



North East Leadership Board (Extraordinary Meeting)

Tuesday 16th September, 2014 at 2.20 pm

Meeting to be held: Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

www.northeastca.gov.uk

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer).

Please also remember to leave the meeting where any personal interest requires this.

3. **2015/16 Budget Process and Timetable**

1 - 10

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To All Members

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North East Combined Authority

Leadership Board

DATE: 16 September 2014

SUBJECT: 2015/16 Budget Process and Timetable

REPORT OF: Lead Chief Executive and Chief Finance Officer

1 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to set out the process and timetable for the preparation, consultation and approval of the 2015/16 Budget and the Medium Term Financial Strategy for consideration and approval by the Board.
- 1.2 North East Combined Authority is required by law to set its Revenue Budget and Transport levies for 2015/16 by 15th February 2015 at the latest, in order to enable the constituent councils to be able to take the levies into account in setting their own budgets for 2015/16. Traditionally the levy is set in January, which would mean that The Leadership Board would set the Budget and levies at its scheduled meeting on 20 January 2015. The budget process and timetable set out in this report has been prepared to achieve this.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Leadership Board receive the report for consideration and comment and -
- a) agree that the detailed Budget for 2015/16 be prepared for approval at the Leadership Board's meeting on 20 January 2015;
 - b) agree that a draft high level outline Budget Outline be presented to the Leaders Board meeting on 21st October 2014 as a basis for consultation on the 2015/16 budget;
 - c) agree that a five year Medium Term Financial Strategy be developed that identifies the revenue and capital resources needed to support the delivery of the Combined Authority's policy objectives;
 - d) note the intention to develop a longer term infrastructure investment programme for a period of between 15 to 20 years identifying potential major strategic projects and programmes for development and delivery. This is likely to take more time to develop and an update on progress will be included in the Budget report in January, with aim of developing a plan for January 2016.

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- e) That the proposals for consultation and engagement on the development of the Budget for 2015/16 and the associated timetable be referred to Overview and Scrutiny Committee for consideration and that any recommendations received are reported to the Leadership Board's meeting on 21 October 2014

3 Background Information

- 3.1 Levying Bodies regulations require Transport Authorities to set their Budgets and Levies by 15th February each year. Traditionally levies have been set in January to ensure that this statutory deadline is met, but also to give constituent councils information about the transport levies as early as possible to enable them to reflect it in their budgets. As well as transport levies the Budget will set out any contributions from Councils to meeting the non transport costs of the Combined Authority and will set out information about the Capital Investment Programme of the Combined Authority and how the programme is to be funded.
- 3.2 As the accountable body for the North East Local Enterprise Partnership (NELEP) the Budget will include information about the funds available to NELEP and the NELEP's proposed Budget for 2015/16.
- 3.3 It is good practice for all organisations to develop a Medium Term Financial Strategy and it would be preferable to develop the 2015/16 Budget for NECA in the context of as much information as possible over a five year Medium Term Plan period.
- 3.4 For NECA this would involve developing a revenue budget and capital programme for Highway/Transport; Economic Development (including LEP activity); Skills; and a Corporate Budget. This will need to reflect the latest announcements on new external funding for 2015/16 onwards and any new announcements over the coming months. While as much information as possible will be collected to present the MTFs in January, more information is likely to be available for Transport services and it is likely that additional information about funding and spending priorities for skills and economic development will be needed in order to fully develop the plan for these areas over a five year period.
- 3.5 A five year period is considered appropriate because it would cover a sufficiently long period to show how the current revenue deficit within the Nexus Budget for transport activity in Tyne and Wear could be addressed and show the planned use of reserves over the period. It would also reference events in the later years of the MTFs period, which could have an uncertain but potentially material impact on the Budget in those years, for example the change to the Metro Concession arrangement and the renewal of the Metro Rail Grant in 2019.

