

North Tyneside Council Report to Council Date: 7 February 2019

ITEM 3

Title: 2019-2023 Financial Planning
and Budget Process: 2019/20
Budget and Council Tax
Requirement Submission to the
Authority

Portfolio(s): Elected Mayor Finance	Cabinet Member(s): Norma Redfearn Councillor Ray Glindon
Report from:	Senior Leadership Team
Responsible Officer:	Janice Gillespie, Head of Resources (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 2019-2023 Financial Planning and Budget process reflects these requirements. Further detail of the decision-making process is set down in paragraphs 1.5.9 to 1.5.15 of this report.
- 1.1.2 This report and supporting Annex 1 and its Appendices sets out the 2019-2023 draft Council Tax requirement and the Council Tax calculation of estimates and amounts that was considered by Cabinet on 21 January 2019. The report attached at Annex 1 presented the 2019-2023 Council Tax requirement and the estimates and 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 2019-2023 Capital Investment Plan and the Treasury Management Statement and Annual Investment Strategy for 2019/20. The report also indicated the proposed Council Tax level for 2019/20 that would be required to fund the spending plans outlined in the report. It is important to note that the report attached at Annex 1 includes Cabinet's consideration of the Housing Revenue Account Budget. Although these elements are included they are not for consideration by Council at this meeting.
- 1.1.3 Following Cabinet's decisions on 21 January 2019, the report is now being submitted to be received by full Council at its meeting on 7 February 2019 to begin

the consideration process with regard to the General Fund 2019/20 Budget and Council Tax requirement.

- 1.1.4 Having received the report detailing Cabinet's proposed spending and resource plans for the General Fund Budget for 2019/20 (including the Dedicated Schools Grant), Council Tax requirement, the 2019-2023 Capital Investment Plan the Treasury Management Statement and Annual Investment Strategy for 2019/20, the reconvened full Council meeting on 21 February 2019 will be asked to give detailed consideration to, and approve, the Elected Mayor and Cabinet's draft General Fund, Council Tax requirement and the Council Tax calculation of estimates and 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):

- 1.2.1 In relation to the Elected Mayor and Cabinet's 2019-2023 draft Council Tax requirement and the Council Tax calculation of estimates and amounts, it is recommended that full Council acknowledges receipt of the Elected Mayor and Cabinet's draft Council Tax requirement and the estimates and amounts for all aspects of the Elected Mayor and Cabinet's proposed spending and resource plans for the 2019/20 General Fund Revenue Budget (including the Dedicated Schools Grant), the 2019-2023 Capital Investment Plan (including the Capital Investment Strategy and prudential indicators for 2019/20 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 2019/20 (Annex 1).

1.3 Forward plan:

This report was included in the Forward Plan first published on 21 December 2018.

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 the Council Tax calculation of estimates and amounts. 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. Which, in turn, is part of the Annual Governance Statement.

1.5 Information - Executive Summary

The 2019-2023 Financial Planning and Budget Process

- 1.5.1 At its meeting on 10 September 2018, Cabinet approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2019/20 Revenue Budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), and the 2019-2023 Capital Investment Plan, as part of the overall Financial Planning and Budget process for 2019-2023. Cabinet also approved the Budget Engagement Strategy.
- 1.5.2 Budget engagement in line with the Strategy agreed by Cabinet on 10 September 2018, has been undertaken and is summarised in the 21 January 2019 Financial Planning and Budget Report to Cabinet.
- 1.5.3 The following delegations and authorisations were recommended to be agreed at Cabinet on 21 January 2019:
- (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 2019/20;
 - (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 Efficiency 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 Resources to consider any further comments received from residents after the drafting of this Cabinet report to the conclusion of the Budget Engagement process, and present these as addenda to the report to full Council on 7 February 2019 and 21 February 2019; and
 - (d) Grant delegated authority to the Chief Executive, in consultation with the Elected Mayor and Head of Resources to authorise the purchase of homes, on the open market, using S106 monies received by the Authority for affordable housing, 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.
- 1.5.4 The Overview, Scrutiny and Policy Development Committee Budget Study Group met on 14 January 2019 to consider the Budget Study Group's report on Cabinet's initial budget proposals. This report was subsequently received by Cabinet at its meeting on 21 January 2019 where Cabinet noted there were no recommendations made.

