

# Cabinet

A special meeting of Cabinet was held on Thursday 19th February 2009.

**Present:** Cllr Ken Lupton(Chairman), Cllr Mrs Jennie Beaumont, Cllr David Coleman, Cllr Robert Cook, Cllr Alex Cunningham, Cllr Terry Laing, Cllr Mrs Ann McCoy, Cllr Steve Nelson and Cllr Mrs Mary Womphrey.

**Officers:** N Schneider (CE); P Saunders (RES); M Robinson, S Daniels (DNS); J Humphreys, R Kench, S Willson (CESC); D E Bond, P K Bell (LD).

**Also in Attendance:** Cllr Cains, Cllr Dixon, Cllr Fletcher, Cllr Large and Cllr Walmsley.

**CAB  
/08**

## **Declarations of Interest**

Councillor Coleman declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget 2009/10 as he was a Member of Stockton International Family Centre and left the room during consideration of recommendation 5 of the report.

Councillor Mrs McCoy declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget 2009/10 as she was the Chair of Stockton District Information and Advice Service and left the room during consideration of recommendation 5 of the report.

Councillor Mrs McCoy declared a personal non prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget 2009/10 as she was a Member of Billingham Town Council.

Councillor Nelson declared a personal non prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget 2009/10 as he was a Member of Tristar Homes Board.

Councillor Nelson declared a personal prejudicial interest in respect of agenda item 3 - Review of the Medium Term Financial Plan and Budget 2009/10 as he was a Member of Stockton District Information and Advice Service and left the room during consideration of recommendation 5 of the report.

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## **Review of Medium Term Financial Plan and Budget 2008/2009**

Members considered the final report in determining the Medium Term Financial Plan (MTFP) for 2009/2010 onwards, which also incorporated the level of Council Tax increase and associated budget issues.

The Government had announced Final Settlement grant increases for 2009/10 and 2010/11 which, despite the severe economic recession the country is encountering, had remained the same as those indicated in January 2008, and included in the Provisional Settlement announced on 26 November 2008. In line with the indicative grant settlement, the Council proposed indicative Council Tax increases for 2009/10 (4.3%) and 2010/11 (3.9%) in last year's budget setting. The impact of a 4.3% increase for a Band A taxpayer in 2009/10 was 63p a week. (Band A has the largest proportion of properties subject to Council Tax in Stockton at just under 44% of the total properties). At Band D the increase will equate to 95p a week. (Band D is the band the Government uses as a comparator between authorities as this is the band that equates to a 100% charge).

The current position of the MTFP for each service as at 31st December 2008, was as follows:-

**MTFP (MS / MC) – 2008/09 PROJECTED OUTTURN**

Reserves (MS)/MC	Approved Position at 31/12/2008 (MS) / MC's £'000's	Projected Outturn Position at 31/03/2009 (MS) / MC's £'000's	Projected Outturn Position at 31/03/2010 (MS) / MC's £'000's	Projected Outturn Position at 31/03/2011 (MS) / MC's £'000's	Projected Outturn Position at 31/03/2012 (MS) / MC's £'000's
CECSC	(633)	(1,181)	(380)	(83)	0
D & NS	(1,203)	(1,708)	(664)	(497)	(165)
RESOURCES	(50)	(116)	0	0	0
TES	0	0	0	0	0
LAW & DEMOCRACY	(51)	(93)	(76)	(51)	(31)
PPC	(133)	(403)	(172)	(123)	(69)
<b>TOTAL</b>	<b>(2,070)</b>	<b>(3,501)</b>	<b>(1,292)</b>	<b>(754)</b>	<b>(265)</b>

It was noted that the Council's current policy was to hold 3% of General Fund expenditure as balances (equating to £7.6 million at 1st April 2008). The current projected level of working balances at 1 April 2009 was £8.6m, a reduction of £500k since September position, due to further reductions in interest rates. The working capital available at 31 March 2009, of £8.6 million was equivalent to 3.3% of our 2009/10 Net Budget Requirement (equating to approximately £870,000 above the 3%). The available surplus had been incorporated into the resources utilised in the 2009/10 estimate.

