

North Tyneside Council Report to Council Date: 4 February 2016

ITEM 3

Title: 2016-2019 Financial Planning
and Budget Process: 2016/17
Budget and Council Tax
Requirement Submission to the
Authority

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 Authority's Constitution sets out, in its Budget and Policy Framework Procedure Rules, the process for setting the Budget and Council Tax Requirement. The 2016-2019 Financial Planning and Budget process reflects these requirements. Further detail of the decision-making process is set down in paragraphs 1.5.4 to 1.5.11 of this report.
- 1.1.2 This report and supporting Annex 1 and its Appendices sets down the 2016-2019 draft Council Tax Requirement and estimates of amounts considered by Cabinet on 27 January 2016. The report attached at Annex 1 presented the 2016-2019 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 2016-2019 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2016/17. The report also indicated the proposed Council Tax level for 2016/17 that would be required to fund the spending plans outlined in the report. The report also presented the proposed priorities of the refreshed Our North Tyneside Plan.
- 1.1.3 Following on from Cabinet's decisions on 27 January 2016, the report is now forwarded to be received by full Council at its meeting on 4 February 2016 to begin the consideration process with regard to the General Fund 2016/17 Budget and Council Tax requirement.

- 1.1.4 At this meeting on 4 February 2016 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 2016/17 (including the Dedicated Schools Grant), Council Tax level, the 2016-2019 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2016/17, the reconvened full Council meeting on 18 February 2016 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 2016-2019 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 2016/17 General Fund Revenue Budget (including the Dedicated Schools Grant), the 2016-2019 Investment Plan (including prudential indicators for 2016/17 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 2016/17 (Annex 1).

1.3 Forward plan:

This report was included in the Forward Plan for the period from 1 December 2015 to 31 March 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 - Executive Summary

The 2016-2019 Financial Planning and Budget Process

- 1.5.1 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 and the process for the refreshing of the Our North Tyneside Council Plan.
- 1.5.2 On 7 December 2015, Cabinet considered the draft wording of the Our North Tyneside Plan priorities and its initial Budget proposals so that these proposals could go forward as part of the Our North Tyneside Plan and Budget Engagement with the Authority's partners and communities. Budget engagement in line with the Budget Engagement Strategy agreed by Cabinet on 14 September 2015, has been undertaken and is summarised in the 27 January 2016 Financial Planning and Budget Report to Cabinet.
- 1.5.3 The following delegations and authorisations were recommended to be agreed at Cabinet on 27 January 2016:
- (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 2016/17 (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, 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 (Annex 1, Section 1.0).

Process for Consideration and Determination of the Budget

- 1.5.4 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.

- 1.5.5 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 4 February 2016, 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 2016/17.
- 1.5.6 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 18 February 2016. 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 18 February 2016.
- 1.5.7 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 Head of Finance on behalf of the Chief Executive by 4pm on 17 February 2016 so that they can be considered at full Council on 18 February 2016.
- 1.5.8 At the full Council meeting on 18 February 2016, 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.
- 1.5.9 As all precepts are expected to have been received by 18 February 2016, it is possible for the Council Tax Requirement and Council Tax level to be agreed at this meeting.
- 1.5.10 If full Council does not agree Cabinet's proposals at the 18 February 2016 meeting, the Elected Mayor must reconsider the Cabinet's proposals taking into account full Council's objections. A Cabinet meeting has been scheduled for 22 February 2016, if required, for this purpose.
- 1.5.11 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 2016/17 set. If this meeting is required, it will take place on 1 March 2016. 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 2016/17.

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 1.5.4 to 1.5.11 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: 2016-2019 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals, Cabinet 27 January 2016.

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 27 January 2016.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 The financial implications of the 2016-2019 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 levels of reserves and balances proposed as part of the three-year Financial Plan for 2016-2019, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in November 2008. A provisional statement to Council by the Chief Finance Officer is included in the Annex to this report.

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 1.5.4 to 1.5.11.

2.3 Consultation / Community engagement

Internal consultation

- 2.3.1 Each Cabinet Member has been consulted on the individual proposals put forward in this report, with regular discussions held between the Chief Executive, Deputy Chief Executive, Head of Finance, Heads of Service, the Elected Mayor and Cabinet.

Community engagement

- 2.3.2 The 2016/17 Our North Tyneside Plan and Budget Engagement Strategy was agreed at Cabinet on 14 September 2015. The Budget proposals have been shaped in the context of the 'Our North Tyneside' Plan. This refreshed plan has been developed following engagement with a wide range of stakeholders. Engagement on the Our North Tyneside Plan and Budget proposals is taking place between 15 September 2015 and 31 January 2016.
- 2.3.3 Residents views on priorities for the Our North Tyneside Plan and Budget for 2016/17 have been captured in a number of ways. During the Summer of 2015 a series of Community Conversation events were held across the Borough. In addition, eight public meetings were held over a three week period during September and October, in all areas of the borough. Residents discussed and gave views on a range of potential options to enable the Authority to deliver savings. Information was also shared via social media and the Authority's website, for residents to give feedback. The State of the Area and Resident's Panel consultation events also took place.

2.3.4 A second phase of engagement has run from 8 December 2015 to 31 January 2016 which again provided opportunities for residents to have their say online, via social media and at a range of events. These events have offered the opportunity for the following groups to discuss proposals for the refreshed Our North Tyneside Plan and Budget proposals: North Tyneside Strategic Partnership members, political groups within the Authority, staff panel members, all residents, young people, older people and people with protected characteristics under the Equality Act.

2.3.5 Engagement feedback shows widespread agreement with the Our North Tyneside Plan priorities and Budget proposals. Key findings highlight requests for:

- more communication about proposals for nursery childcare provision
- a clear definition of 'affordable' housing
- the maintenance of environmental standards and the borough's physical infrastructure
- clarity on partner's performance and value for money
- exploration and exploitation of external (including European) funding streams.
- Information on the implications of self-service, particularly for vulnerable people
- greater investment in ICT in order to deliver self-service
- public reporting on performance against the Our North Tyneside plan
- regular reporting on engagement outcomes
- progress on regeneration initiatives
- decisions on proposed housing developments, particularly around Murton village

Participants also acknowledged the impact successful partnership working and the achievement of local schools has had on the borough.

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 strategic planning and Budget setting the Authority's aim will at all times be 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 Our North Tyneside and Budget Engagement process. The aim is to remove or minimize any disadvantage for people wishing to take part in the engagement programme.
- Full Equality Impact Assessments have been completed as part of the business cases on all relevant Budget proposals and a cumulative impact assessment has been undertaken to ensure Cabinet make recommendations after considering all known equality implications. The impact assessments and business cases will be refined as additional information becomes available.
- The outcome of any decisions made following the community engagement on the Budget proposals will be subject to further Equality Impact Assessments and Cumulative Impact Assessment.

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 operational, strategic, corporate 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 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 Authority'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

- Deputy Chief Executive
- Head(s) of Service

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