

# North Tyneside Council Report to Council Date: 7 February 2013

## ITEM 3

Title: 2013-2015 Financial  
Planning and Budget Process:  
2013/14 Budget and Council Tax  
Requirement Submission to the  
Authority

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**Portfolios:** Elected Mayor  
Finance

**Cabinet Members:** Mrs Linda Arkley  
Councillor Judith Wallace

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**Report from:** Senior Leadership Team

**Report Author:** Fiona Rooney, Strategic Director of Finance and Resources (Chief Finance Officer)      **Tel:** 643 5724

**Wards affected:** All

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### PART 1

#### **1.1 Purpose:**

- 1.1.1 The Authority's Constitution sets out, in its Budget and Policy Framework Procedure Rules, the process for agreeing setting the Budget and Council Tax Requirement. The 2013-2015 Financial Planning and Budget process reflects these requirements. Further detail of the decision-making process is set down in paragraphs 1.5.6 to 1.5.13 of this report.
- 1.1.2 This report and supporting Annex 1 and its Appendices sets down the 2013-2015 draft Council Tax Requirement and estimates of amounts considered by Cabinet on 28 January 2013. The report attached at Annex 1 presented the 2013-2015 Council Tax Requirement and estimates of amounts for all aspects of the Elected Mayor and Cabinet's proposed spending and resource plans for the General Fund Revenue Budget (including the Dedicated Schools Grant), the 2013-2023 Capital Plan and the Treasury Management Statement and Annual Investment Strategy for 2013/14. The report also indicated the proposed council tax level for 2013/14 that would be required to fund the spending plans outlined in the report.
- 1.1.3 Cabinet agreed all recommendations as set down in paragraph 1.2.1 of the 28 January 2013 report. Following on from Cabinet's decisions on 28 January 2013, the report is now forwarded to be received by full Council at its meeting on 7 February 2013 to begin the consideration process.

- 1.1.4 At this meeting on 7 February 2013 full Council receive the draft Council Tax Requirement and estimate of amounts report.
- 1.1.5 Then, having received the report detailing the Cabinet's proposed spending and resource plans for the General Fund budget for 2013/14 (including the Dedicated Schools Grant), Council Tax level, the 2013-2023 Capital Plan and the Treasury Management Statement and Annual Investment Strategy for 2013/14, the reconvened full Council on 21 February 2013 will be asked to give detailed consideration to, and approve, the Elected Mayor and Cabinet's final Council Tax Requirement and estimates of amounts. At this time all outstanding information should have been assessed and information on the Police and Fire Authority precepts should have been received by the Authority.

## **1.2 Recommendation(s):**

In relation to the Elected Mayor and Cabinet's 2013-2015 draft Council Tax Requirement and estimates of amounts, it is recommended that full Council:

- (a) Acknowledge receipt of the Elected Mayor and Cabinet's draft Council Tax Requirement and estimates of amounts for all aspects of the Elected Mayor and Cabinet's proposed spending and resource plans for the 2013/14 General Fund Revenue Budget (including the Dedicated Schools Grant), the 2013-2023 Capital Plan (including prudential indicators for 2013/14 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) and the Treasury Management Statement and Annual Investment Strategy for 2013/14 (Annex 1).

## **1.3 Forward plan:**

This report was included in the Forward Plan for the period from 1 January 2013 to 30 April 2013.

## **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 budget. The statutory and constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.
- 1.4.2 The development of the Financial Plan and Budget has followed the same timetable as in previous years. The priorities in the Sustainable Community Strategy provide the strategic framework within which budget resources are allocated. Cabinet will also have due regard for the Council Strategic Plan 2012/15 which covers the period for the 2013/14 Financial Plan and Budget.

- 1.4.3 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.
- 1.4.4 Feedback through the Annual Governance Statement and the Overview and Scrutiny Committee's report into the 2012-2015 Financial Planning and Budget process has been used to inform this year's process.

