

# Cabinet

A special meeting of Cabinet was held on Thursday 22nd February 2007.

**Present:** Councillor Gibson (Chairman), Councillors Mrs Cains, Coleman, Cook, Cunningham, Johnson, Kirton, Leonard, Nelson and Mrs O'Donnell.

**Officers:** J Danks, P.Saunders (R); A. Baxter (CESC); D.E.Bond, M.Henderson (LD); J. Haworth (ACE); I Thompson, S. Daniels, M. Robinson, J. McCann (DNS)

**Also in Attendance:** Councillors Fletcher, Frankland, Lupton, Narroway, Mrs Rigg and Walmsley

## 1013 Declarations of Interest

Councillor Mrs Cains declared a personal/non prejudicial interest in respect of the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as she was a Governor of Roseworth and Redbrook Schools; a Governor of a school affected by Building Schools for the Future and she was a Trustee of the George Hardwick Foundation that managed the Carers' Resource Centre in Stockton.

Councillor Mrs O'Donnell declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as she was eligible to receive free bus travel under the Travel Scheme.

Councillor Cook declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as he was the Governor of a school affected by Building Schools for the Future.

Councillor Leonard declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as he was a Governor of Roseworth School and a Member of Tristar Homes Limited Management Board.

Councillor Coleman declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as he was a Governor of Mill Lane School.

Councillor Nelson declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as he was a Member of Tristar Homes Limited Management Board.

Councillor Mrs Rigg declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as she was a Member of Eggescliffe Parish Council.

Councillor Fletcher declared a personal/non prejudicial interest in the item entitled Review of the Medium Term Financial Plan and Budget 2007/08 as he was a Member of Eggescliffe Parish Council.

## 1014 Regeneration Projects-Funding Arrangements

As part of the budget process, consideration was given to an update on the current position with regard to the Council's major regeneration projects, including details of the progress made and a proposal to seek flexibility in the utilisation of capital funds allocated through Council budgets for the schemes over the medium term.

A number of the key regeneration schemes were progressing well and were producing opportunities for partnership working with the public and private sectors with both English Partnerships and One Northeast keen to play an increasing role in these schemes. A report on Billingham was presented to Cabinet in December 2006, which agreed the sale of the Town Centre. Thornaby Town Centre redevelopment has started on site, planning consent has been granted for a new foodstore in Stockton and site assembly has started for the Southern Gateway with the purchases of Archon and Riverside House. At Mandale, phases 1 and 1A were nearing completion and masterplanning had started on phase II. Site clearance had been completed for phase I at Parkfield and the development agreement for Hardwick was due to be considered by Cabinet on the 15<sup>th</sup> March 2007.

On North Shore, the development agreement with AMEC and Urban Splash had been signed. The University was close to agreeing Heads of Terms for their expansion site on North Shore and at the Cabinet meeting on the 13<sup>th</sup> July 2006 meeting agreement had been given to the Council project managing the construction of the footbridge as a consequence of the Council's track record in major construction projects.

Both English Partnerships and One Northeast were actively involved in promoting regeneration in the Borough and were keen to investigate ways of increasing their involvement. Help had been offered by both agencies that would influence the agenda for quality of design and to explore greater public private partnership working. In particular, to expedite delivery of schemes on site it was proposed to allow flexible utilisation of Council, English Partnerships and One Northeast capital allocations between schemes. It was noted that this would not impact upon the Council agreed capital allocation but would simply ensure that overall sums could be drawn down when necessary across the respective schemes.

Such flexibility would bring many advantages to all funding parties. It would enable, for example, partners to maximise opportunities for site acquisition. It also enabled each funding partner to commit to a medium term capital allocation. English Partnerships and One Northeast were the major funders of the footbridge together with the European Regional Development Fund (ERDF). In particular, it was proposed to utilise the Council's capital as a contribution towards the North Shore Footbridge contract, thus ensuring the tight construction timetable was adhered to. English Partnerships and One Northeast would then contribute to funding elements of the Stockton Middlesbrough Initiative and housing regeneration schemes in future years. A re-profiling of the Council's Capital Programme for 2006-2009 would be required to receive the funds available.

