

North Tyneside Council Report to Council Date: 5 February 2015

ITEM 3

Title: 2015-2018 Financial
Planning and Budget Process:
2015/16 Budget and Council Tax
Requirement Submission to the
Authority

Portfolios: Elected Mayor Finance	Cabinet Members: Mrs Norma Redfearn Councillor Ray Glindon
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Report from: Senior Leadership Team

Report Author: Patrick Melia, Chief Executive (Chief Finance Officer) Tel: 643 2000

Wards affected: All

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 setting the Budget and Council Tax Requirement. The 2015-2018 Financial Planning and Budget process reflects these requirements. Further detail of the decision-making process is set down in paragraphs 1.5.5 to 1.5.12 of this report.
- 1.1.2 This report and supporting Annex 1 and its Appendices sets down the 2015-2018 draft Council Tax Requirement and estimates of amounts considered by Cabinet on 28 January 2015. The report attached at Annex 1 presented the 2015-2018 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 2015-2019 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2015/16. The report also indicated the proposed council tax level for 2015/16 that would be required to fund the spending plans outlined in the report.
- 1.1.3 Following on from Cabinet's decisions on 28 January 2015, the report is now forwarded to be received by full Council at its meeting on 5 February 2015 to begin the consideration process with regard to the General Fund 2015/16 budget and Council Tax requirement.

- 1.1.4 At this meeting on 5 February 2015 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 2015/16 (including the Dedicated Schools Grant), Council Tax level, the 2015-2019 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2015/16, the reconvened full Council meeting on 19 February 2015 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 2015-2018 draft Council Tax Requirement and estimates of amounts, it is recommended that full Council acknowledges 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 2015/16 General Fund Revenue Budget (including the Dedicated Schools Grant), the 2015-2019 Investment Plan (including prudential indicators for 2015/16 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 2015/16 (Annex 1).

1.3 Forward plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 8 December 2014.

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 2014-2018 Council Plan - 'Our North Tyneside' provides the strategic framework within which budget resources are allocated.
- 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 2014-2018 Financial Planning and Budget process has been used to inform this year's process.

1.5 Information - Executive Summary

The 2015-2018 Financial Planning and Budget Process

- 1.5.1 At its meeting on 8 September 2014, Cabinet approved the process and timetable to be adopted 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 Planning and Budget process for 2015-2018. Cabinet also approved the budget engagement strategy at that meeting.
- 1.5.2 On 24 November 2014, 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 24 November 2014, the Elected Mayor was authorised, in conjunction with the Cabinet Member for Finance and Resources 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 8 September 2014, has been undertaken. Section 1.0 of Annex 1 and Appendix E to this report include 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 2015/16 and future years. In addition, at Cabinet on 28 January 2015, delegated authority was recommended to be granted to the Elected Mayor, in consultation with the Deputy Mayor, the Cabinet Member for Finance and Resources, the Chief Executive and the Strategic Manager Finance to consider any further comments received from residents after the drafting of that Cabinet report, as the Budget Engagement process will continue until 29 January 2015. These will be presented as an addendum to the report to full Council on 5 February 2015 and 19 February 2015 (Annex 1, Section 1).
- 1.5.4 The following delegations and authorisations were recommended to be agreed at Cabinet on 28 January 2015:
- (a) Authorise 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 2015/16 (Annex 1, Section 2.0);
 - (b) Authorise 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 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 2.0 and 3.0);

- (c) Grant delegated authority to the Elected Mayor, in consultation with the Deputy Mayor, the Cabinet Member for Finance and Resources, the Chief Executive and the Strategic Manager Finance to consider any further comments received from residents after the drafting of this Cabinet report but on or before 29 January 2015, as the Budget Engagement process will continue until 29 January 2015, and present these as an addendum to the report to full Council on 5 February 2015 and 19 February 2015 (Annex 1, Section 1.0).

Process for Consideration and Determination of the Budget

- 1.5.5 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.
- 1.5.6 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 5 February 2015, 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 for 2015/16.
- 1.5.7 Detailed consideration of the general fund budget proposals (including the overall funding of the Investment Plan) on which the calculation of the Council tax requirement is based, is planned to take place at the full Council meeting on 19 February 2015. 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, will be reflected in the Mayor and Cabinet's final proposals which will be considered by full Council at the meeting on the 19 February 2015.
- 1.5.8 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 Strategic Manager Finance on behalf of the Chief Executive (Chief Finance Officer) by 4pm on 18 February 2015 so that they can be considered at full Council on 19 February 2015.
- 1.5.9 At the full Council meeting on 19 February 2015, in the event that objections to Cabinet's Council Tax Requirement and budget are not received or if any objections are received that they are not approved, full Council may debate and give detailed consideration to Cabinet's budget estimates of amounts and Council Tax Requirement.
- 1.5.10 As all precepts are expected to have been received by 19 February 2015, it is possible for the Council Tax Requirement and Council Tax level to be agreed at this meeting.
- 1.5.11 If full Council does not agree Cabinet's proposals at the 19 February 2015 meeting, the Elected Mayor must reconsider the Cabinet's proposals taking into account full Council's objections. A Cabinet meeting has been scheduled for 23 February 2015, if required, for this purpose.

- 1.5.12 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 2015/16 set. If this meeting is required, it will take place on 3 March 2015. 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 2015/16.

Equality and Diversity Considerations

- 1.5.13 In order to comply with current requirements where the Authority's Financial Planning and Budget proposals may potentially affect individuals with protected characteristics (as defined by 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.
- 1.5.14 Initial assessments were completed in order to inform Cabinet's decisions on the initial Budget proposals for 2015/16 which were considered at the 24 November 2014 Cabinet meeting.
- 1.5.15 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 2015/16 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 1.5.5 to 1.5.12 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: 2015-2018 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals, Cabinet 28 January 2015.

Addendum – Budget Engagement Summary

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:

Details included in the report to Cabinet of 28 January 2015

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 The financial implications of the 2015-2018 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 three-year financial plan for 2015-2018, 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 1.5.5 to 1.5.12.

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, Heads of Service, the Elected Mayor, the Deputy Mayor, the Cabinet Member for Finance and Resources and all other Cabinet Members. The Senior Leadership Team and their 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 14 January 2015 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 2015/16 Budget Engagement Strategy was agreed at Cabinet on 8 September 2014. The budget proposals have been shaped in the context of Our North Tyneside Plan 2014 -2018. This plan was developed following engagement with a wide range of stakeholders. Engagement on the budget proposals is taking place between 25 November 2014 and 29 January 2015.
- 2.3.4 At Cabinet on 28 January 2015, it is recommended that delegated authority is granted to the Elected Mayor, in consultation with the Deputy Mayor, the Cabinet Member for Finance and Resources, the Chief Executive and the Strategic Manager Finance to consider any further comments received from residents after the drafting of that Cabinet report but before 5 February 2015, as the Budget Engagement process will continue until 29 January 2015. These will be presented as an addendum to the report to full Council on 5 February 2015 and 19 February 2015 (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 that 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 service, 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 Crime and Disorder Act 1998, 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 Our North Tyneside plan states that "We will reduce the carbon footprint of our operations and will work with partners to reduce the Boroughs carbon footprint." A number of the proposals will contribute 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
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X