## **1.5 Information - Executive Summary**

### **The 2013-2015 Financial Planning and Budget Process**

- 1.5.1 At its meeting on 10 September 2012, Cabinet approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2013/14 revenue budgets in respect of the general fund, dedicated schools grant (DSG) and housing revenue account (HRA), and the 2013-2023 capital plan, as part of the overall Financial Planning and Budget process for 2013-2015. Cabinet also approved the budget engagement strategy at that meeting.
- 1.5.2 On 26 November 2012, Cabinet considered its initial budget proposals so that these proposals could go forward as part of the Budget Engagement with the Authority's partners and communities. On 26 November 2012, the Elected Mayor was authorised, in conjunction with the Cabinet Member for Finance and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of Cabinet's initial proposals.
- 1.5.3 Budget engagement in line with the Budget Engagement Strategy agreed by Cabinet on 10 September 2012, has been undertaken. Section 2.0 of Annex 1 to this report includes the key messages that emerged from the engagement to date and illustrate how the results of this and other engagement activities have influenced the Financial Planning and budget proposals for 2013/14 and future years. In addition, at Cabinet on 28 January 2013, delegated authority was granted to the Elected Mayor, in consultation with the Cabinet Member for Finance, the Chief Executive and the Strategic Director of Finance and Resources to consider any further comments received from residents after the drafting of that Cabinet report but before 13 February 2013, as the Budget Engagement process will continue until 12 February 2013. These will be presented as an addendum to the report to full Council on 21 February 2013 (Annex 1, Section 1).
- 1.5.4 On 28 January 2013, the Elected Mayor and Cabinet considered the 2013-2015 draft Council Tax Requirement and the estimates of amounts for all aspects of the Elected Mayor and Cabinet's proposed spending and resource plans for the general fund revenue budget (including the Dedicated Schools Grant), the 2013-2023 Capital Plan and the Treasury Management Statement and Annual Investment Strategy for 2013/14. The report also indicated the proposed council tax level for 2013/14 that would be required to fund the spending plans outlined in this report.

1.5.5 The following delegations and authorisations were agreed at Cabinet on 28 January 2013:

- (a) Authorise the Elected Mayor to make any final amendments to the Cabinet's proposals in relation to that information which is still outstanding in order that due consideration can be given to the final level of Council Tax the Cabinet wishes to put forward to full Council for approval for 2013/14 (Annex 1, Section 1);
- (b) Authorise the Chief Executive, in consultation with the Elected Mayor, Cabinet Member for Finance, the Strategic Director of Finance and Resources and the Senior Leadership Team to manage the overall Change, Efficiency and Improvement Programme and note that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided (Annex 1, Sections 4 and 5);
- (c) Grant delegated authority to the Elected Mayor, in consultation with the Major Projects Group, to keep under review the 'reserve list' of schemes within the 2013-2023 capital plan and agree any changes considered appropriate subject to the Financial Regulations (Annex 1, Section 6 and Appendix B (ii));
- (d) Grant delegated authority to the Elected Mayor, in consultation with the Cabinet Member for Finance, the Chief Executive and the Strategic Director of Finance and Resources to respond to any recommendations following Overview and Scrutiny Committee's consideration of the 2013-2015 Financial Planning and Budget process and Cabinet's draft budget proposals (Annex 1, Section 8); and,
- (e) Grant delegated authority to the Elected Mayor, in consultation with the Cabinet Member for Finance, the Chief Executive and the Strategic Director of Finance and Resources to consider any further comments received from residents after the drafting of this Cabinet report but before 13 February 2013, as the Budget Engagement process will continue until 12 February 2013, and present these as an addendum to the report to full Council on 7 February 2013 and 21 February 2013 (Annex 1, Section 2).

### **Process for Consideration and Determination of the Budget**

- 1.5.6 The process for consideration of the budget is determined by legislation, including the Local Government (Finance) Act 1992 and the Local Authorities (Standing Orders) (England) Regulations 2001. The Authority has adopted a process complying with the statutory requirements. It is set out in the Budget and Policy Framework Procedure Rules in the Authority's Constitution. This part of the report provides a summary of the main points.
- 1.5.7 Cabinet has to present its estimates of amounts for the following year to full Council before 8 February in any year. At this full Council meeting on 7 February 2013, Cabinet's Council Tax Requirement and estimates of amounts are

presented to full Council to begin the process for approving the Authority's Council Tax Requirement and Budget for 2013/14.

