

North Tyneside Council Report to Cabinet Date: 26 November 2018

ITEM 6(a)

Title: 2019-2023 Financial Planning
and Budget Process: Cabinet's
Initial Budget proposals

Portfolio(s): Elected Mayor Finance and Resources Housing	Cabinet Member(s): Mrs Norma Redfearn Cllr Ray Glindon Cllr Steve Cox
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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 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), the 2019-2023 Investment Plan and the 2019/20 Treasury Management Statement and Annual Investment Strategy, as part of the overall Financial Planning and Budget process for 2019-2023. Cabinet also approved the budget engagement strategy as part of this report.
- 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 initial proposals to cover a four-year planning period from 2019-2023 for the revenue budget and Housing Revenue Account and a four year planning horizon for the Investment Plan.

- 1.1.4 The Authority's approach for 2019/20 is to achieve savings early where possible, to mitigate against future financial risks whilst working in a very different way to ensure that resources can be more effectively targeted at the people who need them most to ensure that all residents have a successful, healthy and safe future, no matter where they live in the Borough. The Authority needs to deal with causes not consequences (i.e. proactive rather than reactive), understand and manage demand, enable people to help themselves and have the right people with the right skills in the right place at the right time.
- 1.1.5 The development of the initial proposals is based on a current estimated savings requirement of £39m over the four year period 2019/20 to 2022/23. The details of Cabinet's draft initial proposals will be set out in the supplementary report to follow.
- 1.1.6 Whilst the Authority has submitted an Efficiency Statement to the Government to secure some degree of certainty over the level of Revenue Support Grant until 2020, there remain some significant items outstanding, which the Authority anticipate may be announced in the Provisional Local Government Settlement on the 6 December 2018. Cabinet will continue to work on the detailed budget proposals and a supplementary report will be submitted to Cabinet in due course.

1.2 Recommendation(s):

- 1.2.1 The recommendations to Cabinet will include:

Part 1

The 2019-2023 Financial Planning and Budget Process

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

The 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 2018-2020;

The Financial Strategy 2019-2023

- (c) Noting 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 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) Noting the formal Reserves and Balances Policy for the Authority, subject to review at least annually;

2019/20 General Fund Revenue Budget and Dedicated Schools Grant

- (f) Considering and agreeing the initial budget proposals in relation to the 2019/20 General Fund Revenue Budget and Dedicated Schools Grant, including the assessment in relation to the current year's budget monitoring information (2018/19);
- (g) Authorising the Head of Commissioning and Investment and the Head of Finance, in consultation with the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Resources, to undertake resource allocations to schools for 2019/20 in line with the school funding arrangements to be set out in the report;

2019-2023 Investment Plan

- (i) Considering and agreeing the new schemes for consideration in relation to the 2019-2023 Investment Plan, including initial prudential indicators for 2019-2023 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;
- (j) Noting that all approved schemes within the 2019-2023 Investment Plan will be kept under corporate review by the Investment Programme Board;

2019/20 Treasury Management Statement and Annual Investment Strategy

- (k) Consider and agree the draft 2019/20 Treasury Management Statement and Annual Investment Strategy;

Provisional Statement by the Chief Finance Officer

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

Part 2

2019-2023 Housing Revenue Account Business Plan and Budget

- (m) Considering and agreeing the initial budget proposals in relation to the 2019 - 2023 Housing Revenue Account budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2018/19);
- (n) Noting the proposed April 2019 1% rent reduction (in line with the Welfare Reform and Work Act 2016), and the initial proposals in relation to housing service charges and garage rents for 2019/20;

Management Arrangements

- (o) Authorising the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources, Deputy Mayor and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these initial proposals; and
- (p) Authorising the Chief Executive, in consultation with the Elected Mayor, Cabinet Member for Finance and Resources, Deputy Mayor 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:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 26 October 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 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 is in accordance with the constitution. The priorities in the 2019-2023 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 Autumn Statement, which will be published on 26 November 2018 to be assessed for the final Report.

PART 3 - SIGN OFF

- Chief Executive x
- Head(s) of Service x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Head of Corporate Strategy and Customer Service X