***RECOMMENDED to Council that within the overall capital funding allocations for major regeneration schemes and any income allocated for reinvestment in regeneration schemes, authority to manage the use of the capital funds be delegated to the Corporate Director for Development and Neighbourhood Services, in consultation with the Cabinet Member for Regeneration and Transport.***

## 1015 Review of Medium Term Financial Plan and Budget 2007/2008

Further to notification of the Council's 2007/2008 Provisional Settlement, which was considered by Cabinet on the 4<sup>th</sup> January 2007, consideration was given to the final analysis of the Council's financial position prior to decisions being taken at Special Council on the 28<sup>th</sup> February 2007 on the Council Tax levels for 2007/2008, including budgets, resource allocation and capital schemes; and the approval of a Treasury Management Strategy for 2007/2008.

Stockton would receive £67.707 million in Formula Grant for 2007/08. Due to the fact there had been no change to the Provisional Settlement figure quoted, this figure aligned with the grant figure used when the Council set an indicative Council Tax increase of 3.9% for 2007/08 on 1 March 2006. For a Band D equivalent household this equated to an annual increase of £41.24, a weekly rise of 79p. (At Band A, the largest proportion of properties in Stockton, this was £27.49 a year and 53p per week).

In setting an increase of 3.9%, a balanced budget was produced, allowing for funding of several areas of budget pressures. In achieving a balanced budget, services were expected to make £4.6m efficiencies.

In the intervening period since the indicative budget was set, services had investigated methods of generating additional headroom. Efficiencies of over £600,000 had been established which were over and above the £4.6m already built into the medium term financial plan. In addition, opportunities to maximise the Treasury Management account had been taken and balances over the Council's target of 3% had been made available. The projected position on balances as at the end of 2006/07 was as follows:

	Forecast Position @ 31/3/07 £000's	% of General Fund Expenditure %	Assumed Usage £000's
Corporate Working Capital Net (MS) / MC	(10,729)	(4.7)	(3,275)
	(3,477)	(1.6)	(2,213)
Net Working Balances	(14,206)	(6.3)	(5,488)

The above had resulted in additional headroom of £6.948m in 2007/08. An analysis of the source of these funds was provided and after the utilisation of working balances, the retained balances would be 3%.

Key movements since the last reported revenue outturn position in December 2006, were noted including:-

-Children, Education and Social Care-projection of a £1,401,000 Managed Surplus at the end of the year. The major variations identified since the September budgetary control exercise were noted as:

- Surestart (additional underspend of £186,000). Now expected to be £340,000 for the full year. This grant was available to implement the new childcare legislation and there were inevitable delays in fully recruiting to all the posts. The additional underspend was as a result of

further vacancies and would be carried forward to cover staff and the running of the Neighbourhood Nurseries between April and July 2007;

- Specialist Services – Fostering (underspend of £154,000). Culminating from the delay in the review of the adoption allowance programme which would now be implemented in 2007/08;
- Specialist Services – Residential (underspend of £381,000). Specialist placements would now be funded from other contributions. This was a volatile budget with various funding sources, which supported specialist placements for children with special needs;

During 2007/08 the £1,401,000 Managed Surplus was ring-fenced to the Youth Offending Service (£237,000) in accordance with the requirements of the specific grant allocation. The remaining element (£1,164,000) would be utilised, subject to the appropriate approval, to fund the procurement and implementation of the Integrated Children's System (£217,000) and as a subsidy towards Neighbourhood Nursery provision following the cessation of DfES grant and to cover transitional costs (£340,000). It was intended that any remaining balance would be utilized as part of the budget setting process recognising the full year effect of complex care packages and increasing demands.

