

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting4th September 2013

1. Title of Item/Report

Medium Term Financial Plan Update - June 2013

2. Record of the Decision

Consideration was given to a report on the current financial position of the Council as at 30 June 2013. The report provided details of the Spending Round in June and associated technical consultation documents issued in July 2013.

The report contained a table that detailed the MTFP position of each service. Members were aware of the savings proposals presented by Cabinet to Council in June 2013 and in advance of these proposals officers had been continuing to monitor closely expenditure in all areas.

Members were reminded that in setting the budget for 2013/14 all budgets were frozen and a growth provision of £1.8m per year was earmarked to deal with growth items within the 'Big Ticket' areas. The report outlined the potential call on that resource as well as the position of each Service. Further information in respect of progress of the 'Big Ticket' reviews would be provided to Cabinet as part of a separate report.

The report then detailed the MTFP of each of the service areas.

The report in June outlined that general fund balances had improved at the end of the financial year to £9.7m, which was £1.3m above the 3% recommended level. The surplus stood at £1.7m. The change was in the main due to the final collection fund position for 2012/13 being £300,000 higher than anticipated.

Members were also aware of the savings programme approved by Council in June 2013. This identified that savings of £1.95m would be generated in 2013/14, of which £1.275m was approved as utilisation of one off resources. These meant that there was still £675,000 unallocated from this saving and available as one off resources.

Paragraph 8 identified that the projected call on the growth provision for the financial year was £500,000 and if this were the case then there

would be an additional £1.3m of one off resource available. Members noted from paragraph 3 however that the pressures in Looked After Children continued to grow and this could impact on the position.

The position with regard to balances would continue to be monitored closely and considered as part of the 2014/15 budget process.

The Capital budget for 2012/18 was shown as an appendix to the report and was summarised in a table within the report.

The main changes to the programme were as follows:-

- Additional funding had been secured from schools delegated budgets to support the Schools Maintenance Programme (£273,000)
- Following flooding of the Bishopton Centre, a scheme to re-model the City Learning Centre on the Marsh House Avenue Site would be delivered and would provide a new permanent site for the Pupil Referral Unit at an estimated cost of £118,000. This was approved as part of the report to Cabinet on 16th May 2013, together as part of the development of a vocational training provision on that site. This would be funded from delegated schools budget and unallocated planned maintenance funds.
- A new scheme had been added to the programme for the installation of photovoltaic panels on Ian Ramsey School (£100,000). This would be funded by school contributions over a number of years, from the feed in tariffs generated.
- Additional funding from Sustrans and the Community Participation budget had been secured to support the Integrated Transport programme (£104,000).
- One off revenue funding had been set aside to fund the extension of Durham Road Cemetery and essential repairs to churchyard walls (£265,000)
- The programme had been increased to include the re-development of King Edwin School and associated property acquisitions, as per Cabinet Report approved in March, which estimated the costs at £2,000,000. Funding previously set aside to demolish the school (£300,000) would not be required and these funding streams will now be combined to support this initiative.
- The Council was successful in its bid to Department of Health for

funding to improve facilities for people suffering with dementia. A scheme had been designed for improvement works at the Halcyon Centre, which would commence in October (£577,000)

- As approved by Cabinet in May, £175,000 had been included to support the implementation of super-fast broadband
- A scheme to demolish the Blakeston School Site (part of Northshore Academy) has been included in the programme (£608,000). This was approved by Cabinet in May and would be funded from future capital receipt generated from areas agreed for development.
- The server virtualisation scheme, delivered by Xentrall was completed within budget and this had been reflected in the programme.

The Comprehensive Spending Round in June indicated a National reduction of 10% in LG Spend (real terms) but in cash terms 8.3%. This was a combination of retained business rates and revenue support grant.

Consultation documents issued on 31 July indicated that the reduction in Local Government spending was higher overall by £1bn so the overall cash reduction was actually 13.1%. There was no indication that this would be forthcoming and the indications were that this was being used to fund an additional contribution to the National New Homes Bonus as well as using £800m to fund what had been outlined in the Spending Round as additional funding for social care new burdens (Dilnott), Independent Living Fund, Collaboration and Efficiency fund and monies for troubled families.

The Government had published indicative allocations for each Authority for 2014/15 and 2015/16 and the reduction for Stockton was actually 14.8%. The reason why this was higher than the National average will be due to distributional effects and this was still being examined.

This meant that the overall reduction between 2014/15 and 2015/16 was £11.5m. This was £6m more than was assumed as part of the Medium Term Financial Plan in February 2013.

In addition to the reference above, the Comprehensive Spending Round outlined that £400m per year would be utilised from New Homes Bonus to contribute to the Local Growth Fund's to be operated through the Local Enterprise Partnerships.

The consultation documents outline that the mechanisms for this. New Homes Bonus would continue to be paid to Local Authorities. Local Authorities would then pay proportion to LEP's (35%) to contribute to the

Growth Fund. Based on the current New Homes Bonus received, this would be £1.2m per year.

Funding to support Council Tax Freeze (1% Grant allocated) in 2014/15 and 2015/16 (only confirmed as available to end of spending review period).

Referendum level for Council Tax increases set at 2% for 2014/15 and 2015/16.

There was a reduction in Education Services Grant of 25% which would be an impact of £900,000. This was also paid direct to Academies and the actual payment to Stockton would be dependent upon Academy conversions.

There would be £3.8bn nationally available to support aspects of Social Care. The majority of this funding appeared to be top sliced from Health budgets and whilst it was unclear how this would be allocated, planned expenditure needed to be approved by Health and Wellbeing Board.

There would be a National pay cap in the public sector at 1% for 2015/16. It should be noted however that Local Government pay was subject to separate negotiation.

The funding cuts associated with the spending round and the associated consultation document would result in an additional reduction of Government funding of £13.6m in 2015/16. This was significantly higher (£8m) than was anticipated at the time of setting the budget.

The Council would be submitting a response to the consultation and contributing to the response from ANEC.

There were still significant uncertainties around potential Health monies which could benefit the Council. Also, this financial year was the first year where the Council would retain an element of business rates growth. This was being monitored and would be reported as part of the budget setting process. The funding for 2016/17 and 2017/18 would be dependent upon a further spending review following national elections.

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

3. Reasons for the Decision

Update Members on the Medium Term Financial Plan.

4. Alternative Options Considered and Rejected
None
5. Declared (Cabinet Member) Conflicts of Interest
None
6. Details of any Dispensations
N/A
7. Date and Time by which Call In must be executed
Midnight on Friday, 13th September 2013

Proper Officer
09 October 2013