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- 3.6 The capital investment programme will include schemes that have been approved so far with funding secured. It would also be appropriate to identify resources that may be available and potential schemes in development for future funding bidding rounds. The detailed capital programme is a dynamic document that will be updated on a regular basis as information about projects and funding approvals is received. It will be considered and updated in periodic monitoring reports to the Leader's Board.
- 3.7 Major transport and infrastructure projects can have a very long planning, design and implementation period, with future ambitious plans covering a period of 15 years or longer. Early identification and development of potential projects to help achieve the Strategic Long Term policy objectives of the Combined Authority can help with the development of project plans, business cases and preparing funding plans and bids. It is proposed that a longer term view of investment over a 15 to 20 year period be developed. It is anticipated that this will take time to put in place, so an update on the process will be given in January with more details prepared for consideration in time for approval as part of the 2016/17 budget process.
- 3.7 A key decision in the Revenue Budget is what the level of the Transport Levy will be for 2015/16 and future years for Tyne and Wear and for Durham and Northumberland and the level of the contribution from the 7 councils for non-transport costs, including the contribution to fund capacity and for corporate costs.
- 3.8 The constitution of the Combined Authority requires an early consultation on Budget Proposals giving at least two months for the consultation process to be completed. This effectively means that a Budget Report covering the 2015/16 Budget decision will need to be considered by the Leadership Board at its meeting on 21 October 2014. This will start the consultation process, which will include consideration of the budget report by Overview and Scrutiny Committee. In the meantime the proposals for the consultation and engagement and the timetable are referred to the Overview and Scrutiny Committee for their consideration and any recommendations received in respect of the proposed timetable and consultation will be included in the report to the Leadership Board on 21 October.
- 3.9 To ensure that a Budget Report is prepared for the Leaders Board in January which can secure unanimous approval from Leaders it is necessary to ensure that the budget is Policy led and that any issues that councils want to be taken into account are highlighted during the early stages of the preparation of the Budget in the next few months, with any issues resolved by mid December so that a final report can be drafted for circulation on 9th January. The budget proposals need to be considered by the NELEP and by the Transport Committees as well as scrutiny Committee.
- 3.10 Leaders have made clear the need for a policy led budget to underpin the delivery of policy priorities including the delivery of the Strategic Economic

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Plan. Initial technical briefing on the budget process and timetable have taken place with officials from all councils. The high level proposal for 2015/16 will be developed over the next few weeks and will be reflected in the report to the 21 October Leadership Board. Further details will be developed and fine tuned in partnership with the NELEP; councils and delivery organisations over the next few months. This additional detailed work and the feedback from consultation will then be reflected in a detailed 2015/16 Budget Report for consideration in January 2015.

- 3.11 The timetable for developing the 2015/16 Budget and the Medium Term Financial is very tight and involves a number of steps for discussion, consultation and development of the Budget, as can be seen from the draft the timetable set out in Appendix A. Further consideration needs to be given to the various steps in the process and the route through the various Officer/Leaders meetings' NECA Transport Committees, Overview and Scrutiny Committee; NELEP Board and the NECA Leadership Board. The consultation process itself needs to be considered in more detail and set out in the report to the October Board. In some case meeting dates have still to be confirmed and these will be conformed and included in the schedule when they are known.

4 Potential Impact on Objectives

- 4.1 The budget and Medium Term Financial Strategy will reflect the Policy Objectives of the Combined Authority including the delivery of the Strategic Economic Plan. The future reports will set out revenue and capital budget proposals that will help deliver the Objectives on the Combined Authority

5 Finance and Other Resources

- 5.1 Preparation of the Budget and the delivery of the budget process will require input of a wide range of officers across the councils as well as officers working on behalf of the LEP and the combined authority. The Chief Finance Officer will draw on available resources to deliver the budget report and plan.

6 Legal

- 6.1 The NECA is required by virtue of the Transport Levying Bodies Regulations 1992 to issue the transport levy before 15 February preceding the commencement of the financial year in respect of which it is issued.
- 6.2 In accordance with the Budget and Policy Framework Rules of Procedure of the NECA's Constitution, at least 2 months before the calculations on the Revenue Budget and transport levy are required to be finalised, the Leadership Board will produce initial outline proposals to the NECA's Overview and Scrutiny Committee. The accompanying information will include details of how it is intended to consult with the Constituent Authorities, stakeholders and residents as well as the timetable for the consultation and

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preparation of the final proposals. The Overview and Scrutiny Committee after considering the consultation proposals and timetable can make appropriate recommendations to the Leadership Board in that regard.

