

Extraordinary Cabinet

28 November 2016

Present: N Redfearn (Elected Mayor) (in the Chair)
Councillors CA Burdis, EN Darke, R Glendon, M Hall,
CB Pickard, JJ Stirling and A Waggott-Fairley

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

CAB94/11/16 Apologies

Apologies were received from Councillors IR Grayson and JLL Harrison, K Archer (Young Mayor) and A Caldwell (Age UK).

CAB95/11/16 Declarations of Interest and Dispensations

There were no declarations of interest or dispensations reported.

CAB96/11/16 2017-2020 Financial Planning and Budget Process: Cabinet's Initial Budget Proposals (All Wards)

At its meeting on 12 September 2016, Cabinet had approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2017/18 revenue budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), and the 2017-2020 Investment Plan, as part of the overall Financial Planning and Budget process for 2017-2020 (Minute CAB47/09/16 refers). Cabinet had also approved the Budget Engagement Strategy at that meeting.

A report was now submitted detailing Cabinet's initial Budget proposals for 2017/18, which 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 in both the General Fund and HRA, and increasing cost pressures such as the impact of the National Living Wage and increasing demand for services in areas such as Adult Social Care and Children's Services. Included in these proposals was a proposed 2% increase in Council Tax to fund Adult Social Care Spend and a general 2% increase in Council Tax which was in line with the expectation of Central Governments 2016 Settlement for Local Government.

The report presented the 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. This proposals covered a three-year planning period from 2017-2020 for the revenue budget and a three year planning horizon for the Investment Plan.

An Efficiency Plan had been submitted to Central Government on 14 October 2016 in order to secure as far as possible the proposed level of Revenue Support Grant for this Authority that was announced as part of the 2016 Local Government Finance Settlement.

The 2016 Autumn Statement had been announced on the 23 November 2016, with no additional changes that had a material impact on the draft proposals. Much of the detailed information required to finalise the 2017/18 Financial Plan and Budget position had not been included in the information released with the Autumn Statement and therefore the proposals were still estimates at this stage. The Provisional and Final Local Government

Finance Settlements would provide further detail when they were released. It was hoped that this would be during December 2016 / January 2017 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 the 25 January 2017 and Council on the 2 February 2017.

The Authority had to find efficiencies and resource changes in the General Fund budgets of up to £52m over the next three years as a result of sustained cuts in government funding and unfunded pressures. The Authority had already made efficiency savings of more than £101m since 2010 and a further £23m must be saved in 2017/18. These huge cuts had come at a time when demand for some of the Authority's most costly services such as support to vulnerable adults and children's social care was increasing. These initial budget proposals aimed to achieve the required savings.

The HRA faced significant challenges from two pieces of Government legislation now passed into law, the Welfare Reform and Work Act 2016, and the Housing and Planning Act 2016. In addition, the Authority was also facing the impact of the continued roll-out of Universal Credit and other welfare reforms.

These challenges continue to be considered as part of the updating of the 30-year plan which aims to ensure the long-term viability of the HRA. For the purposes of the current Financial Planning and Budget process a three-year revenue plan had been developed in line with the approach adopted for the General Fund. Cabinet were advised that the second and third year projections were only indicative at this stage.

Housing Revenue account tenants would be consulted on these initial proposals and the final HRA budget would be presented to Cabinet on 18 January 2017. At that meeting Cabinet would be asked to approve the HRA Business Plan and Budget for 2017/18, including the housing rent, garage rent and service charge changes and the Housing Investment Plan.

Annex 1 to the report detailed the Cabinet's 2017-2020 initial Budget proposals for the General Fund Revenue Budget, Dedicated Schools Grant, Housing Revenue Account and the 2017-2020 Investment Plan.

Engagement on the Budget proposals had started in the summer and would continue from 29 November 2016 until January 2017. It would involve information and feedback through the Authority's website as well as focus group activity with staff, residents, businesses and strategic partners.

Cabinet's initial budget proposals were based upon available information and judgements. There were a number of assumptions and judgements built into the figures that sit mainly outside the control of the Authority and needed to be finalised. The initial budget proposals were therefore subject to further review before they could be confirmed. The report detailed the information that still needed to be assessed and finalised.

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

- Key themes of the Council Plan
- Delivery of the Creating a Brighter Future and change delivery through Target Operating Model
- Key elements of the 2015 Autumn Statement and Spending Review
- General Fund Revenue Budget

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- Housing Revenue Account
- Investment Plan
- Engagement approach
- Next steps in the budget process

A statement in relation to the impact of the reductions on the workforce was presented by R Layton on behalf of the Trade Unions. In response it was acknowledged that the Authority was in a very difficult position and that consultation with the Trade Unions on the draft proposals would be starting immediately.

The Cabinet Member for Finance and Resources referred to the challenges and tough decisions that had to be made and that we had to balance the need to continue to invest to ensure that the Borough had a strong economy, whilst managing the demand for services and supporting vulnerable residents.

The Cabinet Member for Community Engagement gave assurance that consultation, in a variety of ways, would be carried out with residents.

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 down in the report, or alternatively to suggest that further / different options are considered by the 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 2017-2020;
- (3) the key principles being adopted in preparing the Financial Strategy for the Authority, subject to an annual review be noted;
- (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 our financial resources;
- (5) the formal Reserves and Balances Policy for the Authority, subject to review at least annually, be noted;
- (6) the initial budget proposals in relation to the 2017/18 General Fund Revenue Budget and Dedicated Schools Grant, including the assessment in relation to the current year's budget monitoring information, be approved;
- (7) the proposed 2017-2020 Investment Plan be approved;
- (8) it be noted that all approved schemes within the 2017-2020 Investment Plan will be kept under corporate review by the Investment Programme Board;
- (9) the Provisional Statement by the Chief Finance Officer be noted;
- (10) the initial budget proposals in relation to the 2017-2020 Housing Revenue Account budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2016/17), be approved;
- (11) the proposed April 2017 1% rent reduction (in line with the Welfare Reform and Work Act 2016), and the initial proposals in relation to housing service charges and garage rents for 2017/18 be noted;
- (12) the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources, Deputy Mayor and other Cabinet Members, be authorised to work with

- the Senior Leadership Team to continue their joint review of these initial proposals;
and
- (13) the Chief Executive, in consultation with the Elected Mayor, Cabinet Member for Finance and Resources, Deputy Mayor and the Senior Leadership Team, be authorised to manage the Efficiency Programme and it be noted that progress will be reported to Cabinet as part of the regular budget monitoring information provided.

(Reason for decision - Due to external information still to be received, Cabinet is not in a position to finalise setting its proposed Council Tax level for 2017/18 in relation to the General Fund although these initial budget proposals assume an increase to council tax of 3.99% (including the Social Care Precept of 2%) in 2017/18. 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.)

CAB97/11/16 Date and Time of Next Meeting

6.00pm on Monday 12 December 2016

Minutes published on Thursday 1 December 2016.