

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**4 OCTOBER 2012**

**REPORT OF  
CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Corporate Management & Finance – Lead Cabinet Member – Councillor Harrington**

#### **MEDIUM TERM FINANCIAL PLAN UPDATE – JUNE 2012**

1. Summary

This report is to update Members on the current financial position of the Council.

2. Recommendation

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

3. Reason for the Recommendation/Decision

Update Members on the Medium Term Financial Plan.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the

business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

### **Disclosable Pecuniary Interests**

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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**CABINET DECISION**

**MEDIUM TERM FINANCIAL PLAN UPDATE – JUNE 2012**

**SUMMARY**

This report is to update Members on the current financial position of the Council.

**RECOMMENDATION**

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

**DETAIL**

**FINANCIAL POSITION**

**General Fund**

1. The following table details the current MTFP position of each service. Officers are continuing to monitor closely expenditure in all areas with particular focus on areas where services which are in the process of an EIT review.

<b>Service Reserves (MS)/MC</b>	<b>Previously reported position at 31/3/13 (MS) / MC's £'000's</b>	<b>Projected Outturn position at 31/3/13 (MS) / MC's £'000's</b>	<b>Projected Outturn position at 31/3/14 (MS) / MC's £'000's</b>	<b>Projected Outturn position at 31/3/15 (MS) / MC's £'000's</b>
CECSC	0	(418)	0	0
D & NS	0	(68)	0	0
RESOURCES	(513)	(300)	(127)	(101)
LAW & DEMOCRACY	(141)	(125)	(65)	0
<b>TOTAL</b>	<b>(654)</b>	<b>(911)</b>	<b>(192)</b>	<b>(101)</b>

**Children, Education and Social Care**

2. The managed surplus at the end of the 2011/12 financial year was £1.7m and the report to Members in July 2012 discussed a number of ongoing pressures facing the service and indicated that the managed surplus would be required to fund pressures in 2012/13. The indications from the June budgetary control are that £1.3m will be utilised, £250,000 in respect of expenditure deferred from 2011/12 and £1m to support service pressures. These can be summarised below:

The main areas of pressure are in respect of looked after children:

- The pressure on external placements outlined from 2011/12 is continuing in this

financial year which means that spend is expected to exceed budget by approximately £1.5m partly due to a slight delay in the opening of our in house care homes.

- There is also a continuing pressure of approximately £1m in respect of independent foster care due to increasing numbers.
- There are continuing increases in legal cases for children’s social care and this is expected to cost an additional £228,000.

Within adult social care there are some emerging pressures and some areas of savings.

- There has been an increase in the number of clients in external residential care in both mental health and learning disabilities costing an additional £400,000 and £180,000 respectively.
- A number of vacant posts across the service will save £260,000.
- Unspent balances on individual client budgets together with additional client contributions to care costs will save £480,000.
- The use of reablement funding and activities is being used to support services and will save £470,000.
- Increased income & reduced client support needs in external day services for people with learning disabilities is expected to save £120,000.

Members will be aware that the majority of the above areas are currently subject to detailed review and analysis as part of the Councils approach to efficiencies (‘Big Ticket’). The position will be monitored closely and considered as part of the 2013/14 medium term financial plan review.

### Development & Neighbourhood Services

3. Although there is no change to the overall managed surplus at the moment, there are indications that planning fee income may be below target. This again is extremely volatile and will be monitored closely throughout the year

### General Fund Balances

4. General fund balances are expected to remain at the level previously reported of £10.3m which is £1.8m above the 3% recommended target and given the current financial climate it is recommended that these resources are retained.

### Capital

5. The Capital budget for 2012/17 is shown at Appendix A and summarised in the table below:

Category	Current Programme	Revisions in Period	Revised Programme
	‘000	‘000	‘000
School Capital	42,186	0	42,186
Housing Regeneration	12,868	0	12,868
Town Centre Regeneration	26,657	570	27,227
Transport	8,278	309	8,589
Other	8,111	502	8,614
<b>TOTAL</b>	<b>98,103</b>	<b>1,382</b>	<b>99,485</b>

The main changes to the programme are as follows:

**Stockton Town Centre Schemes** - The budget has increased to reflect the successful application for ERDF grant to renovate 62 Dovecot Street

**Local Transport Plans** - Additional grant was received from Central Government at the end of 2011/12 which was carried forward for use in 2012/13

**Private Sector Housing** - The budget has increased following confirmation of the Disabled Facility Grant allocation for 2012/13

**ICT & Infrastructure** - The budget has been amended to reflect that some elements of the original scheme have been deferred

All schemes in the programme are currently in progress.

#### **FINANCIAL IMPLICATIONS**

7. To update the MTFP.

#### **LEGAL IMPLICATIONS**

8. None

#### **RISK ASSESSMENT**

9. The update of the MTFP is categorised as low to medium risk and is covered by existing management arrangements.

#### **EQUALITIES IMPACT ASSESSMENT**

10. Not applicable

#### **CORPORATE PARENTING**

11. Not applicable

#### **CONSULTATION INCLUDING WARD/COUNCILLORS**

12. Not applicable.

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## Appendix A

<b>CAPITAL PROGRAMME 2012-2017</b>	<b>Current Approved Programme</b>	<b>Programme Revisions</b>	<b>Revised Programme</b>	<b>Expenditure April - June 2012</b>
<b>SCHOOL CAPITAL PROGRAMME</b>				
School Investment Programme	20,966,399	0	20,966,399	152,393
Academies	21,220,160	0	21,220,160	1,263,097
<b>SCHOOLS CAPITAL</b>	<b>42,186,559</b>	<b>0</b>	<b>42,186,559</b>	<b>1,415,490</b>
<b>HOUSING REGENERATION &amp; TOWN CENTRES SCHEMES</b>				
Housing Regeneration	12,868,248	0	12,868,248	588,707
Stockton Town Centre Schemes	21,800,714	570,311	22,371,025	963,627
Billingham Town Centre Schemes	4,855,884	0	4,855,884	0
<b>HOUSING REGENERATION &amp; TOWN CENTRES SCHEMES</b>	<b>39,524,846</b>	<b>570,311</b>	<b>40,095,157</b>	<b>1,552,333</b>
<b>TRANSPORTATION</b>				
Local Transport Plans	3,105,357	309,212	3,414,569	158,672
Developer Agreements	1,398,079	0	1,398,079	154,196
Tees Valley Bus Network Initiative	3,776,357	0	3,776,357	105,646
<b>TRANSPORTATION</b>	<b>8,279,793</b>	<b>309,212</b>	<b>8,589,005</b>	<b>418,514</b>
<b>OTHER SCHEMES</b>				
Private Sector Housing	2,213,000	565,000	2,778,000	238,318
Facilities Management	770,023	42,200	812,223	269
ICT & Infrastructure	902,935	(104,566)	798,369	60,563
Parks, Museums & Cemeteries	2,355,216	0	2,355,216	674,563
Miscellaneous Schemes	1,870,718	0	1,870,718	6,330
<b>OTHER SCHEMES</b>	<b>8,111,892</b>	<b>502,634</b>	<b>8,614,526</b>	<b>980,042</b>
<b>Total Approved Capital MTFP</b>	<b>98,103,090</b>	<b>1,382,157</b>	<b>99,485,247</b>	<b>4,366,380</b>