

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....8th July 2010

1. Title of Item/Report

Q4 Improvement Report - Finance/Performance

2. Record of the Decision

Cabinet considered a report that outlined the Council's quarter 4 medium term financial plan update and provided detail of service performance for the fourth quarter of 2009/10 and the year end outturn for all measures monitored in 2009/10. It highlighted achievements against objectives in the Council Plan, the Local Area Agreement, the National Indicator Set, consultation activity undertaken, summary of Freedom of Information requests, complaints, commendations and comments received and provided an update on progress with Efficiency Improvement and Transformation ( EIT)

Members were provided with a table detailing the current MTFP position of each service and noted reasons for changes in the final quarter of the year.

It was noted that the General Fund Balances stood at £11.5m, a net improvement of £0.7m from the 2010/11 budget report position of £10.8m.

It was explained that the outturn position on the Housing Revenue Account was in line with the budgeted surplus at £1.34 million at 31st March 2010.

Details of capital budget was detailed together with the main reasons for variances. Specific reference was made to Billingham Forum Refurbishment and it was explained that although the scheme had made good progress the complexities around the building had meant the costs had increased by £2m and some delay was expected. Due to the additional works however the building was expected to have a longer life, the £2m could therefore be accommodated through re-profiling of Prudential Borrowing over 30 years in line with the revised life cycle.

It was explained that the Government had announced that local government would make a contribution of £1.166bn to the overall savings

of £6.2bn across Government, in 2010/11.

The impact of these reductions cuts on Stockton were summarised for members and it was noted that the Council needed to consider how to address the reductions of funding within the current year.

Area Based Grant would be cut by £2,471,000 . ABG received by the Council was approximately £20m and included a range of funding allocations such as Connexions, Working Neighbourhoods Fund, School Development and a range of Health and Community Safety related issues. These services were delivered both by the Council and through a range of partner organisations, including the Voluntary Sector. The spending proposals within this area had been assessed and there were a number of elements of the grant which had not yet been allocated by specific projects.

If no further funding allocations were made from this area, it would release savings in 2010/11 of £1.3m without affecting services already planned and commissioned. The main areas were outlined:-

£000's	
School Development Grant	340
Connexions	100
Children's Services & Activities	170
Community Safety	85
Climate Change	22
Working Neighbourhood Fund	535

Members were reminded that the MTFP for 2011/12 onwards included savings which would be delivered through the EIT programme. A number of reviews had been concluded and reported through Cabinet which would deliver savings in 2010/11, in advance of the MTFP requirement, which would generate an in year saving of approximately £500,000.

An overall saving to contribute to the reduction in funding of £1.8m could be identified. In order to avoid any cuts to front-line services in 2010/11, it was recommended that the £1.8m be approved to contribute to the £2.47m ABG reduction, with the remaining £0.7m being funded from the available balances outlined above and in paragraph 6 of the report.

The Kickstart grant of £109,000 was to be used to fund a bus service to run between Teesside Park and Stockton Town Centre. Originally it was anticipated that there would be 3 years funding, however, given the cut announced, this service would not be able to commence.

The Housing and Planning Delivery grant had been removed in its entirety. In the current financial year the Council had estimated receiving £50,000, however, the actual amount would not have been known until later in the year. This would leave a pressure of £50,000 within Development & Neighbourhood Services, which would be assessed as part of the MTFP review going forward.

It was explained Integrated Transport had been cut by £540,000, however, an assessment had been made of the Integrated Transport Block and spend had been reduced by a combination of re-prioritising schemes and also re-profiling to following years.

The above actions would resolve the issues within the current year. Members were reminded that the current MTFP covered up to the period of 2012/13 and was based on a 3.3% cash reduction in Revenue Support Grant in each year of the plan. Indications were that the Comprehensive Spending Review, which the budget announced would be delivered in October, would cover the period up to the remainder of the Parliament i.e. 4 years. There were also indications of a 25% real terms reduction in funding across Government departments, although it was unclear how this would translate in local government. The Council's MTFP would be extended to cover the additional two years covered by the Spending Review, and if the indication of reductions was accurate, there would clearly be additional pressures in the subsequent two years of the MTFP. These would be assessed and Members would be briefed accordingly. The Council would continue with the managed approach for dealing with the financial pressures, with the focus being on the Value for Money programme to address the challenges ahead.

It was explained that there were a number of projects the Council was involved in which could potentially be affected by funding announcements and areas where it had been informed that schemes at a national level, were under review. Officers were assessing the current position and considering risks associated with these schemes on an ongoing basis and may need to make decisions at short notice in relation to whether the Council progressed with development and preparation work. It was recommended therefore, that these decisions be delegated to the Chief Executive in consultation with the Leader of the Council.

Members moved on and considered Council's performance against Council Plan objectives, the Local Area Agreement, the National Indicator set, details of resident feedback on consultation activity undertaken and a summary of Freedom of Information requests received. A series of appendices had been prepared to support the report and provided members with a full picture of performance.

Of the National Indicator measures where information is available at year end , 53% (73 indicators) across all themes had achieved targets or were within the agreed tolerance set, this compared to 58% at year end last year.

The current Local Area Agreement (LAA) was at the end of year two of the three-year agreement with Central Government. Progress continued to be made against some very stretching targets. The key focus of the Council's LAA was the worklessness agenda and as such the economic climate had impacted on outturn for year ending 2009/10 with 45% of targets being achieved or on track for achievement once all data for year ending March 2010 became available.

Performance against the achievement of the Council Plan objectives in 2009/10 was good with 70% of objectives/ targets achieved or on track. This was a slight reduction on last year's outturn of 79%. The Council Plan contained actions that supported the Sustainable Community Strategy as well as actions and success measures on organisational effectiveness. Details of progress and slippage were provided.

RESOLVED that

1. the levels of performance and subsequent actions be noted.

RECOMMENDED to Council that

2. the updated Medium Term Financial Plan (MTFP) and Capital Programme be approved.

3. In order to address the reductions in funding allocations within 2010/11:-

a. The 2009/10 Area Based Grants be reduced by £1.3m.

b. The savings generated through the Value for Money programme in advance of that required in the MTFP of £0.5m be utilised.

c. Corporate working balances of £0.7m be utilised.

4. That the remaining level of working balances be retained at £9.2m.

5. The funding associated with Billingham Forum be re-profiled over 30 years to reflect the anticipated life of the scheme and to reflect additional costs incurred.

6. where funding was in question the decision to cease new expenditure

on previously approved schemes be delegated to the Chief Executive in consultation with the Leader of the Council and appropriate Cabinet Member.

3. Reasons for the Decision

To provide members with updates relating to performance and the financial management of the Council and seek approval of changes to the MTFP

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

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

In respect of decision 1 only – midnight on Friday 16th July 2010.

Proper Officer  
12 July 2010