

North Tyneside Council

Report to Cabinet

Date: 6 February 2023

Title: 2023-2027 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals

Budget Scrutiny Sub-group report to Cabinet

Portfolio(s):	Elected Mayor	Cabinet Member(s):	Dame Norma Redfearn
	Finance and Resources		Councillor Martin Rankin
	Deputy Mayor		Councillor Carl Johnson

Report from Service Area: **Senior Leadership Team**

Responsible Officer: **Jon Ritchie, Director of Resources (Chief Finance Officer)** **Tel: 643 5701**

Wards affected: **All**

PART 1

1.1 Executive Summary:

The purpose of this report is to provide Cabinet with considerations and any recommendations made by the Budget Scrutiny sub-group in relation to Cabinet's Final Budget Proposals as part of the 2023-2027 Financial Planning and Budget Process.

This report should be viewed in conjunction with its report to Overview, Scrutiny & Policy Development Committee of 16 January 2023.

1.2 Recommendation(s):

1.2.1 Cabinet are recommended to note the 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 7 January 2023

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 proposals have been presented to Overview and Scrutiny during the course of the Budget setting process.

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:

1.5.1 The Budget Scrutiny sub-group met on 1 December 2023 where the Director of Resources and Senior Officers presented the 2023-2027 Financial Planning and Budget Process: Cabinets Initial Budget proposals. The sub-group reported its views to Overview, Scrutiny & Policy Development Committee at its meeting on the 16 January 2023, which were then considered by Cabinet at its meeting on 30 January 2023.

1.5.2 In response to Cabinet's Initial Budget proposals there were no recommendations for Cabinet to consider. The report received by Cabinet at its meeting on 30 January 2023 outlined considerations of the approach to Budget-setting for 2023/24.

1.5.3 There were no formal recommendations made in relation to Cabinet's engagement approach or the initial Budget proposals for the General Fund, HRA, the 2023-2027 Investment Plan and the 2023/24 Treasury Management Statement and Annual Investment Strategy, although constructive suggestions were made about how engagement could be further encouraged in future years, which Officers will take into account.

1.5.4 The Overview, Scrutiny & Policy Development Committee at its meeting on the 16 January 2023, gave delegation to the Budget Scrutiny sub-group to make any further recommendations to Cabinet as a result of its meeting on the 31 January 2023. Following this meeting no further recommendations were made to be considered by Cabinet.

1.5.5 The appended report from the Sub-group notes the overall agreement to the Budget proposals for the General Fund revenue and Investment Plans, with reference to a Member who expressed a differing view or abstained.

1.6 Decision options:

1.6.1 The following decision options are available for consideration by Cabinet:

Option 1

Cabinet to note the report from the Budget Scrutiny sub-group.

Option 2

Cabinet can disagree with the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 is the recommended option as the Budget proposals have been worked through with all Cabinet Members and have taken due consideration of the Budget Engagement suggestions. The reasons for recommendations are mainly legal in nature, as stated in paragraphs 2.1 and 2.2 of this report.

1.8 Appendices:

Appendix A: Report of the Budget Scrutiny sub-group of the Overview, Scrutiny and Policy Development Committee.

1.9 Contact officers:

Jon Ritchie, Finance Service
Tel No 643 5701

Claire Emmerson, Finance Service
Tel No 643 8109

Jacqueline Laughton, Assistant Chief Executive
Tel No 643 7070

Louise Watson, Law and Governance
Tel No 643 5325

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) Overview, Scrutiny & Policy Development Committee – Budget Scrutiny sub-group report, 16 January 2023

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=138&MId=785&Ver=4>

- (b) 2023-2027 Financial Planning and Budget Process: Cabinet's draft Budget proposals, Cabinet 30 January 2023. This report includes recommendations made by the Overview, Scrutiny and Policy Development Committee at its meeting held on 16 January 2023

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&MId=823&Ver=4>

- (c) 2023-2027 Financial Planning and Budget Process: Cabinet's initial Budget proposals, Cabinet 28 November 2022

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&MId=819&Ver=4>

- (d) 2023-2027 Financial Planning and Budget Process, incorporating the Council Plan and associated Budget Engagement Strategy, Cabinet 21 September 2022.