- 1.5.8 Detailed consideration of the general fund budget proposals (including the overall funding of the Capital Plan) is planned to take place at the full Council meeting on 21 February 2013. Any changes to the Elected Mayor and Cabinet's proposals as a result of decisions of full Council after the publication of Cabinet's draft proposals, including the Council decision in respect of the Local Council Tax Support Scheme, will be reflected in the Mayor and Cabinet's final proposals which will be considered by full Council at the meeting on the 21 February 2013.
- 1.5.9 The full Council is able to raise objections to the Cabinet's proposals but the final Notices of Objection need to be submitted to the Chief Finance Officer on behalf of the Chief Executive by 4pm on 20 February 2013 so that they can be considered at full Council on 21 February 2013.
- 1.5.10 At the full Council meeting on 21 February 2013, in the event that no objections to Cabinet's Council Tax Requirement and budget are received or approved, full Council may debate and give detailed consideration to Cabinet's budget estimates of amounts and Council Tax Requirement.
- 1.5.11 As all precepts will have been received by 21 February 2013, it is possible for the Council Tax Requirement and Council Tax level to be agreed at this meeting.
- 1.5.12 If full Council does not agree Cabinet's proposals at the 21 February 2013 meeting, the Elected Mayor must reconsider the Cabinet's proposals taking into account full Council's objections. A Cabinet meeting has been scheduled for 25 February 2013, if required, for this purpose.
- 1.5.13 The Elected Mayor may then revise the proposals, or disagree with full Council and give notice accordingly to the Chief Executive to enable a further meeting of full Council to be called. This is the final meeting in the process at which the Authority's budget calculation will be agreed and resulting council tax for 2013/14 set. If this meeting is required, it will take place on 5 March 2013. At this meeting, where any proposals of full Council in respect of the budget calculations do not accord with the Cabinet's proposals, Cabinet's proposals will prevail unless at the meeting a two-thirds' majority of the members present vote to impose full Council's own proposals for the Council Tax Requirement and related Council Tax level for 2013/14.

### **Equality and Diversity Considerations**

- 1.5.14 There have 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 affect individuals with protected characteristics under the Equality Act 2010 an Equality Impact Assessment will be included. The timescale for Equality Impact Assessments to be completed has been aligned with the Financial Planning and Budget process.

1.5.15 Initial assessments were completed in order to inform Cabinet's decisions on the initial Budget proposals for 2013/14 which were considered at the 26 November 2012 Cabinet meeting.

1.5.16 More detailed assessments have now been carried out following the engagement on the initial proposals and have been used to inform decisions on the Budget proposals for 2013/14 for consideration at this meeting.

**1.6. Decision options:**

1.6.1 Full Council must receive this report to allow the consideration process to begin, as set out in paragraphs 1.5.6 to 1.5.13 of this report.

**1.7 Reasons for recommended option:**

The reasons for recommendations are mainly legal in nature, as stated in paragraph 2.2.1 of this report.

**1.8 Appendices:**

Annex 1: 2013-2015 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals, Cabinet 28 January 2013.

**1.9 Contact officers:**

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## **1.10 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Local Authorities (Standing Orders) (England) Regulations, 2001.
- (b) North Tyneside Council's Constitution including the Budget and Policy Framework Procedure Rules.
- (c) Local Government (Finance) Act 1992.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

2.1.1 The financial implications of the 2013-2015 draft Council Tax Requirement and estimates of amounts are set down in Annex 1 attached to this report.

2.1.2 Cabinet and full Council need to have due regard to the Chief Finance Officer's advice in relation to the robustness of the estimates used and to the levels of reserves and balances proposed as part of the two-year financial plan for 2013-2015, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in November 2008.