Members were advised of the impact that the current global financial position was beginning to have on the resource requirements of services provided by the Council. Due to the prevailing economic conditions officers had looked at pressures on services and classified them into those that were "unavoidable" and those that were "potential" pressures:-

## Unavoidable Pressures

	2009/10 £000	2010/11 £000	2011/12 £000
<u>Development &amp; Neighbourhood Services</u>			
Planning Fees	150	150	150
Concessionary Fares	275	275	275
Police Community Support Officers	50	125	125
Housing Benefit Grant Reduction	34	151	231
Waste	200	200	200
Voluntary Sector Support	<u>123</u>	<u>0</u>	<u>0</u>
	832	901	981
<u>Children, Education &amp; Social Care</u>			
Demand Pressures (ongoing)	600	600	600
Estimated Growth on demand	<u>575</u>	<u>925</u>	<u>1275</u>
	1175	1525	1875
<u>Resources</u>			
Energy	80	80	80
<b>TOTAL</b>	<b>2087</b>	<b>2506</b>	<b>2936</b>

In addition, a review of the Safeguarding Children procedures had identified that extra financial resources were required to meet the increased demand around safeguarding and to ensure that there was an appropriate staff resource. This creates an extra pressure totalling £300,000 per year. The Service Group does, however, benefit from a number of grants from external bodies. It was expected that the extra pressure could be funded via a reprioritisation of these and associated budgets.

Transitional NRF funding for the Community Empowerment Network was to end in March 2009 and it was proposed to fund the Community Empowerment Network (£131,238) for the next financial year from the Communities Fund (Capacity Building Fund) as a temporary move to allow continuity of service for the next 12 months whilst the review of the voluntary sector support funding (VSSF) took place in the Autumn.

Members were advised that a further unavoidable pressure becoming increasingly inevitable as time progressed concerned the investment income that is received for the funds the Council placed with banks and building societies. The Authority has built into its MTFP for 2009/10 an anticipated income of £4.6 million from returns on these investments. This target has been exceeded in recent years, however the picture has changed dramatically in recent months, during which time the Bank of England has made large reductions in the base rate. If the average rate of investment for 2009/10 was 2% the Council would suffer a substantial shortfall against the target within the MTFP. This is mitigated to a degree by the gains made in the first half of 2008/09 and the fact that we have placed some longer-term investments prior to the December rate cut. It is estimated that at this current moment in time the net effect in 2009/10 will be a shortfall of £800,000. The position however gets much worse for 2010/11 as the Council will not have any surplus to offset the shortfall, and some of the longer-term investments will mature and have to be placed at the anticipated lower rates. The current estimated shortfall for 2010/11 was £2.3 million. A plan for funding such significant sums therefore needed to be developed.

In recent years revenue contributions had also been used to supplement the capital programme. The table below identified the schemes that were funded via this route last year:-

	2011/12 £000
<u>Capital Schemes</u>	
Environmental Improvements	400
Chronically Sick and Disabled Persons Adaptations	250
Repairs and Maintenance	400
Cemeteries	150
<b>TOTAL</b>	<b>1,200</b>

Funding was, however, only made available to the end of 2010/11. If these schemes were to continue to the end of 2011/12 a further £1.2 million would be required. In addition in 2007/08 the Council allocated £500,000 per annum to supplement highways improvement budgets. This allocation was short-term and was to cease at the end of 2008/09. Consideration therefore needed to be given regarding extending the scheme resourcing still further. Members were advised that potential budget pressures included the impact on service demand of an expected ageing population and an anticipated increase in both employer and employee N.I. contributions. The Council had however recently attracted considerable external funding and had utilised our own limited resources to encourage and pump prime initiatives; and details were provided of future opportunities likely to arise in this regard.

It was noted that if Council Tax was increased by the indicative 4.3% there would be no additional income. In these circumstances resources to fund the pressures identified would need to be generated internally and a number of sources of funds had been identified; which included a reduction in premiums for insurance and a lowering of the total amount Stockton has to pay from its self-insurance fund (£1.950 million per annum); £176,000 residual amount available for utilisation year on year to fund the plastics and cardboard recycling scheme, and a further source of funds available from the Local Authority Trading Scheme for landfill credits (£255,000 in 2009/10). In addition the Council had £2.718 million one-off resource generated from additional PSA Reward Grant, Collection Fund surplus over and above that anticipated, and Grant Exit Strategy reserve accumulated prior to it being allocated on an ongoing basis.

