensations reported.

## **CAB99/11/14 2015-2018 Financial Planning and Budget Process : Cabinet's Initial Budget Proposals (All Wards)**

Cabinet considered a report which detailed the initial outcomes of the process for the preparation of the draft Financial Plan, 2015/16 revenue budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), and the 2015-2019 Investment Plan, as part of the overall Financial and Budget Planning process for 2015-18. The report detailed Cabinet's initial budget proposals, in accordance with the time-scales set down in the Authority's Constitution and Budget & Policy Framework Procedure Rules. Cabinet had approved the process and timetable, including the Budget Engagement Strategy at its meeting on 8 September 2014 (Minute CAB56/09/14 refers).

The budget proposals had been developed in the context of the Our North Tyneside Plan and reflected the Plan priorities, but recognised the continued reduction in core funding and increasing demand for services. The proposals covered a three-year planning period from 2015-2018 for the revenue budget and a four year planning horizon for the Investment Plan due to the longer term nature of capital projects.

The overall direction was outlined in Annex 1 Section 1 of the report. The savings to be delivered would be managed through the Creating a Brighter Future programme which would redefine, reshape and redesign what North Tyneside Council was and would deliver going forward.

The Cabinet Member for Finance and Resources introduced the report by stating that Local Government continued to undergo significant changes due to reduced funding by Central Government. This had led to the need to change the way the Authority delivered services, with some tough decisions to make as the Authority worked within the current economic environment. For the next year (2015/16) savings of £14.5 million had to be found. This was part of a total of £40-46 million of savings over the next three years. These savings were in addition to the £28.79m delivered over the last two years.

The requirement to continue to deliver this sustained level of efficiencies had led to the development of the Creating a Brighter Future Programme. This longer-term plan set out to make a difference for residents by making the Council work smarter, putting people at the centre of what it did and ensuring that the organisation maximised how it used public money to achieve residents' priorities, including delivering economic success and jobs for the Borough.

Consultation had been carried out across the Borough to ascertain residents' views which had contributed to the development of the 'Our North Tyneside Plan' in 2013. These priorities had been reconfirmed by talking to residents during the summer of 2014.

The Budget proposals, shaped by the Creating a Brighter Future programme, would help deliver those priorities by identifying how the Authority would allocate its money, and also make sure the organisation and decision-makers were well prepared for the challenges.

Due to the fact that external information was yet to be received, the Authority was not in a position to finalise setting a proposed Council Tax for 2015/16, but the report formed the basis of Budget engagement and scrutiny over the next two months for both the General Fund and the HRA.

Annex 1 of the report set out in detail Cabinet's 2015-2018 initial Budget proposals for the General Fund Revenue Budget, Dedicated Schools Grant, Housing Revenue Account and associated Business Plan, the 2015-2019 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2015/16.

The contents of Annex 1 covered:

- The 2014-2018 Council Plan - 'Our North Tyneside'
- The Financial Strategy 2015-2018;
- Cabinet's initial budget proposals for the 2015/16 Council Tax Requirement including the General Fund Revenue Budget and 2015/16 Financial Plan and the Dedicated Schools Grant;
- Cabinet's initial budget proposals for the 2015-2019 Investment Plan and Prudential Indicators;
- Cabinet's initial budget proposals for the Treasury Management Statement and Annual Investment Strategy 2015/16;
- Provisional Statement to Council by the Chief Finance Officer; and
- Cabinet's initial budget proposals for the 2015-2018 Housing Revenue Account and associated Business Plan.

Provisional information on the 2015/16 Local Government Finance Settlement had been issued in late December 2013. It was anticipated that a two-year Local Government Finance Settlement covering 2015-2017 would be issued on 3 December 2014. Detailed future funding for Local Government beyond 2016/17 was yet to be confirmed, but it was likely to follow a similar trajectory to the 2010 Spending Review.

Given that the 2015-2017 Local Government Finance Settlement was not anticipated to be received until December 2014, the budget proposals were necessarily draft at this stage. Until further information on the financial position of the Authority was known from Central Government, it was not possible to quantify with reasonable certainty the level of further savings that would be required in 2015-2018 through the Creating a Brighter Future Programme.

Engagement on the budget proposals would take place between 25 November 2014 and 29 January 2015. It would involve information and feedback through the Authority's website as well as focus group activity with staff, residents, businesses and strategic partners.

There had been a number of recent legal challenges to the setting of council budgets. In order to comply with current requirements all Financial Planning and Budget proposals had included an Equality Impact Assessment (EIA). The timescale for the completion of EIAs had been aligned with the Financial Planning and Budget process. EIAs had been completed in order to inform the development of specific budget proposals and Cabinet's decisions on the initial Budget proposals for 2015/16.

