

North Tyneside Council Report to Cabinet Date: 24 January 2018

ITEM 4

Title: 2018-2020 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement proposals

Portfolio(s): Elected Mayor Deputy Mayor Finance	Cabinet Member(s): Mrs Norma Redfearn Cllr Bruce Pickard 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 North Tyneside Council continues to operate in a very difficult financial climate. Resources continue to reduce in both the General Fund and the Housing Revenue Account and costs continue to rise; particularly the need to continue to deliver statutory social care services for adults and children. Whilst the Government has made some steps toward recognising those rising costs, the nationally recommended increase in Council Tax and Better Care Fund place the risks with local authorities and do not cover the full cost of rising demand and the impact of the National Living Wage in the care sector.
- 1.1.2 These draft budget proposals therefore include for consideration the nationally recommended 3% Council Tax increase to fund Adult Social Care and nationally recommended 1.99% general Council Tax increase.
- 1.1.3 That said, the budget proposals set out in this report have been developed in the context of the Our North Tyneside Plan and reflect the draft Plan priorities. The proposals aim to reflect those matters which are important to residents and doing the very best to protect vulnerable adults and children.
- 1.1.4 At its meeting on 11 September 2017, Cabinet approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2018/19 revenue

budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), the 2018-2021 Investment Plan and the 2018/19 Treasury Management Statement and Annual Investment Strategy, as part of the overall Financial Planning and Budget process for 2018-2020. Cabinet also approved the budget engagement strategy as part of that report.

- 1.1.5 This report presents, for consideration, the outcomes of that process with Cabinet's draft budget proposals, in accordance with the time-scales set down in the Authority's Constitutional requirements in the Budget & Policy Framework Procedure Rules. This report presents proposals to cover a two-year planning period from 2018-2020 for the revenue budget and a three year planning horizon for the Investment Plan. The two year planning period for the revenue budget reflects the time remaining of the current Spending Review period to 2019-2020. As there is no concrete financial information from Central Government available to local authorities post 2019-2020, a two year planning period in line with this timescale has been determined to be the most meaningful.
- 1.1.6 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 announced as part of the 2016 Local Government Finance Settlement. The Efficiency Statement is included as a background paper to this report.
- 1.1.7 It is important to appreciate these proposals are based on several years of cumulative effort to respond to reducing resources and rising costs. They necessarily contain greater cumulative risk and require close attention to ensure delivery.
- 1.1.8 On the 19 December 2017, the Provisional Local Government Finance Settlement for 2018/19 was announced. The announcement has not led to a significant change to the Government's local funding reductions previously announced other than confirmation of the announcement made in the Autumn Budget that Business Rates would be increased by CPI as opposed to RPI, and that authorities would be compensated for this change, and an increase of 1% to the Council Tax referendum limit for 2018/19. A settlement Consultation was published with a closing date of 16 January 2018.
- 1.1.9 On 27 November 2017, Cabinet considered its initial budget proposals, based on information available at that point in time. Cabinet now needs to receive this report and consider its estimates of amounts for the 2018/19 Council Tax requirement including the General Fund Budget, the 2018-2021 Investment Plan, and the Treasury Management Statement and Annual Investment Strategy for 2018/19 (Annex 1, refers).
- 1.1.10 There are a number of assumptions and judgements built into the figures presented here that lie mainly outside the control of the Authority and need to be finalised. The estimates of amounts will therefore need to be subject to further review before they can be confirmed.

1.2 Recommendation(s):

- 1.2.1 The recommendations to Cabinet will be included in the final report

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 18 December 2017.

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 refreshed 2018-2020 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 impact of the changes announced immediately before Christmas in the 2017 Provisional Local Government Finance Settlement to be assessed and the NNDR1 finalised to enable to final impact on the budget to be addressed fully.

PART 3 - SIGN OFF

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