

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting20th February 2014

1. Title of Item/Report

Medium Term Financial Plan and Strategy

2. Record of the Decision

Consideration was given to a report on the Medium Term Financial Plan Update and Strategy.

It was explained that this was the final report in setting the Council's 2014/15 budget and Council Tax and outlining the Medium Term Financial Plan (MTFP) position to 2018. There had been a considerable number of changes in the Council's Medium Term Financial Plan since the reports to Council in February and June 2013, mainly through changes in Government Funding.

The MTFP report for 2014/15 to 2017/18 was provided to members. The report outlined the Council Tax proposals and budget for 2014/15 and indicative MTFP for the next three years.

The report updated on the position from that reported to Council in June 2013 and in particular reflected additional funding reductions outlined in the Local Government Finance Settlement.

Members were reminded that the approach to the financial position was revised in February 2013 to effectively freeze all service budgets. The approach recognised likely growth in Big Ticket areas of spend with the strategy being that reviews would only aim to stem their growth pressures. Cabinet was provided with revised growth estimates and an update on the progress of the reviews.

The report contained sections on:-

- Background & context (including national position)
- Financial position at 31 December 2013
- Big Ticket
- Council Tax
- Updated Medium Term Financial Plan
- One-off Resources

- Capital Programme

Members noted that the Council had seen a significant reduction in all Government Funding over the past few years. It was explained that between 2010/11 and 2015/16, there would have been a total reduction of £52m, which represented a 43% cash reduction (approximately 56% in real terms)

Cabinet was reminded that the current MTFP assumed a 1.9% increase and this translated to a Council Tax requirement of £67,595,650 for the Council and £68,195,478 inclusive of Parish Precepts

It was explained that, if the Council opted to take the Government's two year Council Tax freeze funding then this would create a pressure on the MTFP of approximately £500,000 for each year of the freeze, assuming that the freeze grant continued. Given the level of financial pressure facing the Council and, in particular, the level of uncertainty around all future Government Funding and future Council Tax restrictions, any increase in budget pressures through accepting the freeze would make it increasingly difficult to protect services. It was therefore recommended that Council increase Council Tax by 1.9%. This would mean a 31p per week increase in Band A (47p at Band D).

Cabinet was provided with an updated MTFP, taking account of all changes, as well as the updated budget gap/(surplus), Big Ticket pressures and savings, and assuming a 1.9% increase in Council Tax.

Members noted that there would be a surplus of £7.5m in 2014/15 and a balanced position for 2015/16. This, however, assumed savings in the Big Ticket areas of £1.1m in 2014/15 and £3.4m in 2015/16. The estimated position for 2016/17 and 2017/18 was a significant budget gap estimated at £16.8m, however the real extent of this gap would not be known until after the General Election in 2015 and any subsequent spending review. There would inevitably be the need for further savings to meet these pressures, however, it was recommended that the 2014/15 surplus be retained to assist in any transition as the timing of funding reductions may limit the opportunity for agreeing and implementing savings plans before 2016 and also to manage any risks that savings in Big Ticket areas did not achieve their targets. This would enable the Council to continue with a planned and managed approach to delivering savings.

Cabinet noted the overall call on one off resources and the schemes involved.

If the schemes detailed were funded, there would be £5.890m available to support future investments. Members were reminded that there were significant new developments coming forward across the borough and recognised the need for the Council to produce a detailed Infrastructure Strategy in response to such developments, which was particularly relevant to South of the Borough. The Strategy was being prepared and would also guide the development and setting of a Community Infrastructure Levy (CIL). There was significant uncertainty around the CIL and the future of Section 106 agreements. While some works would be funded from developer contributions, it was highly likely that a Council investment would be required to support critical infrastructure and facilities. There may also be a need to support strategic land acquisition for land assembly to support regeneration.

Members noted that the standard of roads and footpaths was highlighted as an issue through the MORI survey. The Council already had a comprehensive programme of major resurfacing and maintenance to residential roads and footpaths. It was suggested that there was a piece of Scrutiny work to examine whether this could be improved further, and whether there were Invest to Save opportunities through up-front investment, reducing ongoing maintenance costs.