Updated EIAs would be written following engagement on the initial budget proposals and would be included in the proposals to be considered by Cabinet on 28 January 2015. Following Cabinet, the EIAs would again be updated and actions arising from them incorporated into the budget proposals. The EIAs would also be available to decision-makers prior to decisions to proceed with the implementation of proposals brought forward during the budget setting process.

Cabinet's initial budget proposals were presented based upon available information and judgements at the time of writing. There were a number of assumptions and judgements built into the figures presented that lay mainly outside the control of the Authority and needed to be finalised. The initial budget proposals would therefore need to be subject to further review before they could be confirmed. The information to be assessed and finalised was:

- (a) The Provisional and Final Local Government Finance Settlement announcements for 2015/16, including Capital announcements and Specific Grants (including the Dedicated Schools Grant (DSG) (due December 2014 / January 2015);
- (b) Police and Crime Commissioner for Northumbria and Tyne and Wear Fire and Rescue Authority Precepts (due 3 February 2015 and 16 February 2015 respectively);
- (c) Levies, including the Tyne and Wear element of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Transport Levy ( The North East Combined Authority due January 2015);
- (d) Tyne and Wear Joint Service Budgets (due January / February 2015); and
- (e) Consideration of the impact of the economic climate on the residents of the Borough and council tax payers.

The Elected Mayor explained that it was hoped that the Authority would be in the position to keep Council Tax at its current level. Information on this was still awaited from Central Government.

The Elected Mayor thanked all Members and Officers involved in drawing up the draft Budget proposals.

Cabinet considered the following decision options: either to agree the recommendations as set out in Section 1.2 of the report, or alternatively to disagree with the proposals and suggest further/alternative options for consideration by Senior Leadership Team.

- Resolved** that (1) the progress made in relation to this year's Financial Planning and Budget process, be noted;
- (2) it be noted that the Our North Tyneside Plan forms the Policy Framework for the Financial Planning and Budget Process for 2015-2018;
  - (3) the adoption of the key principles in preparing the Financial Strategy for the Authority, subject to an annual review, be approved;

- (4) the medium-term financial challenges and financial risks facing the Authority be noted and these issues be addressed as part of the Creating a Brighter Future Programme for the Authority, to deliver continued financial stability and prudent management of the Authority's financial resources;
- (5) the approach being taken in relation to the Creating a Brighter Future Programme for the next three years, starting in 2015/16, be approved;
- (6) the formal Reserves and Balances Policy for the Council which will be subject to a review at least annually, be noted;
- (7) the initial budget proposals in relation to the 2015/16 General Fund revenue Budget and Dedicated Schools Grant, including the assessment in relation to the current year's budget monitoring information, be approved;
- (8) the new schemes for consideration in relation to the 2015-2019 Investment Plan, including initial prudential indicators for 2015-2019 in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Framework and a proposed Minimum Revenue Provision (MRP) policy in line with capital finance regulations, be approved;
- (9) It be noted that all approved schemes within the 2015-2019 Investment Plan will be kept under corporate review by the Investment Programme Board;
- (10) the initial proposals in relation to the Treasury Management Statement and Annual Investment Strategy 2015/16, be approved;
- (11) the Provisional Statement by the Chief Finance Officer, be noted;
- (12) the initial budget proposals in relation to the 2015-2018 Housing Revenue Account budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2014/15), be approved;
- (13) the proposed April 2015 rent increase (calculated in line with the Government's revised social rent policy) and the proposal to move vacant properties to target rent upon re-let except for mutual exchanges, successor tenancies or where tenants have been required to move by the landlord and not by choice, and the initial proposals in relation to housing service charges and garage rents for 2015/16, be noted;
- (14) the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources and other Cabinet Members, be authorised to work with the Senior Leadership Team to continue their joint review of these initial proposals; and
- (15) 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 Creating a Brighter Future Programme and it be noted that progress in achieving the Programme will be reported to Cabinet as part of the regular budget monitoring information report.

(Reason for Decision – Due to outstanding external information, Cabinet is not in a position to finalise setting its proposed council tax level for 2015/16 in relation to the General Fund. This report will form the basis of Budget Engagement and Scrutiny over the next two months, but further work will inevitably be required before final decisions are made on the budgets for next year.)

### **CAB100/11/14 Date and Time of Next Meeting**

6.00pm on Monday 8 December 2014.

**Minutes published on Thursday 27 November 2014.**