

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting8th September 2011

1. Title of Item/Report

Medium Term Financial Plan Update - June 2011

2. Record of the Decision

Consideration was given to the current financial position of the Council.

It was noted that with regard to Children, Education and Social Care services, a report submitted to Members in July 2011 outlined a range of pressures facing the service and indicated that the managed surplus would be required to fund these pressures. These pressures associated with looked after children were also being considered elsewhere on the agenda and the remaining managed surplus of £1.4m was now expected to be utilised in the current financial year:

- Additional placements of varying costs and duration in agency children's homes had increased the pressure on this area which was forecast to cost an additional £750,000.
- The number of children in independent foster care was resulting in pressures of £400,000. Members were aware that following the EIT review in this area, the Council were actively campaigning to recruit more in-house foster carers and were investing in two in-house children's homes. These changes had not yet impacted upon the position, but should assist with managing these pressures in the future.

There were also emerging pressures within Learning Disability which would be considered as part of the EIT review. Many of the budget areas and pressures associated with the service were extremely volatile and it was difficult to predict changes, and the position be monitored constantly throughout the year. Members were also aware from the budget report of the transfer of resources from the PCT to support social care. The Council had now received this resource of £2.2m and would be considering how it could be used to support services and the Council's Medium Term Financial Plan.

Cabinet was advised that there were a significant number of issues and developments which would impact on the Council as follows:

- Localisation of Business Rates: The Government had published proposals around localisation of business rates with eight technical papers having now been received.
- Council Tax Benefit: A consultation exercise was underway to devolve responsibility for all aspects of Council Tax Benefit to local authorities. This included a proposal to reduce budgets by 10%. If this was a universal reduction, Stockton would lose approximately £1.7m. Council's then would need to develop a local scheme to allocate benefits.
- Academy funding: There was a consultation on the methodology of funding Academies for 'Central' services. The option proposed was one using estimates of Academies nationally without any links to actual numbers of Academies in the borough. This would have a detrimental impact on Stockton and officers had responded to the consultation accordingly.
- Various other consultation papers may have an impact on local government finance such as Public Health responsibilities transferring to Local Authorities, Dilnot review, Munro review, changes to Youth Justice Grant distribution etc. There were also proposals to transfer elements of the Social Fund Scheme to Local Authorities as part of changes to the Welfare Benefit system.

The above issues would be considered and reported as part of future MTFP review reports.

General fund balances were expected to remain at the level previously reported of £9.4m which was £1m above the 3% recommended target and given the current financial climate it was recommended that these resources be retained.

With regard to the Council's capital budget, the revised budget had increased by £6million to take account of variances caused by slippage in 2010/11. Since then a number of additional schemes, totalling £3.5m had been incorporated into the Council's Capital Programme and the Town Heritage Initiative scheme (£2.1m) had been reprofiled to reflect the current timescales of the scheme which would commence in 2011/12.

The additional schemes in 2011/12 included:

-Disabled facilities	£1m
-Winter maintenance	£0.44m
-Teesside Park egress	£0.44m
-Yarm Lane access	£0.53m

The schemes were to be financed by additional grants and contributions of £2.6m, revenue contributions of £0.3m which were already incorporated into the medium term financial plan and developer's contributions of £0.6m. The variance shown of £1.2m arised mainly within the schools capital budget where savings had been made on a number of schemes where favourable tenders had been received.

RESOLVED that the Medium Term Financial Plan (MTFP) and the current level of general fund balances be approved.

3. Reasons for the Decision

To update Members on the Council's financial position.

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

Midnight on Friday 16 September 2011

Proper Officer
12 September 2011