There were a number of areas of work which would require detailed feasibility work or preparation and / or the preparation of a Business Case. Members were aware of the reduced capacity within the organisation and this made it increasingly difficult to deliver such schemes within current resources. It was therefore suggested that £300,000 be allocated to support feasibility work with the remaining £5,590,000 being retained to support future infrastructure investment. The allocation of this resource would be subject to further reports to Cabinet and Council.

Cabinet noted Government announcements/guidance relating to new build empty property relief and the Council's discretionary rate relief scheme and considered proposals in this regard.

It was explained that the Police and Crime Commissioner had indicated a precept of £10,414,383 and the Fire Authority had indicated a precept of £3,555,741 for 2014/15.

Members were provided with a table containing Parish Precepts 2014/15.

The proposed Capital Programme and Pay Policy Statement were provided as appendices to the report.

Details of a proposal that the Chief Executive's current permanent

contract be replaced with a new fixed term contract to 31 March 2020 were provided.

Cabinet proposed that Members' Allowances be frozen for 2014/15.

The Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2014/15 – 2016/17 were provided to Members.

RECOMMENDED to Council that :-

1. 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
- c) that the controlled reserves and provisions are adequate for their purpose.

General Fund Budget

2. the reduction in Government funding between 2010/11 and 2015/16 of £52m (approximately 43% in cash terms, 56% in real terms) be noted.

3. a 2014/15 Council Tax requirement for Stockton-on-Tees Borough Council of £67,595,650 be approved.

4. a 2014/15 Council Tax requirement for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£599,828) of £68,195,478 be approved.

5. the 2014/15 budget and indicative 2014/18 MTFP, as outlined above and in paragraphs 5.30 – 5.33 to the report and the use of balances and reserves as outlined above and in paragraph 6.15 and 6.18 to the report, be approved.

Business Rate Relief System

6. the proposed amendments to the Council's discretionary business rates discount scheme in line with Government guidance, as described in Section 8 of the report, be approved.

7. the detailed design of the New Build Empty Property Relief and Retail Relief schemes, and their accompanying administrative processes,

be delegated to the Corporate Director of Resources in consultation with the Cabinet Member for Corporate Management & Finance.

8. where future changes were required to the Council's discretionary rate relief scheme, to bring it in line with new Government guidance, these amendments to the scheme be delegated to the Corporate Director of Resources in consultation with the Cabinet Member for Corporate Management & Finance

Taxation

SBC

9. the Council Tax for Stockton-on-Tees Borough Council, prior to Parish, Fire and Police Precepts be increased by 1.9%, i.e. to £1,312.66 at Band D (£875.11 at Band A).

Fire, Police & Parish

10. the Police precept of £10,414,383 which equates to a Council Tax of £202.24 at Band D (£134.83 at Band A) be noted.

11. the Fire precept of £3,555,741 which equates to a Council Tax of £69.05 at Band D (£46.03 at Band A) be noted.

12. the Parish precepts, as set out in paragraph 10.4, of the budget report be noted.

Capital

13. the Capital Programme attached at Appendix B be approved.

Organisational and HR

14. the Pay Policy Statement attached at Appendix C to the report be approved.

15. the new fixed term contract for the Chief Executive, as outlined in paragraph 9.4 of the report be approved.

Members Allowances

16. the Members allowances be frozen for 2014/15.

Council Tax - Statutory Requirements

17. the statutory requirements for Council Tax be approved.

Treasury Management/Prudential Code

18. the Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2014/15 – 2016/17, as set out in Appendix E, to the report be approved.

3. Reasons for the Decision

To update Members on the Council's financial position and make recommendations to Council relating to the Council Tax 2014/15 and other matters.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Each of the Cabinet members present declared a disclosable pecuniary interest in the item due to having beneficial interests in property in the borough/ being Council Tax Payers.

Each of the Cabinet members present declared a personal interest in this item and specifically a recommendation relating to member allowances as they were recipients of /entitled to receive such allowances

Councillor Coleman declared a personal interest in this item and a reference to Mill Lane Primary School, as he served on the School's Board of Governors.

6. Details of any Dispensations

The Council's Monitoring Officer had granted a dispensation to all members of the Cabinet allowing them to participate in discussions and voting relating to the setting of the Council's Council Tax/Budget.

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

Midnight on Monday, 3rd March 2014

Proper Officer
25 February 2014