

North Tyneside Council

Report to Cabinet

Date: 5 February 2024

Title: 2024-2028 Financial Planning and Budget Process: Cabinet's Final Budget and Council Tax Requirement Proposals

Budget Scrutiny Sub-Group report to Cabinet

Portfolio(s):	Elected Mayor	Cabinet Member(s):	Dame Norma Redfearn DBE
	Finance and Resources		Councillor Anthony McMullen
	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 the report of the Budget Scrutiny Sub-Group of the Overview, Scrutiny and Policy Development Committee (the Budget Scrutiny Sub-Group) dated ?? in

response to Cabinet's Final Budget Proposals as part of the 2024-2028 Financial Planning and Budget Process.

This report should be viewed in conjunction with Cabinet's report to the Overview, Scrutiny Co-ordination and Finance Committee of 15 January 2024.

1.2 **Recommendation(s):**

- 1.2.1 Cabinet is recommended to note the report of the Budget Scrutiny Sub-Group of the Overview, Scrutiny and Policy Development Committee dated 16 January 2024 in response to the Cabinet's Final Budget Proposals.

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 3 November 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 budget proposals have been presented to Overview and Scrutiny Co-ordination and Finance Committee (OSFC) during the course of the Budget setting process, with detailed scrutiny being undertaken by the Budget Scrutiny Sub-Group.
- 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 28 November, 5, 11 and 19 December 2023 and 15 January 2024 where Senior Officers and the Cabinet Member for Finance and Resources presented information relating to Cabinet's Initial Budget Proposals. The Sub-Group reported its views to OSCFC at its meeting on the 15 January 2024.
- 1.5.2 In addition, a further meeting of the Budget Study Sub-Group was held on 26 January 2024 which also included the Cabinet Member for the Environment to discuss specific points relating to waste and highways.
- 1.5.3 The OSCFC report was considered by Cabinet at its meeting on 29 January 2024. In response to Cabinet's Budget proposals there were no formal recommendations for Cabinet to consider in relation to Cabinet's engagement approach or the Budget proposals for the General Fund, Housing Revenue Account, the 2024-2028 Investment Plan and the 2024/25 Treasury Management Statement and Annual Investment Strategy.
- 1.5.4 The report of the Budget Scrutiny Sub-Group of the Overview, Scrutiny and Policy Development Committee, provided at Appendix A, outlined a series of observations and comments on the approach to Budget-setting for 2024/25. These recognised the significant backdrop of uncertainty and highlighted the need for continual monitoring to ensure plans can be delivered and risks are fully understood.
- 1.5.5 The OSCFC at its meeting on the 15 January 2024, gave delegation to the Budget Scrutiny Sub-Group to make any further recommendations to Cabinet as a result of its meetings on the 29 January and 5 February 2024.
- 1.5.6 OSCFC met again on 31 January 2024 following Cabinet's approval of the updated budget proposals. The OSCFC considered the outcome of the Cabinet meeting, including the proposal relating to the potential additional funding towards adults and children's social care as a result

of the Government's announcement on 24 January 2024, which confirmed additional funding of £500m towards these pressures that would be distributed as part of the final Local Government Finance Settlement.

1.5.7 At this meeting the OSCFC confirmed that no further comments or recommendations would be made in addition to those already presented to Cabinet on 29 January 2024.

1.5.8 The Cabinet Member for Finance and Resources will provide a verbal response to the points made within the OSCFC report at the meeting.

1.6 Decision options:

1.6.1 The report is for information only and Cabinet is not required to make a decision.

1.7 Reasons for recommended option:

1.7.1 The Budget proposals have been worked through with all Cabinet Members and have taken due consideration of the Budget Engagement suggestions.

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
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David Mason, Finance Service
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Jacqueline Laughton, Assistant Chief Executive
Tel No 643 7070

Stephen Ballantyne, Head of Law
Tel No 643 5329

Allison Mitchell, Head of Governance
Tel No 643 5724

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, 15 January 2024
<https://democracy.northtyneside.gov.uk/ielistDocuments.aspx?CId=271&Mid=1104&Ver=4>
- (b) 2024-2028 Financial Planning and Budget Process: Cabinet's Updated Budget proposals, Cabinet 29 January 2024. This report includes recommendations made by the Overview, Scrutiny and Policy Development Committee at its meeting held on 15 January 2024 as well as the relevant Equality Impact Assessments
<https://democracy.northtyneside.gov.uk/ielistDocuments.aspx?CId=174&Mid=1211>
- (c) 2024-2028 Financial Planning and Budget Process: Cabinet's initial Budget proposals, Cabinet 27 November 2023
<https://democracy.northtyneside.gov.uk/documents/s15763/2024-2028%20Financial%20Planning%20Budget%20Process%20-%20Cabinets%20Initial%20Budget%20Proposals.pdf>
- (d) Provisional Local Government Financial Settlement
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025>
- (e) 2023/24 Financial Management Report to 30 November 2023 – Cabinet 22 January 2024
<https://democracy.northtyneside.gov.uk/documents/g1059/Public%20reports%20pack%2022nd-Jan-2024%2018.00%20Cabinet.pdf?T=10>

- (f) Local Council Tax Support Scheme 2023/24
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Council%20Tax%20Support%20Scheme%202023-24_0.pdf

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 plans, including the 2024/25 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 reductions 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 2024-2028, as issued in guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

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 was previously the case. 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 intended to increase 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 Council Tax is to increase by 5% or more, inclusive of a 2% Adult Social Care Precept.

- 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 2024-2028 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

- 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, Directors of Service, the Elected Mayor and Cabinet.
- 2.3.2 The 2024/25 Budget Engagement Strategy and approach was agreed by Cabinet as part of Cabinet's Initial Budget Proposals on 27 November 2023. The views and priorities from residents involved in the engagement process have been considered in Cabinet's 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 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.
- 2.5.2 To achieve this an Equality Impact Assessment (EIA) has been carried out on the Budget Engagement process. The aim is to remove or minimize any disadvantage for people wishing to take part in the engagement programme. Specific proposals on how services will seek to meet budgetary requirements will be subject to EIAs (Equality Impact Assessment), which will be informed by the findings of the Budget Engagement. A cumulative impact assessment of all of these is available to both Cabinet and full Council.

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