

Extraordinary Cabinet

7 December 2015

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

In Attendance: D Hayman (North Tyneside Clinical Commissioning Group)
R Layton (North Tyneside JTUC)

CAB90/12/15 Apologies

Apologies were received from M Cushlow (North Tyneside Clinical Commissioning Group).

CAB91/12/15 Declarations of Interests and Notification of any Dispensations Granted

There were no declarations of interest or dispensations reported.

CAB92/12/15 2016-2019 Financial Planning and Budget Process: Cabinet's Initial Budget Proposals (All Wards)

At its meeting on 14 September 2015, Cabinet had approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2016/17 revenue budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), and the 2016-2019 Investment Plan, as part of the overall Financial Planning and Budget process for 2016-2019 (Minute CAB42/09/15 refers). Cabinet had also approved the Budget Engagement Strategy at that meeting.

A report was now submitted detailing Cabinet's initial Budget proposals for 2016/17, which had been developed in the context of the Our North Tyneside Plan and reflected the Plan priorities, but recognised the continued reduction in Central Government funding and increasing demand for services. The savings to be delivered would be managed through the three key themes of the Creating a Brighter Future programme which would redefine, reshape and redesign how North Tyneside Council delivered the required outcomes through a Target Operating Model.

The report presented the initial outcomes of the process so far in accordance with the time-scales set down in the Authority's Constitution and Budget and Policy Framework Procedure Rules. The proposals covered a three-year planning period from 2016-2019 for both the revenue and capital budget.

Whilst the Spending Review and Autumn statement announcements had been made on 25 November 2015, the proposals were based on a set of assumptions regarding grant reductions, but the full impact of the Spending Review announcement remained uncertain. Included in the assumptions was a proposed 2% increase in Council Tax to fund Social Care spend, as proposed in the Chancellor's Spending Review.

Much of the detailed information required to finalise the 2016/17 Financial Plan and Budget position had not been included in the information released as part of the Spending Review 2015 and therefore the proposals were still estimates at this stage.

The Provisional Local Government Finance Settlement would provide further detail when it was released. It was hoped that this would be during December 2015 to allow time for the information to be considered and reported to Cabinet and Council as part of the draft Budget proposals presented to Cabinet on 27 January 2016 and Council on 4 February 2016.

The initial budget proposals for the Housing Revenue Account had been prepared on the assumption of 1% rent reductions over the next four years. The full impact of the Summer Budget announcements remained unclear. The details of both the Welfare Reform Bill and the Housing and Planning Bill were awaited, as these proposed legislative changes were currently going through Parliament. The Housing Revenue Account continued to be shaped against the Mayor and Cabinet's priorities to maintain Decent Homes, deliver affordable homes and protect vulnerable tenants.

Annex 1 to the report detailed the Cabinet's 2016-2019 initial Budget proposals for the General Fund Revenue Budget, Dedicated Schools Grant, Housing Revenue Account and associated Business Plan, the 2016-2019 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2016/17.

The contents of Annex 1 of the report covered:

- The 2015-2018 Council Plan - 'Our North Tyneside' / Creating a Brighter Future / Target Operating Model;
- The Financial Strategy 2016-2019;
- Spending Review and Autumn Statement;
- Cabinet's initial Budget proposals for the 2016/17 Council Tax Requirement including the General Fund Revenue Budget and 2016/17 Financial Plan and the Dedicated Schools Grant;
- Cabinet's initial Budget proposals for the 2016-2019 Investment Plan and Prudential Indicators;
- Treasury Management Statement and Annual Investment Strategy 2016/17;
- Provisional Statement to Council by the Chief Finance Officer; and
- Cabinet's initial Budget proposals for the 2016-2019 Housing Revenue Account and associated Business Plan.

Engagement on the Budget proposals had commenced in September 2015 and would continue until January 2016. It would involve information and feedback through the Authority's website as well as focus group activity with staff, residents, businesses and strategic partners.

The Head of Finance gave a presentation to complement the report which highlighted:

- the review of the Council Plan carried out over the Summer and Autumn
- delivery of the Creating A Brighter Future Programme and Target Operating Model
- Key challenges presented by the Spending Review
- General Fund Revenue Budget
- Housing Revenue Account
- Investment Plan
- Next steps in the budget process

The Cabinet Member for Finance and Resources referred to the continued reduction, and likely disappearance by the end of the current Parliament, in revenue support grant for local authorities, and to key pressures faced by the Authority, including adults and children social care, reduction in public health funding, reduction in rent levels and consequent impact on the 30 year Housing Revenue Account business plan.

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

Cabinet considered the following decision options: either to agree the proposals set out in the report, or alternatively to 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 2016-2019;
- (3) the key principles being adopted 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 through the Target Operating Model as part of the Creating a Brighter Future Programme for the Authority, to deliver continued financial stability and prudent management of its financial resources;
- (5) the approach being taken in relation to the Target Operating Model and the Creating a Brighter Future Programme for the next three years be approved;
- (6) the formal Reserves and Balances Policy for the Authority, subject to review at least annually, be noted;
- (7) the initial Budget proposals in relation to the 2016/17 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 2016-2019 Investment Plan, including initial prudential indicators 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 2016-2019 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 2016/17 be approved;
- (11) the Provisional Statement by the Chief Finance Officer be noted;
- (12) the initial Budget proposals in relation to the 2016-2019 Housing Revenue Account Budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2015/16), be approved;
- (13) the proposed April 2016 1% rent reduction, in line with the Government's proposals included in the Welfare Reform and Work Bill, and the initial proposals in relation to Housing Service Charges and Garage Rents for 2016/17 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

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be noted that progress in achieving the Programme will be reported to Cabinet as part of regular budget monitoring and performance reporting.

(Reason for decision – Due to outstanding external information, Cabinet is not in a position to finalise setting its proposed Council Tax level for 2016/17 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.)

CAB93/12/15 Date and Time of Next Meeting

6.00pm on Monday 14 December 2015.

Minutes published on Thursday 10 December 2015.