

# North Tyneside Council Report to Cabinet Date: 7 December 2015

## ITEM XX

Title: 2016-2019 Financial Planning  
and Budget Process: Cabinet's  
Initial Budget proposals

<b>Portfolio(s):</b> Elected Mayor  Finance and Resources  Housing	<b>Cabinet Member(s):</b> Mrs Norma Redfearn  Cllr Ray Glindon  Cllr John Harrison
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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 budget proposals to be set out in this report have been developed in the context of the Our North Tyneside Plan and reflect the Plan priorities but recognise the continued reduction in core funding and increasing demand for services.
- 1.1.2 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 2016-2020 Investment Plan, as part of the overall Financial Planning and Budget process for 2016-2019. Cabinet also approved the budget engagement strategy and the work to be undertaken to refresh the Our North Tyneside Council Plan at that meeting.
- 1.1.3 This report will present, for consideration, the initial outcomes of that process so far with Cabinet's initial budget proposals, in accordance with the time-scales set down in the Authority's Constitution and Budget & Policy Framework Procedure Rules. This report will present proposals to cover a three-year planning period from 2016-2019 for the revenue budget and a four year planning horizon for the Investment Plan due to the longer term nature of capital projects.

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

1.2.1 The recommendations to Cabinet will include:

### **Part 1**

#### **The 2016-2019 Financial Planning and Budget Process**

- (a) Noting the progress made in relation to this year's Financial Planning and Budget process;

#### **The 2015-2018 Council Plan - 'Our North Tyneside'**

- (b) Noting that the Our North Tyneside Plan forms the Policy Framework for the Financial Planning and Budget Process for 2016-2019;

#### **The Financial Strategy 2016-2019**

- (c) Agreeing the key principles being adopted in preparing the Financial Strategy for the Authority, subject to an annual review;
- (d) Noting the medium-term financial challenges and financial risks facing the Authority and agree to address these issues through the Target Operating Model as part of the Creating a Brighter Future Programme for the Authority, to deliver continued financial stability and prudent management of our financial resources;
- (e) Agreeing the approach being taken in relation to the Target Operating Model and the Creating a Brighter Future Programme for the next three years;
- (f) Noting the formal Reserves and Balances Policy for the Authority, subject to review at least annually;

#### **2016/17 General Fund Revenue Budget and Dedicated Schools Grant**

- (g) Considering and agreeing the initial budget proposals in relation to the 2016/17 General Fund Revenue Budget and Dedicated Schools Grant, including the assessment in relation to the current year's budget monitoring information (2015/16);

#### **2016-2020 Investment Plan**

- (h) Considering and agreeing the new schemes for consideration in relation to the 2016-2020 Investment Plan, including initial prudential indicators for 2016-2020 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;
- (i) Noting that all approved schemes within the 2016-2020 Investment Plan will be kept under corporate review by the Investment Programme Board;

## **Treasury Management Statement and Annual Investment Strategy 2016/17**

- (j) Considering and agreeing the initial proposals in relation to the Treasury Management Statement and Annual Investment Strategy 2016/17;

## **Provisional Statement by the Chief Finance Officer**

- (k) Noting the Provisional Statement by the Chief Finance Officer,

## **Part 2**

### **2016-2019 Housing Revenue Account Business Plan and Budget**

- (l) Considering and agreeing the initial budget proposals in relation to the 2016-2019 Housing Revenue Account budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2015/16);
- (m) Noting the proposed April 2016 1% rent reduction (in line with the Government's proposals included in the Welfare Reform and Work Bill), and the initial proposals in relation to housing service charges and garage rents for 2016/17;

### **Management Arrangements**

- (n) Authorising the Elected Mayor, 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 these initial proposals; and
- (o) Authorising 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 progress in achieving the Programme will be reported to Cabinet as part of the regular budget monitoring information provided.

## **1.3 Forward plan:**

This report was included in the Forward Plan for the period from 1 November 2015 to 28 February 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 development of the Financial Plan and Budget has followed the same timetable as in previous years. The priorities in the 2015-2018 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.

## 1.5 Information

An initial report is submitted at this stage to allow time for the Government's Spending Review and Autumn Statement to be assessed for the final Report.

### PART 3 - SIGN OFF

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