#### -Development & Neighbourhood Services

The managed surplus for Development and Neighbourhood Services was £1,751,000. The major variations identified since the last report were as follows:

- Heating, Ventilation and Electrical (additional income £122,000) – increase in income due to additional contract works within the Electrical Domestic and Project areas arising from an increase in work requests;
- Community Protection Management (underspend of £103,000) – a number of contributions to schemes had reduced or were no longer required, due in some degree to the generation of efficiencies within service;
- Planning (additional income £118,000) – there had been a number of major Development Control planning applications received over the last 3 months.

The Managed Surplus (£1,751,000) would be utilised, subject to the appropriate approval, to fund staffing, general and more specific inflationary pressures within the current Medium Term Financial Plan, including:

- Planning (£590,000)
- Regeneration (£350,000)
- Housing Services (£180,000)
- Community Protection (£200,000)
- Engineers (£275,000) and
- Remaining service areas (£156,000)

Members were reminded that this flexible approach to financing assisted services in maintaining their medium term financial positions and in the delivery of substantial efficiencies across the board.

The priorities for funding reflected the strategic priorities outlined in the Council Plan, and as such, produced a 3-year rolling programme. Within year, however, pressures and issues had been forecast to arise and a number of such pressures had arisen, the details of which were submitted, and these had been divided into “high priority” pressures and “other” pressures. Many of the “high priority” pressures were familiar to Members as they had either been reported to Cabinet during the year or had been considered by Scrutiny Committees. In the main they reflected statutory requirements or unavoidable costs, although there were some which were considered still to be of “high priority” in terms of demands and expectations of service delivery. The cost of these pressures amount to £5.905m. Should the “high priority” pressures be funded, a balance of £1.043m would be available for one-off or short-term funding.

In addition to these pressures, Cabinet on the 5 October 2006 considered temporary changes to roles and responsibilities affecting a number of Heads of Service. The report referred to the very successful organisational change programmes that had been undertaken under the banner of Planning for the Future. The Council had seen some considerable successes in the last year not least of which maintaining a 4\* CPA rating together with a Direction of Travel score of “Improving Strongly”, one of only 10% of councils in the country to achieve this. Much of this was attributable to the Programme and it was intended to cascade this process further down the organisation in the coming year. It was anticipated that further changes to senior management team responsibilities would result. Consideration of market forces and retention issues may also be deemed necessary. Although the Council Plan included a specific objective in relation to this organisational development programme, it was considered, at this stage, that it would be budget neutral. No reference had therefore been made to it in the priority lists.

Initial consideration to the pressures was given at a Members Seminar on 23 January 2007. Officer contact details had been provided for all priorities to assist Members understanding of the issues. Further discussion had also taken place at Drop-In sessions during the early part of February. Members had also been given the opportunity to feed back preferences for funding allocations via e-mail. An analysis of the outcome of consultation was provided.

In determining its choice against the available headroom of £1.043m Cabinet’s original selections had been as follows:

	£000’s	£000’s
<u>Corporate</u>		
PCSO’s		250 *
<u>CESC</u>		
Support for Independent Living	150	
Youth Bus	200	
Specialist Care Packages	<u>150</u>	500
<u>D&amp;NS</u>		
Homeless/Domestic Violence	224	
Arlington/Castlegate Quay	153	
GIS/IT	<u>83</u>	460
<b>Total</b>		<b>1210</b>

These exceeded the funds available by £167,000. Within the Youth Bus bid there was however the acquisition and adaptation of the bus that amounted to £80,000, which could be offset against capital resources. Similarly the hardware and software purchase for GIS/IT could be classified as capital expenditure. It was proposed that this be approved, leaving a shortfall of £4,000 and that the Homeless/Domestic Violence bid be reduced by this amount.

\* subject to final approval by the Police Committee on 23 February 2007.