- 6.3 Once the consultation process has been completed, details of the final proposals in relation to the Revenue Budget and levy will be referred to the Overview and Scrutiny Committee. The Leadership Board when considering the final proposals will take into account the recommendations and/or observations of the Overview and Scrutiny Committee. The Leadership Board must approve the final proposals unanimously.
- 6.4 Given the timescales set out in the report above, the final proposals in relation to the Revenue Budget and transport levy need to be considered at its meeting on 21 October 2014.

7 Other Considerations

7.1 Consultation/Community Engagement

The NECA constitution requires that consultation on its budget proposals to be undertaken at least two months prior to the budget being agreed. It is proposed that the 2015/16 Budget Proposals be reported to the Leaders Board on 21 October to start a consultation process, which will include the Overview and Scrutiny Committee and the North East Chamber of Commerce.

7.2 Human Rights

Any human rights issue will be reflected in the future reports on budget proposals.

7.3 Equalities and Diversity

There are no specific issues arising directly from this report.

7.4 Risk Management

- 7.4.1 Appropriate arrangements will be put in place and reported as part of the Budget Report.

7.5 Crime and Disorder

There are no crime and disorder implications directly arising from this report.

7.6 Environment and Sustainability

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There are no specific issues arising directly from this report. The Budget reports will set out environment and sustainability implications.

8 Background Documents

8.1 NECA constitution.

9 Links to Plans in the Policy Framework

9.1 The Budget Report itself will reflect all of the NECA Plans and Policies

10 Appendices

10.1 Draft Timetable (note the diagram is being updated to reflect latest information about dates of meetings)

11 Contact Officers

11.1 Paul Woods Paul.Woods@northtyneside.gov.uk, Tel: 07446936840

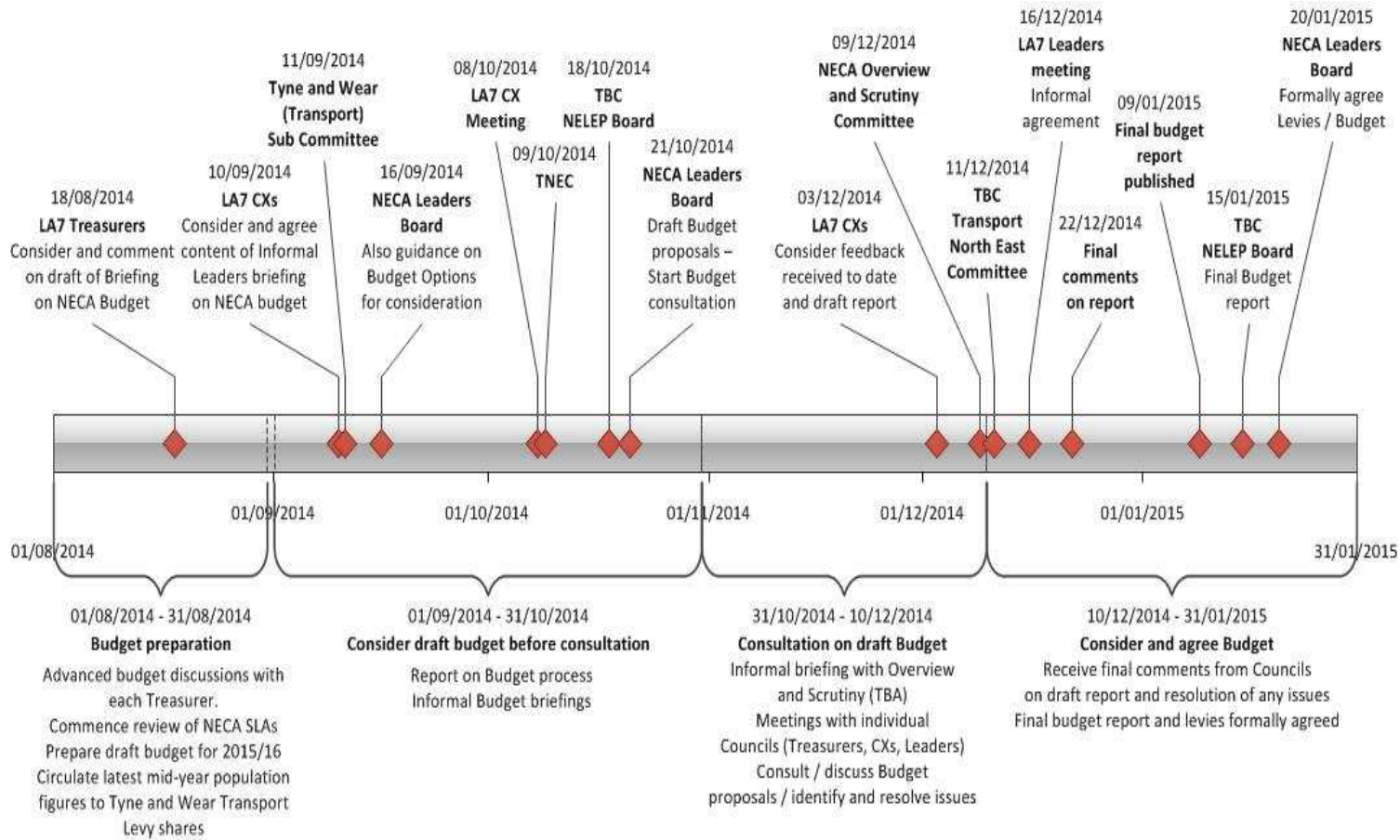
12 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

