

# North Tyneside Council Report to Council Date: 2 February 2017

## ITEM 3

Title: 2017-2020 Financial Planning  
and Budget Process: 2017/18  
Budget and Council Tax  
Requirement Submission to the  
Authority

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| <b>Portfolio(s):</b> Elected Mayor<br><br>Finance | <b>Cabinet Member(s):</b> Norma Redfearn<br><br>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 2017-2020 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 2017-2020 draft Council Tax Requirement and estimates of amounts was considered by Cabinet on 25 January 2017. The report attached at Annex 1 presented the 2017-2020 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 2017-2020 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2017/18. The report also indicated the proposed Council Tax level for 2017/18 that would be required to fund the spending plans outlined in the report.
- 1.1.3 Following on from Cabinet's decisions on 25 January 2017, the report is now forwarded to be received by full Council at its meeting on 2 February 2017 to begin the consideration process with regard to the General Fund 2017/18 Budget and Council Tax requirement.

- 1.1.4 At this meeting on 2 February 2017 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 2017/18 (including the Dedicated Schools Grant), Council Tax level, the 2017-2020 Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2017/18, the reconvened full Council meeting on 16 February 2017 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 2017-2020 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 2017/18 General Fund Revenue Budget (including the Dedicated Schools Grant), the 2017-2020 Investment Plan (including prudential indicators for 2017/18 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 2017/18 (Annex 1).

## **1.3 Forward plan:**

This report was included in the Forward Plan first published on 19 December 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 2017-2020 Financial Planning and Budget Process**

- 1.5.1 At its meeting on 12 September 2016, Cabinet 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. Cabinet also approved the Budget Engagement Strategy at that meeting.
- 1.5.2 An Efficiency Plan was 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.
- 1.5.3 Budget engagement in line with the Budget Engagement Strategy agreed by Cabinet on 12 September 2016, has been undertaken and is summarised in the 25 January 2017 Financial Planning and Budget Report to Cabinet.
- 1.5.4 The following delegations and authorisations were recommended to be agreed at Cabinet on 25 January 2017:
- (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 2017/18;
  - (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;
  - (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 20 January 2017, as the Budget Engagement process will continue until 20 January 2017, and present these as an addendum to the report to full Council on 2 February 2017 and 16 February 2017; and
  - (d) Grant delegated authority to the Chief Executive, in consultation with the Elected Mayor and Head of Finance to authorise the purchase of homes, on the open market, providing value for money is demonstrated and the cost can be contained within existing financial resources of the Authority. This is to ensure the programme of delivery of affordable homes and homes at market rent is progressed in line with the Cabinet's priorities.

## **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 2 February 2017, 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 2017/18.
- 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 16 February 2017. 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 16 February 2017.
- 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 Head of Finance on behalf of the Chief Executive by 4pm on 15 February 2017 so that they can be considered at full Council on 16 February 2017.
- 1.5.9 At the full Council meeting on 16 February 2017, in the event that objections to Cabinet's Council Tax Requirement and Budget are not received or if any objections that are received 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 16 February 2017, 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 16 February 2017 meeting, the Elected Mayor must reconsider the Cabinet's proposals taking into account full Council's objections. A Cabinet meeting has been scheduled for 20 February 2017, 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 2017/18 set. If this meeting is required, it will take place on 28 February 2017. 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 2017/18.

## **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: 2017-2020 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals, Cabinet 25 January 2017.

## **1.9 Contact officers:**

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Viv Geary, Law and Governance  
Tel No 643 5339

## **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) 2017-2020 Financial Planning and Budget Process: Cabinet's Initial Budget proposals, Cabinet 28 November 2016

[http://www.northtyneside.gov.uk/browse-display.shtml?p\\_ID=567207&p\\_subjectCategory=41](http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=567207&p_subjectCategory=41)

(b) 2017-2020 Financial Planning and Budget Process, incorporating the Council Plan and associated Engagement Strategy, Cabinet 12 September 2016

[http://www.northtyneside.gov.uk/browse-display.shtml?p\\_ID=566444&p\\_subjectCategory=41](http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=566444&p_subjectCategory=41)

(c) 2016 Local Government Finance Settlement

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2017-to-2018>

(d) 2016 Autumn Statement

<https://www.gov.uk/government/publications/autumn-statement-2016-documents>

(e) Efficiency Statement and Cumulative Impact Assessment

[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=566926](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=566926)

[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=566927](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=566927)

(f) [Chartered Institute of Public Finance and Accountancy's \(CIPFA's\) LAAP Bulletin Number 77: Local Authority Reserves and Balances, November 2008 \(P\).](#)

(g) 2016/17 Financial Management Report to 30 November 2016 – Cabinet 16 January 2017

[http://www.northtyneside.gov.uk/browse-display.shtml?p\\_ID=567582&p\\_subjectCategory=41](http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=567582&p_subjectCategory=41)

(h) General Fund Budget Summaries

[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=567782](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=567782)

[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=567783](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=567783)

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

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

- 2.1.1 The financial implications of the 2017-2020 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 2017-2020, 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 2017/18 Budget Engagement Strategy was agreed at Cabinet on 12 September 2016. The Authority's overall approach to engagement ensures that the public should have opportunities to have their say throughout the year. Between June and September 2016 there was an extensive programme of engagement across the Borough through the 'Big Community Conversation'. Further engagement on the Cabinet's initial Budget proposals has taken place from 29 November 2016 to 20 January 2017. The Budget proposals have been shaped in the context of 'Our North Tyneside Plan 2016 -2019.
- 2.3.3 The further engagement phase gave residents the opportunity to have their say online, via social media and at discussion events. There have also been meetings with key groups of stakeholders to discuss the Budget proposals.

## **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 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, an Equality Impact Assessment has been carried out on the Budget Engagement process. The aim is to remove or minimise any disadvantage for people wishing to take part in the engagement programme. Specific proposals on how services will seek to meet budgetary requirements have been subject to EIAs. A cumulative impact assessment of all of these has been undertaken and is provided at the link included in the background papers above.

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