The Local Government Act 2003 placed a requirement on the Section 151 Officer to report on the robustness of the budget and the adequacy of the proposed financial reserves. Members were required to take account of this when determining the Council's budget requirement for 2007/08 and details were provided as to how Stockton had adopted a three-part approach to this.

It was noted that Stockton's current tax level for 2006/07 at Band A (the biggest percentage of its properties) was £705.02 (£13.56 per week). The impact of a 3.9% increase was as follows:

	Band A	Band D
2006/07	705.02	1057.53
2007/08	732.51	1098.77

It was noted that the Fire Authority had determined a precept of £3,189,805, £37.30 at Band A (£55.95 at Band D) which equated to a 4.5% increase in Council Tax based on a Band A figure of £35.70 for 2006/07 (£53.55 at Band D). The Police Authority would determine its precept at a meeting to be held on 23<sup>rd</sup> February 2007.

During 2007/08 the Town Council of Billingham would come into being and due to the fact that Elections for the Council could not take place until May 2007, it was the responsibility of Stockton Council to set the precept for the inaugural year. After due consideration Cabinet recommended that Council allocate a sum of £80,000 to allow for set up and running costs. From 2008/09 onwards the Elected Members of Billingham Town Council would determine this amount. The precept for 2007/08 was equal to £5.21 per annum for a Band A property (10p per week). Details of the precepts required from the other Parishes were also submitted.

The Council's Capital plans were funded from Capital Allocations from the Government, specific grants, external funding and Council resources. Details were submitted of the known capital allocations available to the Council, which included the following Government allocation:-

	2007/08
Transport	2,979
Housing	13,909
Education	7,466
Social Services	694
Total	25,048

The Council currently also had resources available of £5.7m and expected to generate additional resources of £5m over the medium term. This would allow £10.7m to be allocated to fund high priority schemes. Schemes identified as high priority were as follows:

	2007/08 £'000	2008/09 £'000	2009/10 £'000	Total £'000
<b>High Priority Schemes</b>				
Stockton Middlesbrough Initiative	150	1,725	0	1,875
Access to Services-Thornaby (includes £240k refurbishment of Library)	549	0	0	549
Access to Services-Other	425	424	299	1,148
Preston Hall	150	0	1,000	1,150
ICT Room	250	0	0	250
ICT Infrastructure/Storage	250	0	0	250
Thornaby Town Hall	330	0	0	330
Stockton Parks	500	0	0	500
Additional Highway Works	500	500	0	1,000
Splash	600	-	-	600
<b>Total Priority Schemes</b>	<b>3,704</b>	<b>2,649</b>	<b>1,299</b>	<b>7,652</b>

In addition, there were a number of community schemes and resource for repair and maintenance schemes which were agreed in principle for 2007/08 and 2008/09, and it was proposed that the reserves for 2007/08 be released:

- Cemeteries £150,000
- Environmental Improvements £400,000
- CSD/A Adaptations £250,000
- Alleygates £121,000
- Repairs and Maintenance £400,000

The Members Advisory Panel had also proposed that the environmental improvements budget be allocated to Wards based on Ward population. The budget allocation per Ward was submitted. A protocol had also been agreed for the use and management of this allocation; and details of this would be provided to all Members.

The current capital budget amounted to £54,029 million. Movement against this budget for 2006/07 included cost variations of £(2,151,000), slippage of £(2,021,000) and the re-profiled use of ring-fenced resources of £100,000. It was suggested that, subject to the receipt and approval of the allocation of funding and the approval of slippage from 2006/07, that the 3-year capital plan, submitted at **Appendix I** to the report, be approved subject to capital receipts and future years government allocations being received. Where funding allocations were required to specific schemes within a defined programme, this would be delegated to the Corporate Director in conjunction with the relevant Cabinet Member.

In respect of its Housing Revenue Account, the Authority was required to make a provision for a 3% working balance (£1,000,000) at the end of each

financial year. At the end of 2007/08 the working balance was shown as £1,094,724. A provision had been set aside to cover the costs of a stock condition survey and additional revenue contributions had been allowed for to cover pressures within the Housing capital programme.