APPENDIX A : DRAFT BUDGET PROCESS / TIMETABLE

Date	Event	Activity
20 January 15	NECA Leaders Board	Formally Agree Levies / Budget
? January 15	NELEP Board	Final NELEP Budget Report for NELEP approval
9 January 15	Paper circulation	Final Budget report Published
22 December	Final Comments on Draft Report	Deadline for comments from Councils on draft report, resolution of any issues
16 December	LA7 Leaders meeting	Informal Discussion / Agreement to Budget and Levy Proposals
December	Transport North East Committee (potential special meeting)	Consider/Agree Transport Budget / Levy Proposals for consideration by Leadership Board in January
9 December	NECA Overview and scrutiny Committee	Consider Budget Report as part of Consultation Process
3 December	LA7 CXs	Consider Report to be circulated to Informal Leaders meeting and results of consultation
? November	LA7 Transport / Economic Development Officers /Treasurers	Discuss Draft Budget Report and identify and agree draft report for consideration by CXs / Leaders

November	Meetings with individual Councils	Consult / Discuss Budget Proposals / Identify and resolve issues
? November	Informal Briefing Overview and Scrutiny	Budget Presentation and Consultation with Overview and Scrutiny members
21 October	NECA Leaders Board	Report on Draft Budget Proposals to start Budget Consultation
October	NELEP Board	Report on Budget Process, plus Informal Budget Briefing?
9 October	Transport North East Committee and Tyne and Wear Sub Committee	Report on Budget Process, plus Informal Budget Briefing?
8 October	LA7 CX Meeting	Consider Draft Budget Report to go to Leaders Board
16 September	NECA Leaders Board NECA Leaders	Report on Budget Process and Timetable Budget Briefing / Guidance on Budget Options for Consideration
10 September	LA7 CXs	Consider and agree content of Informal Leaders briefing on NECA budget
August / September	LA7 Transport/Economic Development Officers & Treasurers Commence review of NECA SLAs	Consider and comment on Policy led Budget Process and Timeline and consideration of issues that will need to be considered and addressed as part of the budget process.
August	Budget Preparation - Advance Budget discussion with officials from each Council	Prepare Draft Budget Process and Timeline for 2015/16.



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