### **2.2 Legal**

2.2.1 The Local Authorities (Standing Orders) (England) Regulations 2001 make provision for the Executive to submit estimates of amounts for the following financial year for the consideration of the authority by 8 February in any year. The Authority's Constitution and Budget and Policy Framework Procedure Rules reflect these Regulations. The next steps in the process for consideration of the budget by the full Council are set out in the report at paragraphs 1.5.6 to 1.5.13.

### **2.3 Consultation/community engagement**

#### **Internal consultation**

2.3.1 Each Cabinet Member has been involved in the development of the proposals put forward in this report, with regular discussions held between the Chief Executive, Strategic Directors, the Elected Mayor, the Cabinet Member for Finance and all other Cabinet Members. The Senior Leadership Team and their Directorate

Leadership Teams have been fully engaged in the process and in the proposals set down in this report.

- 2.3.2 A specific Trades Union briefing on the Financial Plan and Budget was held on 17 October 2012 and attended by Senior Officers. In addition, consultation has taken place with staff both generally and on specific proposals.

### **Community engagement**

- 2.3.3 The 2013/14 Budget Engagement Strategy was agreed at Cabinet on 10 September 2012. This committed the Authority to engaging with a wide range of individuals and groups, in addition to Elected Members, to capture a diverse range of views. Groups that have been consulted include:

- Children's and Young People;
- Adults and Families;
- Older People;
- North Tyneside Strategic Partnership (NTSP);
- Business Community;
- Schools Forum / Schools Governors / Headteachers Convenors;
- Voluntary and Community Sector, including Faith Groups;
- Staff; and,
- Trade Unions.

- 2.3.4 At Cabinet on 28 January 2013, delegated authority was granted to the Elected Mayor, in consultation with the Cabinet Member for Finance, the Chief Executive and the Strategic Director of Finance and Resources to consider any further comments received from residents after the drafting of that Cabinet report but before 13 February 2013, as the Budget Engagement process will continue until 12 February 2013. These will be presented as an addendum to the report to full Council on 7 February 2013 and 21 February 2013 (Annex 1, Section 1).

## **2.4 Human rights**

- 2.4.1 All actions and spending plans contained within the Budget are fully compliant with national and international Human Rights Law. For example, Article 10 of the European Convention on Human Rights guarantees freedom of expression, including the freedom to 'hold opinions and to receive and impart information and ideas'. Article 8 of the Convention guarantees the right to respect for private and family life.



## **2.5 Equalities and diversity**

2.5.1 In undertaking the process of the Budget the Authority's aim has been at all times to secure compliance with its responsibilities under the Equality Act 2010 and in particular the public sector equality duty under that Act.

To achieve this we have taken a phased approach:

- An equalities impact assessment has been carried out on the Budget Engagement Strategy process. The aim is to remove or minimize any disadvantage for people wishing to take part in the engagement programme.
- Equality Impact Assessments were completed as part of the business cases on all relevant budget proposals ensuring the Cabinet make recommendations after considering all known equality implications.
- The outcome of any decisions made following the community engagement on the Budget Process will be subject to further Equality Impact Assessments.

## **2.6 Risk management**

2.6.1 Individual projects within the Financial Plan and Budget are subject to full risk reviews. For larger projects, individual project risk registers are / will be established as part of the Authority's agreed approach to project management. Risks will be entered into the appropriate directorate, corporate/strategic or project risk register(s) and will be subject to ongoing management to reduce the likelihood and impact of each risk.

## **2.7 Crime and disorder**

2.7.1 Projects within the Financial Plan and Budget will promote the reduction of crime and disorder within the borough. Under the 1998 Crime and Disorder Act, local authorities have a statutory duty to work with partners on the reduction of crime and disorder.

## **2.8 Environment and sustainability**

2.8.1 The Sustainable Community Strategy includes the aim to, "Reduce carbon emissions and ensure that the borough is prepared for the effects of climate change." A number of the proposals will contribute directly to this including those to reduce the Council's energy consumption. The environmental and sustainability aspects of individual proposals will be assessed in detail as and when agreed and implemented.

**PART 3 - SIGN OFF**

- Chief Executive  X
- Strategic Director(s)  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Strategic Manager, Policy  
And Partnerships  X