**RECOMMENDED to Council that :-**

1. that in accordance with the Local Government Act 2003, Members note that the Section 151 Officer confirms that the following recommendations:-
  - a) represent a robust budget which has been prepared in line with best practice,
  - b) provide adequate working balances at 3% of general fund and net operating expenditure of HRA, and
  - c) that the controlled reserves and provisions are adequate for their purpose.

**General Fund Budget**

2. approve a 2007/08 budget for Stockton-on-Tees Borough Council of £131,375,973.
3. approve a 2007/08 budget for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£463,652) of £131,839,625
4. approve the following high priority additions to the Medium Term Financial Plan:-

		<b>2007/08 £</b>	<b>2008/09 £</b>	<b>2009/10 £</b>	
(1)	Building Schools for the Future	250,000	750,000	1,000,000	
(2)	Employment issues	2,800,000	0	0	2007/08 only
(3)	Access to Services Phases 1 & 2	190,000	254,000	289,000	ongoing
(4)	Legal Conveyancing Staff	30,000	30,000	30,000	ongoing
(5)	Stockton/Darlington Initiative	150,000	0	0	2007/08 only
(6)	Children's-Posts	140,000	140,000	140,000	ongoing
(7)	Children's-Placements	240,000	240,000	240,000	ongoing
(8)	Children's-services/contracts	420,000	420,000	420,000	ongoing
(9)	Adult's-Posts	130,000	130,000	130,000	ongoing
(10)	Adult's-Placements	200,000	200,000	200,000	ongoing
(11)	Adult's-contracts	70,000	70,000	70,000	ongoing
(12)	Stockton International Riverside Festival	60,000	60,000	60,000	ongoing
(13)	Public Transport support	300,000	300,000	300,000	ongoing



(14)	Energy charges-Street Lighting & administrative buildings	175,000	175,000	175,000	ongoing
(15)	Memorial Inspections	200,000	100,000	100,000	£100,000 ongoing
(16)	Planning Service Improvements	230,000	230,000	230,000	ongoing
(17)	Housing Benefits	60,000	60,000	60,000	ongoing
(18)	Parks & Countryside refurbishments/facilities	200,000	200,000	200,000	ongoing
(19)	Town Centre Manager	60,000	60,000	60,000	ongoing
	<b>TOTAL</b>	<b>5,905,000</b>	<b>3,419,000</b>	<b>3,704,000</b>	

5. approve the following Other Priority Pressures totalling £1,043,000 Revenue and £163,000 Capital.

		<b>2007/08 £</b>	<b>Revenue</b>	<b>Capital</b>
(1)	PCSO's	250	250	-
(2)	Support for Independent living	150	150	-
(3)	Youth Bus	200	120	80
(4)	Specialist Care Pack	150	150	-
(5)	Homeless/Domestic	220	220	-
(6)	Arlington Park/Castlegate Quay	153	153	-
(7)	GIS/IT	83	-	83
	<b>TOTAL</b>	<b>1206</b>	<b>1043</b>	<b>163</b>

6. the Medium Term Financial Plan be revised to reflect the budget decisions set out above, and the Council approves resource allocations for 2007/08 and indicative resource allocations for 2008/09 and 2009/10 as set out below:-

	<b>2007/08 £</b>	<b>2008/09 £</b>	<b>2009/10 £</b>
CESC	75,104,619	77,599,971	80,425,461
DNS	43,494,664	43,410,335	43,984,920
Resources	16,814,796	14,755,951	15,921,404
<b>TOTAL</b>	<b>135,414,079</b>	<b>135,766,256</b>	<b>140,331,785</b>
Less use of balances	4,038,106	0	0
<b>Budget Requirement</b>	<b>131,375,973</b>	<b>135,766,256</b>	<b>140,331,785</b>

7. Cabinet continue to receive reports on the management of the Medium Term Financial Plan.

## **Taxation**

### **SBC**

8. the Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts, be increased by 3.9% to a level of £1,098.77 at Band D (£732.51 Band A).