Discussions had also commenced regarding the most appropriate, and realistic, methods to deliver further efficiencies in the short term and a number of measures had been agreed that would generate resource of £1.4 million in 2009/10, rising to £2.6 million in 2011/12; and which would be built into the service and financial planning process and would be generated from a freeze on supplies and services budgets, managed staff vacancies and an allowance for staff turnover within budgets. In order to make the situation more manageable regarding investments, consideration had also been given to utilising some of the one-off resource and it was proposed that £1.9 million of the lost investment income be funded ongoing from 2010/11 whilst the balance, £1.6 million over the 3 years of the financial plan, be funded from one-off resources.

A summary of the resources available to fund recommended pressures was as follows:

	2009/10 £000	2010/11 £000	2011/12 £000
Pressures:			
Unavoidable	2087	2506	2936
Investment Income		1925	1925
Capital Schemes			1200
Highways *	<u>150</u>	<u>150</u>	<u>150</u>
	2237	4581	6211
Resources:			
Insurance	1950	1950	1950
Grant Exit	176	176	176
LATS	255	343	277
Service Efficiencies	1400	2000	2600
	(3781)	(4469)	(5003)
(Surplus) / Deficit	(1544)	112	1208

\* The Council has invested £1 million additional resources into highway improvements over the last 2 years and it is proposed that a further commitment of £150,000 per annum continues for the following 3 years.

Across the 3 years of the MTFP this provided a surplus of £224,000 which can be added to the one-off resource leaving a balance of £1.342 million available for key capital schemes or invest to save initiatives, an example of a possible utilisation of this money being the Health PFI proposal. A further possible call against the one-off resource had been reported to Cabinet previously concerning Education and Employment Services, which recommended ceasing the in-house training service for flexible new deal participants. If Members did however wish capital schemes to extend beyond 2011/12, then £1.3 million ongoing would need to be found.

In order to position the Council well going forward, it was suggested that an efficiency, improvement and transformation programme be developed to supplement current service and financial planning processes. Partly this will build on the work that has already started on crosscutting initiatives such as Workwise and Procurement; and would have a range of objectives:

- To improve services while reducing costs enabling the Council to manage budget reductions effectively.
- To improve resident satisfaction.
- To further develop the Council's excellence, improvement and efficiency culture.
- To maximise the potential of partnership working to improve efficiency and delivery to residents and service users.
- To ensure the Council remains high performing in the new Comprehensive Area Assessment.
- To develop service delivery models which will be effective in meeting the changing needs of our communities e.g. the needs of an aging population.

This would need to be a wide ranging programme covering every aspect of the Council's work. A review methodology including the role of Councillors in reviews, governance arrangements and a review toolkit was currently under development. Work had begun to identify priority areas for review and these include facilities management, placement of looked after children, adult social care (placements, telecare, home care service), youth services, employee transport and procurement. The selection of these areas had been based on either high costs in Audit Commission value for money profiles, previously being programmed for review, or having been highlighted by Members. It was also the intention to review all other service areas during the period of the Medium Term Financial Plan.

The current capital position as at 31 December 2008 was as follows:

	Approved Budget £000's	Outturn £000's	Variance £000's
Children, Education and Social Care	15,687	14,756	(931)
Development & Neighbourhood Services	52,333	45,738	(6,595)
Resources (inc Law & Democracy)	1,137	985	(152)
Total Programme	69,147	61,479	(7,678)

The movement from the approved programme was mainly due to re-profiling of approved schemes as follows:

#### **Re-profiling of approved expenditure**

##### **Resources**

The construction of the new computer room has been delayed and expenditure will be incurred in the next financial year. (100,000)

##### **Development & Neighbourhood Services**

SPLASH – the costs associated with the scheme have been reprofiled and some costs will now be delayed until 2009/10. (170,000)

Regeneration – Various regeneration schemes, including acquisitions have been delayed until 2009/10 (5,300,000)

Developer Agreements – a number of schemes have been put on hold by Developers due to the downturn in the economic market. (998,000)

Cemeteries – various delays caused by unexpected repairs and traffic issues. (153,000)

##### **Children, Education and Social Care**

Redbrook / Roseworth Schools – the project will now be completed early in the 2009/10 financial year. (400,000)

Early years – A number of schemes, mainly in relation to extended schools will be undertaken in 2009/10. (530,000)

The detail of the Medium Term Capital Plan for 2009/10 onwards was submitted and included the following:

	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>
Social Services	206,000	206,000	206,000
Transport	3,578,808	3,886,340	3,886,340
Education	11,517,753	13,553,019	8,108,610
Housing	13,959,052	13,354,400	13,354,400
Waste Infrastructure	333,000	123,000	0
Community Protection	62,276	62,276	62,276
	<b>29,656,889</b>	<b>31,185,035</b>	<b>25,617,626</b>

In order to achieve the Government's Decent Standards Works to properties deadline of 2010, the Council had a rationalisation programme and the 2009/10 stock rationalisation programme had been taken from the Building Cost Model prepared by Tristar Homes Limited, which proposed demolishing 61 properties. This approval would enable the Council to maximise its receipt of subsidy from Communities and Local Government (CLG).