- 1.5.5 At this meeting Cabinet also set out its final Budget proposals. These were considered by the Overview, Scrutiny and Policy Development Committee Budget Study Group on 22 January 2019. An extraordinary Cabinet meeting was held on 28 January 2019 where Cabinet noted that the Budget Study Group had made no further recommendations.
- 1.5.6 In addition, at the Cabinet meeting on the 28 January 2019 the Elected Mayor advised Cabinet that in listening to the views of residents, businesses and visitors there were two specific issues in respect of Parking and the Environment that she asked Cabinet to consider.
- 1.5.7 The Elected Mayor, working with the Cabinet member for the Environment and the Officer Team will develop specific actions to tackle those issues.

On Parking

- Suspend parking charges after 18:00;
- Reduce the cost of Coast Day Passes to £3 and promote their use; and
- Introduce as a trial, making Briar Dene car park free of charge.

For the Environment

- Continue the current trial of Environmental Enforcement using the CCTV van;
- Direct specific resources to supplement day to day operations and respond in areas of high footfall or fly tipping; and
- Install bigger bins in areas with high visitor numbers.

- 1.5.8 These actions will be funded through a combination of the Service Improvement Fund, Waste Reserve and Capital Investment Plan. There is no anticipated impact on the draft Budget for 2019/20.

Process for Consideration and Determination of the Budget

- 1.5.9 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.
- 1.5.10 Cabinet has to present its Council Tax level for the following year to full Council before 8 February in any year. This report discharges that responsibility and begins the process.
- 1.5.11 Detailed consideration of the General Fund Budget proposals (including the overall funding of the Capital Investment Plan) on which the calculation of the Council Tax requirement is based, is planned to take place at the full Council meeting on 21 February 2019. 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 21 February 2019.

- 1.5.12 The full Council is able to raise objections to the Cabinet's proposals and final Notices of Objection should be submitted to the Head of Resources on behalf of the Chief Executive by 4pm on 19 February 2019 so that they can be considered at full Council on 21 February 2019.
- 1.5.13 At the full Council meeting on 21 February 2019, in the event that no notices of objection are 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. As all precepts are expected to have been received by 21 February 2019, it is possible for the Council Tax requirement and Council Tax level to be agreed at this meeting.
- 1.5.14 If full Council does not agree Cabinet's proposals at the 21 February 2019 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 2019, if required, for this purpose.
- 1.5.15 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 2019/20 set. If this meeting is required, it will take place on 5 March 2019. 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 2019/20.

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 1.5.9 to 1.5.15 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: 2019-2023 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax requirement Proposals, Cabinet 21 January 2019.
Cabinets Draft Budget Proposals

1.9 Contact officers:

Janice Gillespie, Finance Service
Tel No 643 5701

Claire Emmerson, Finance Service
Tel No 643 8109

David Dunford, Finance Service
Tel No 643 7027

Cathy Davison, Finance Service
Tel No 643 5727

Margaret Keith, Finance Service
Tel No 643 5747

Jacqueline Laughton, Corporate Strategy
Tel No 643 7070

Louise Watson
Tel No 643 5325, Law and Governance

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) 2019-2023 Financial Planning and Budget Process: Cabinet's Initial Budget proposals, Cabinet 26 November 2018
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/6a%202019-2023%20Financial%20Planning%20and%20Budget%20Process%20Initial%20Proposals%20Interim%20report.pdf>
- (b) 2019-2023 Financial Planning and Budget Process, incorporating the Council Plan and associated Engagement Strategy, Cabinet 10 September 2018
<https://my.northtyneside.gov.uk/sites/default/files/meeting/agenda/Cabinet%2010%2009%2018.pdf>
- (c) 2018 Local Government Finance Settlement
- (d) 2018 Autumn Budget Statement
<https://my.northtyneside.gov.uk/sites/default/files/meeting/agenda/Cabinet%2010%2009%2018.pdf>
- (e) Efficiency Statement and Cumulative Impact Assessment
- (f) CIPFA bulletin 99 reserves and balances 2014 – [LAAP 99 | CIPFA](#)
- (g) 2018/19 Financial Management Report to 30 November 2018 – Cabinet 21 January 2019
<https://my.northtyneside.gov.uk/sites/default/files/meeting/agenda/cabinet%20for%2021%2001%202019.pdf>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 The financial implications of the 2019-2023 draft Council Tax requirement and the Council Tax calculation of 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 four-year Medium-Term Financial Plan for 2019-2023, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in July 2014. 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 1.5.9 to 1.5.15.

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, Head of Resources, Senior Leadership Team, the Elected Mayor and Cabinet.

Community engagement

- 2.3.2 The 2019/20 Budget Engagement Strategy was agreed at Cabinet on 10 September 2018. 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 2018 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 27 November 2018 to the 6 January 2019. The Budget proposals have been shaped in the context of 'Our North Tyneside Plan 2018-2020'.
- 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 (EIA) 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 are available at the offices of the author as stated 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

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