9. Members approve applications for local discretionary Council Tax reductions be assessed on a case-by-case basis, and approved in exceptional circumstances only, using the framework described in Appendix F of the report, and that no specific classes of discount be set.

### Fire, Police & Parish

10. the Council note the Fire Precept of £3,189,805 which equates to a Council Tax of £55.95 at Band D (£37.30 at Band A).
11. the Council note the Police Precept of £X,XXX,XXX equating to a Council Tax of £XXX.XX at Band D (£XXX.XX at Band A).
12. the Council set the precept for the Town Council of Billingham in its inaugural year at £80,000.
13. the Council note the Parish precepts as set out in paragraph 20, page 17 of the budget report.
14. the Council Tax for Stockton-on-Tees Borough Council, including Parish, Fire and Police Precepts be increased by X.XX% to a level of £X,XXX.XX at Band D (£XXX.XX Band A)

### Capital

15. Members approve the Medium Term Capital Plan (including 2008/09 & 2009/10) attached at Appendix I which includes the following:-

- a) utilisation of capital allocations received direct from the Government to services:-

	2007/08 £'000
Transport	2,979
Housing	13,909
Education	7,466
Social Services	694
<b>TOTAL</b>	25,048

- b) use of Council resources to fund the following high Priority schemes subject to the receipt of anticipated capital resources becoming available in 2008/09 & 2009/10:-

	2007/08 £'000	2008/09 £'000	2009/10 £'000	Total £'000
<b>Priority Schemes</b>				
Stockton Middlesbrough Initiative	150	1,725	0	1,875
Access to Services-Thornaby (includes £240k refurbishment	549	0	0	549

of Library)				
Access to Services-Other	425	424	299	1,148
Preston Hall	150	0	1,000	1,150
ICT Room	250	0	0	250
ICT Infrastructure/Storage	250	0	0	250
Thornaby Town Hall	330	0	0	330
Stockton Parks	500	0	0	500
Additional Highway Works	500	500	0	1,000
Splash	600	-	-	600
<b>Total Priority Schemes</b>	<b>3,704</b>	<b>2,649</b>	<b>1,299</b>	<b>7,652</b>
<b>Community Schemes</b>				
Cemeteries	150	150	-	300
Environmental Improvements	400	400	-	800
CSDPA Adaptations & Equipment	250	250	-	500
Alleygating (SBC Funding)	121	121	-	242
<b>Total Community Schemes</b>	<b>921</b>	<b>921</b>	<b>-</b>	<b>1,842</b>
<b>Repairs &amp; Maintenance Schemes</b>	<b>400</b>	<b>400</b>	<b>-</b>	<b>800</b>
<b>Total Council Resources</b>	<b>5,025</b>	<b>3,970</b>	<b>1,299</b>	<b>10,294</b>

c) Slippage

Approval of cost variations of £(2,151,000) in 2006/07 and the carry forward of slippage £(2,021,000), and re-profiled ringfenced resources of £100,000 into 2007/08.

16. the environmental improvements allocation be allocated to Wards based on Ward Population, resulting in the allocation outlined at Appendix G.
17. Members approve that where funding allocations are required to specific schemes within a defined programme, this will be delegated to the Corporate Director in conjunction with the relevant Cabinet member.
18. Members approve the proposed Stock Rationalisation Programme at Appendix J of 180 properties in 2007/08.

**HRA**

19. the Housing Revenue Account position as set out in Appendix K to the budget report be noted.

**Treasury Management/Prudential Code**

20. Council approve the Treasury Management, Investment Strategy and Prudential Indicators for 2007/08 – 2009/10 as set out in Appendix L to the budget report.

**Council Tax – Statutory Requirements**

21. Members note the statutory requirements for Council Tax as shown in Appendix E.