In conclusion, Members noted that the level of balances on the Housing Revenue Account for 2008/09 was still anticipated to be at £1.1 million; and were provided with the Treasury Management, Investment Strategy and Prudential Indicators for 2009/10 – 2011/12; before finally noting the advice provided by the Section 151 Officer regarding the robustness of the budget and the adequacy of the proposed financial reserves.

***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 2009/10 budget for Stockton-on-Tees Borough Council of £146,754,391.
3. Approve a 2009/10 budget for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£563,448) of £147,317,839.
4. Approve the funding of the unavoidable pressure costs as shown in paragraph 22.
5. Approve the funding of the Community Empowerment Network from the Communities Fund for 2009/10 only.
6. Approve the utilisation of one-off resources of £1.6 million to allow the Medium Term Financial Plan to be balanced across the next three years.

## **Taxation**

### **SBC**

7. The Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts, be increased by 4.3% to a level of £1197.58 at Band D (£798.39 Band A).

### **Fire, Police & Parish**

8. The Council note the Fire Precept of £3,570,300, which equates to a Council Tax of £61.57 at Band D (£41.05 at Band A).
9. The Council note the Parish precepts as set out in paragraph 32, page 15 of the budget report.
10. Legislation requires the Council to approve the aggregate tax for the Borough. The Council has been notified that the Police Authority will now not be meeting to set their budget, precept and Council Tax until 26 February. Consequently an item will be placed on the agenda of the Council meeting on 4 March to set the aggregate Council Tax.

### **Capital**

11. Approve the revised capital programme for 2009/10 (paragraph 36) and the Medium Term Capital Plan as set out in **Appendix C** of the report.
12. Approve the proposed Stock Rationalisation Programme at **Appendix D**.
13. Approve that where block allocations are required for specific schemes within the programme, this be delegated to the Corporate Director in conjunction with Cabinet Member.

### **Housing Revenue Account**

14. The Housing Revenue Account as set out in **Appendix E** to the budget report be approved.

### **Treasury Management/Prudential Code**

15. Council approve the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2009/10 – 2011/12 as set out in **Appendix F** to the budget report.

### **Council Tax - Statutory Requirements**

16. Members note the statutory requirements for Council Tax as shown in **Appendix B** to the budget report.
17. As previously mentioned in the report this excludes the Precept and Council Tax in respect of Cleveland Police Authority. The aggregate tax for the Borough will be reported to the Council meeting held on 4 March for approval.



## Attendance at Court

18. Approve that the postholders named in paragraph 45 be authorised to prosecute, defend or appear in proceedings before the Magistrates Court in relation to Council Tax, Business Rates (NNDR) and Business Improvement District (BID) charges.

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### **Efficiency, Improvement & Transformation Programme**

Further to the reported downturn in the national economy and its impact on the borough's Medium Term Financial Plan, consideration was given to a proposed new Council approach to driving improvement and efficiency. The proposed approach would refine current approaches to performance and financial management, placing residents' needs and efficiency at the heart of the council.

A three year programme of efficiency and improvement reviews was proposed across all the Council's activities and consideration was given to the proposed approach to these reviews. It would also mark the beginning of a development phase for the Council as it followed a period where the Council had been nationally recognised for its high performance and forward thinking, where resident satisfaction was generally high and where quality of life for local people had improved. Even without the financial drivers for improved efficiencies, this programme was needed in order to maintain high performance, continue to improve satisfaction and enable further improvement across the borough.

The objectives of the Efficiency, Improvement and Transformation (EIT) programme, considered by Cabinet at its January meeting, were:

- To improve services while reducing costs enabling the Council to manage its Medium Term Financial Plan effectively;
- To improve resident satisfaction;
- To further develop the council's service focus, excellence, improvement and efficiency culture;
- To maximise the potential of partnership working to improve efficiency and delivery to residents and service users;
- To ensure the Council remains high performing and that the borough is seen as high performing in the new Comprehensive Area Assessment;
- To develop service delivery models which will be effective in meeting the changing needs of our communities e.g. the needs of an aging population.