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&MId=911&Ver=4>

- (e) Provisional Local Government Financial Settlement

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2023-to-2024>

- (f) CIPFA local authority reserves and balances

<https://democracy.swansea.gov.uk/documents/s49993/11%20-%20202%20of%2020Review%20of%20Revenue%20Reserves%20Appendix.pdf?LLL=1>

- (g) 2022/23 Financial Management Report to 30 November 2022 – Cabinet 23 January 2023.

<https://democracy.northtyneside.gov.uk/ieListDocuments.aspx?CId=174&MId=820&Ver=4>

- (h) Local Council Tax Support Scheme 2022/23

<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/North%20Tyneside%20Council%202021-22.pdf>

- (i) General Fund Budget Summaries

- (j) [MHCLG's Guidance on Local Government Investments](#)

- (k) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 Any financial implications arising from this report are appraised as part of the decisions made about what will be included in the Authority's Financial Plan, incorporating the 2023/24 Budget-setting process. Decisions on the Budget in relation to the General Fund, Housing Revenue Account, Dedicated Schools Grant (DSG), Capital Investment Plan, Treasury Management Statement and Annual Investment Strategy need to be made within the overall context of the resources available to this Authority and within the legal framework for setting budgets. The Authority will need to examine closely the links with its key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed four-year resource planning period.
- 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 Financial Plan for 2023-2027, as issued in guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) in July 2014.

2.2 Legal

- 2.2.1 The Local Government Finance Act 1992 (Section 32: Calculation of Budget Requirement) requires the Council to set a balanced budget in the context of the resources available, including Central Government Grants, Business Rates and Council Tax income. The Localism Act 2011 inserted a new Section 31 into the Local Government Finance Act 1992, which requires the calculation of a Council Tax requirement by billing authorities, rather than a budget requirement calculation, as previously. The Localism Act 2011 also abolished Council Tax capping in England. It instead introduced new provisions into the 1992 Act, making provision for Council Tax referendums to be held in England if an authority increases its Council Tax by an amount exceeding the principles determined by the Secretary of State. The current principles for local authorities with responsibility for social care (county and unitary authorities) provide that a referendum is required if general Council Tax is to increase by 2% or more.
- 2.2.2 The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual Budget and Council Tax level, Members and officers must take into account a report from the Chief Finance Officer on the robustness of the budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.

2.2.3 The 2023-2027 Financial Planning and Budget process has been prepared to comply with the time scales required within the Budget and Policy Framework Procedure Rules contained in the Authority's Constitution and legislative requirements that the Council Tax requirement is determined before 11 March in any year.

2.2.4 In accordance with the above and the Local Government Act 2000 (and the Regulations made under that Act), Cabinet is responsible for considering and determining the issues raised in this report.

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, Director of Resources, Heads of Service, the Elected Mayor and Cabinet.

External Consultation/Engagement

2.3.2 The 2023/24 Budget Engagement Strategy and approach were agreed by Cabinet on 19 September 2022. Engagement with residents took place over the summer during the Big Community Conversation activity. Through the Residents Panel the Authority was able to ask residents for their views on what the priorities should be to enable the Borough to recover from the pandemic. These views and priorities have been considered both in the proposals for the Our North Tyneside Plan and Cabinet's draft Budget proposals as set out in this report. Further engagement on the Budget proposals has taken place during December 2022 and January 2023 in line with the Budget Engagement Strategy agreed by Cabinet.

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 Budget-setting process the Authority's aim will always 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 and in relation to the proposed Council Tax and Housing Rent increases. The aim of the Budget Engagement EIA is to remove or minimise any disadvantage for people wishing to take part in the engagement programme. Mitigating actions will be taken as a result of the Council Tax and Housing Rent EIAs. Specific proposals on how services will seek to meet

budgetary requirements will be subject to EIAs, which will be informed by the findings of the Budget Engagement process.

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 registers 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 Crime and Disorder Act 1998, 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 Borough's 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 X
- Directors of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Assistant Chief Executive X