

North Tyneside Council Report to Cabinet Date: 27 January 2016

ITEM 4

Title: 2016-2019 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement proposals

Portfolio(s): Elected Mayor Finance	Cabinet Member(s): Mrs Norma Redfearn Cllr Ray Glindon
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Report from: Senior Leadership Team

Responsible Officer: Janice Gillespie, Head of Finance (Chief Finance Officer) Tel: 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

- 1.1.1 The Budget proposals to be set out in this report have been developed in the context of the Our North Tyneside Plan and reflect the Plan priorities. These are Cabinet's proposals and have been developed due to continued reductions in Central Government funding and rising cost pressures, which are in part as a result of increasing demand for services. Included in the assumptions will be a proposed 2% increase in Council Tax to fund Social Care spend (as proposed in the Chancellor's Spending Review).
- 1.1.2 At its meeting on 14 September 2015, Cabinet 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. Cabinet also approved the Budget Engagement Strategy at that meeting.
- 1.1.3 On the 25 November 2015, the Government announced the 2015 Spending Review and Autumn Statement and on the 17 December 2015 the Provisional Local Government Finance Settlement was announced. This is the basis on which this Budget report has been prepared.
- 1.1.4 On 7 December 2015, 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 2016/17 Council Tax requirement including the General Fund Budget, the 2016-2019 Investment Plan, and the Treasury Management Statement and Annual Investment Strategy for 2016/17 (Annex 1, refers).

- 1.1.5 This report will present, for consideration, the outcomes of that process so far with Cabinet's draft Budget proposals, in accordance with the time-scales set down in the Authority's Constitution and Budget & Policy Framework Procedure Rules. Cabinet should note that the proposals this year cover a three-year planning period from 2016-2019 for both the revenue and capital budget.

1.2 Recommendation(s):

- 1.2.1 The recommendations to Cabinet will include:

Part 1

The 2016-2019 Financial Planning and Budget Process

- (a) Noting the progress made in relation to this year's Financial Planning and Budget process;
- (b) Noting that Cabinet's estimates of amounts in the setting of the Council Tax requirement will be submitted to full Council for its meeting on 4 February 2016, in accordance with the Authority's Constitution and Budget and Policy Framework Procedure Rules;
- (c) Noting that Cabinet's proposals for the 2016-2019 Investment Plan, including prudential indicators for 2016-2019 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 4 February 2016;
- (d) Noting that Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2016/17 will be submitted to full Council for its meeting on 4 February 2016;
- (e) Noting that any implications that impact on this report arising from decisions of full Council on the 21 January 2016 and Cabinet on the 27 January 2016 will be provided as a supplementary report to full Council on the 4 February 2016;
- (f) Noting the key messages that have emerged from the Budget Engagement process and how the results of this have influenced the draft Financial Planning and Budget proposals for 2016/17 and future years;
- (g) Noting the key aspects of the 2016/17 Local Government Finance Settlement announced on 17 December 2015, and how this has been incorporated into the financial strategy and financial plan of the Authority. In addition Cabinet

should will be asked to note the outstanding information required to allow the Mayor and Cabinet to finalise the proposals;

The 2015-2018 Council Plan - 'Our North Tyneside'

- (h) Noting that the Our North Tyneside Plan forms the Policy Framework for the Financial Planning and Budget Process for 2016-2019;

The Financial Strategy 2016-2019

- (i) Agreeing the key principles being adopted in preparing the Financial Strategy for the Authority, subject to an annual review;
- (j) Noting the medium-term financial challenges and financial risks facing the Authority and agree to address these issues 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 our financial resources;
- (k) Agreeing the approach being taken in relation to the Target Operating Model and the Creating a Brighter Future Programme for the next three years;
- (l) Agreeing the formal Reserves and Balances Policy for the Authority, subject to review at least annually;

2016/17 General Fund Revenue Budget and Dedicated Schools Grant

- (m) Considering and agreeing the estimates of amounts for the 2016/17 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 (2015/16) and indications of the financial plan for 2017/18 and the following year;
- (n) Requesting the Chief Finance Officer to prepare the appropriate Council Tax Requirement and Budget resolution document for full Council's consideration at its meeting on 18 February 2016, based upon the outcomes of recommendation 1.2.1 (j) above;

2016-2019 Investment Plan

- (o) Considering and agreeing the estimates of amounts in relation to the 2016-2019 Investment Plan, including prudential indicators for 2016-2019 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;
- (p) Noting that all approved schemes within the 2016-2019 Investment Plan will be kept under corporate review by the Investment Programme Board;

Treasury Management Statement and Annual Investment Strategy 2016/17

- (q) Approving the Treasury Management Statement and Annual Investment Strategy 2016/17;

Response to the Overview, Scrutiny and Policy Committee Recommendations

- (r) Noting the conclusions of the Overview, Scrutiny and Policy Committee's review of the 2016/17 budget proposals;

Provisional Statement by the Chief Finance Officer

- (s) Noting the Provisional Statement by the Chief Finance Officer;

Delegations and Authorisations

- (t) Authorising the Elected Mayor 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 2016/17;
- (u) Authorising the Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and the Senior Leadership Team to manage the overall Creating a Brighter Future Programme and noting that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided;
- (v) Granting delegated authority to the Elected Mayor, in consultation with the Deputy Mayor, Cabinet Member for Finance and Resources, the Chief Executive and the Head of Finance to consider any further comments received from residents after the drafting of this Cabinet report but on or before 31 January 2016, as the Budget Engagement process will continue until 31 January 2016, and present these as an addendum to the report to full Council on 4 February 2016 and 18 February 2016.

1.3 Forward plan:

This report was included in the Forward Plan for the period from 1 November 2015 to 28 February 2016.

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 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.

1.5 Information

An initial report is submitted at this stage as work continues to be undertaken updating the Financial Plan and Budget following the announcement of the Provisional Local Government Finance Settlement on 17 December 2015. In addition, some significant grant announcements are yet to be received from Government departments.

PART 3 - SIGN OFF

- Deputy Chief Executive X
- Head(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X