The principles embedded within the review framework were:-

- Member involvement throughout
- Resident focus
- Innovation
- Service focus
- Efficiency focus
- Performance focus
- Doing more, better, for less or maybe not doing it at all
- Future proofing the council
- Effective project management.

The Efficiency and Improvement strands of the programme would be delivered through a whole Council review programme. Reviews would be carried out which encompassed every function whether delivered directly or through commissioned /

contracted services. Some reviews would be of discreet services or groups of services such as a review of youth services; others would be of themes which affect a range of services / areas of the Council such as advice and information services.

Councillors would be involved in every review. Some reviews or elements of reviews would be carried out by Scrutiny Committees as part of the Scrutiny Work Programme. For reviews not carried out by Scrutiny Committees there would be two ways of involving non-Executive Councillors in the reviews. The first is through allocating a Scrutiny Committee to each efficiency and improvement review. The allocated Committee would receive progress reports at its meetings enabling members to challenge the progress and findings of the review. The second option is for a Scrutiny Committee or a specially formed task and finish group of councillors to be involved in a “gateway” review of the findings of the challenge and procurement modules. This would enable members to test the findings of these two critical stages in the review, challenging their robustness before they are reported to Cabinet. Cabinet members would be involved in all reviews relating to their portfolio.

Details were submitted of how the three following main stages of the review framework would operate:-

- Challenge
- Procurement
- Business Process Re-engineering (simplifying the way we do things to make them more efficient).

Every aspect of the Council’s work would need to be covered by the review programme. There would be two review programmes – one for reviews to be carried out by Scrutiny Committees and one for reviews to be carried out by officers with scrutiny committee involvement.

The Scrutiny review programme for 2009/10 would be developed as normal through the identification of potential review areas, assessment against the PICK (Public interest, Impact on the social, economic and environmental well-being of the area, Council performance and efficiency, Keep in context) criteria, discussion of priorities at the Scrutiny Liaison Forum and decision by Executive Scrutiny together with allocation of each review to an appropriate Scrutiny Committee. Greater weighting would be applied to reviews with an efficiency focus in the PICK criteria.

The programme of efficiency and improvement reviews to be carried out by officers would be developed over the coming weeks and brought to Cabinet in March alongside the Council Plan and Service Improvement Plans for approval. This programme would then be used by Executive Scrutiny Committee to decide which option for scrutiny involvement to apply to each review. The review programme would be firm for the first year (2009/10) and indicative for the following two years.

Progress in delivering the Scrutiny work programme would be monitored as normal by the Executive Scrutiny Committee. Progress in delivering the officer review programme would be monitored by a “programme board” of senior officers and reported to Cabinet and Executive Scrutiny on a quarterly basis. Progress with the reviews would also be outlined at the regular “policy update” members seminars.

RESOLVED that the proposed managed approach to improvement and efficiency over the medium term, be approved.

### **Performance, Finance and Risk Report Quarter 3**

Members considered a report that outlined the Council's performance and financial position for the period Quarter 3 October to December 2008 highlighting achievements and areas for improvement.

The National Indicator Set (NIS) of 198 statutory measures included a number of new measures, never before collected. Work continued with the Council and its partners to develop systems to collect this new data with work underway to test the data collection systems to ensure that they are robust. Delays at a national level were likely to mean that some National Indicators would not be introduced until 2009/10.

The NIS also includes measures which were dependent on perception data collected through the Place Survey (adults) and Tell Us survey (children). The Place Survey results were due for publication in February 2009. The Tell Us survey results were published in December 2008 with some national comparative data still awaiting publication.

The Corporate Basket currently monitors 218 measures to provide an overview of our progress towards achieving the themes and actions identified within the Sustainable Community Strategy and the Council Plan. Of these measures 90 were due for reporting and were available at quarter 3. As many of these measures were new for 2008/9, the first year of data collection was being used to determine a baseline from which future targets could be set. As a result of this, for 20 of the measures collected at quarter 3, data was held but progress could not be shown against a target.

For the remaining 70 measures, 49 were on track or have achieved the targets set with 21 currently indicating that the target would be missed. This equated to 70% of targets on track or already having achieved target. This was a similar trend to overall achievement of targets at the same period in previous years. Full details of progress against each objective was provided to Members. Cabinet also noted information on consultation activity and complaints and commendations received within the last quarter.

RESOLVED that the report detailing performance, as at Quarter 3, be noted.