

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting5th July 2007

1. Title of Item/Report

Financial Update Report

2. Record of the Decision

Cabinet considered a report that provided information on final outturn, the medium financial position, and highlighted developments in Local Government Finance which might impact on the 2008/2009 Revenue Support Grant settlement and the Treasury Management Annual Report.

It was explained that the Statement of Accounts for 2006/2007 had been approved by Audit Committee on 28 June 2006, in line with the approval timescales detailed in the Accounts and Audit Regulations 2003. A full copy of the Statement of Accounts and a Summary Statement were available in the Members library and on the Council's website for information.

Member noted that the results for 2006/07 were structured around three "ring-fenced" financial areas:

- a. General Fund
- b. Housing Revenue Account
- c. Capital

The final position on the service element of the General Fund was provided and it could be seen that the Council would be carrying forward a Managed Surplus of £4.844m into 2007/08 compared to £3.477m Managed Surplus reported in February 2007. Members noted a table detailing the 2006/2007 Outturn position and were provided with key movements since the last reported position.

It was explained that, at outturn, balances in the general fund were at £13.2m (5.8% of the General Fund). At the time of setting the 2007/08 budget, £4.017 million of the working capital was utilised, leaving corporate working balances at £9.2 million (equivalent to 3.8% of the Council's 2007/08 Net Budget Requirement).

Members noted however that there were a number of potentially

significant pressures and opportunities facing the Council from a service delivery and improvement perspective viz:-

Various regeneration schemes, including SMI;

Rising Energy Costs;

Single Status (reserve being held)

Building Schools for the Future;

Integrated Children and Adult Services.

It was recommended that in order to manage the Council's finances on a prudent basis, at this stage balances are retained at the current level until some of the above issues become clearer. It was suggested that this be reviewed on a quarterly basis as part of the updates on the Medium Term Financial Plan.

It was explained that the Council had created 5 new earmarked reserves at the year end to fund specific pressures arising within service areas. The reserves include 3 within Development and Neighbourhood Services including Kerbside Recycling (£200,000), the inspection of Cemetery Memorials (£150,000) and Weather Maintenance (£130,000). New reserves within Children, Education and Social Care had been formed to fund costs within the Youth Offending Service (£228,000) and the carry forward of ring-fenced Dedicated Schools Grant (£347,000).

With regard to the Housing Revenue Account the final position was £1.397 million, which was a slight improvement on the position reported in February and was within agreed limits for the third successive year. Officers were working with representatives from Tristar Homes Limited to maintain reserves at the 3% limit.

Members noted the Capital outturn position for 2006/07, including the variance from the approved budget.

It was explained that the variance included additional expenditure funded from specific capital grants and earmarked capital receipts of £3,025,000, slippage of (£2,445,000) and a re-profiling of the use of ring-fenced resources £424,000. Details of the major reasons for movement were provided.

Members were informed of proposals to sell Cottages 1 & 2 Theatre Yard, and a small area of Wasps Nest Yard, to a private developer (JOMAST) as part of a scheme to improve the two Yards. This scheme

would create a new restaurant and flats, which would enhance the open space and improve the night time economy of the Cultural Quarter and the town.

It was explained that the Cottage sale and conversion scheme necessitated accommodation works to replace the existing Theatre fire exit, toilets, and green room. The accommodation works were being carried out by JOMAST and would increase the Georgian Theatre safe/licensable capacity. However, a range of other refurbishment works to the theatre were essential or desirable, including replacement of the heating system, improved security and access, and improved exterior door and window appearance. Tees Music Alliance, the not-for-profit company managing the Georgian Theatre and Green Dragon Studios, had attracted £95,000 from Arts Council England and Northern Rock Foundation towards the capital works and required a matching sum of £50,000 to draw down the grants and contract the package of works. As the scheme would not progress without the investment of Council resources, it was recommended that the £60,000 receipt from the sale of the Cottages, less fees, be allocated to help fund the improvement works to the Georgian Theatre.

Members were provided with details of current issues that would impact on future financial settlements.

Members were also provided with the Treasury Management Annual Report 2006/2007.

RECOMMENDED TO council that

1. the revised MTFP be noted.
2. the Capital slippage of (£2,445,000), additional expenditure of £3,025,000 and a re-profiling of ring-fenced resources £424,000 be approved.
3. Members note the issues for the 2008/09 Finance Settlement.
4. the level of working balances be retained at £9.2 million, given the potential changes emanating from the reviews in local Government Finance and the potential pressures facing the Council.
5. the Members approve the creation of the specific reserves including Dedicated School Grant (£347,000), Kerbside Recycling (£200,000), Youth Offending Service (£228,000), Cemeteries (£150,000) and Weather Maintenance (£130,000).

6. the Members approve the utilisation of the £60,000 capital receipt, less fees, from the sale of 2 Cottages in the Theatre Yard and a small part of Wasps Nest Yard to part fund refurbishment works to the Georgian Theatre.

7. the Treasury Management Annual Report for 2006/07 be approved.

3. Reasons for the Decision

To note the final 2006/07 position, approve slippage and cost variations to the capital programme, to provide members with information on the revised MTFP, for members to note the issues leading up to the 2008/09 Finance Settlement, and to approve the Treasury Management Annual Report for 2006/07.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Councillor Cunningham declared a personal prejudicial interest in this item as his son was employed by the Tees Music Alliance.

Councillor Nelson declared a personal non prejudicial interest in this item as he was a member of the Tristar Homes Limited's Management Board

6. Details of any Dispensations

Not applicable.

7. Date and Time by which Call In must be executed

Not applicable

Proper Officer

09 October 2007