

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting16th July 2015

1. Title of Item/Report

MTFP Outturn March 2015

2. Record of the Decision

Consideration was given to a report on Medium Term Financial Plan – March 2015.

The report focused on the financial performance and position at the end of the 2014/15 financial year and updated the Medium Term Financial Plan as at 31 March 2015.

The details of the MTFP position of each service was outlined within the report. Officers had continued to be mindful of the financial pressures and had been continuing to monitor expenditure closely in all areas.

Members noted that the overall position for CESC (Non Big Ticket) had improved by £512,000 since the last report. A total of £319,000 was saved in the Education, Early Years and Complex Needs Service, largely through delays in filling vacant posts in advance of the major review of this service that was implemented in April 2015. Vacant posts and additional income from Health led to a saving of £55,000 in Adult Operations, with additional income also contributing to a saving of £67,000 for the Adult Strategy Service.

The position for DANS (Non Big Ticket) at the financial year end had improved overall by £139,000 due to a combination of variances against budget.

The position for Resources and Law and Democracy were broadly in line with the previous projection.

Following an earlier service review, responsibility for Environmental Health and Trading Standards Services had transferred to the Director of Public Health. A managed surplus of £145,000 had been generated in 2014/15, largely due to staff vacancies.

The Medium Term Financial Plan in 2013 agreed the strategy that the Big

Ticket Reviews would aim to stem the future financial pressures in the areas of Adult Social Care, Children's Social Care and Energy and Waste through reducing costs where possible and by stemming growth through examining alternative means of delivery.

A summary of the outturn position for each Big Ticket area was detailed within the report.

The report to Members in February 2015 estimated that £236,000 would be required to be retained to fund additional growth in 2014/15, meaning that a sum of £844,000 was expected to be carried forward for use in supporting the 2015/16 Budget. The actual call on the provision at the financial year end was £290,000 meaning that a sum of £790,000 would be carried forward, a reduction of £54,000, which would represent a call on balances.

At the time that the 2015/16 budget was set it was expected that a sum of £1,675,000 would be required to replenish balances to the 3% level in respect of resources allocated to fund urgent works to Newport Bridge. The position at outturn had improved by £453,000 largely due to payments received with respect to backdated Landfill Allowance Trading Scheme (LATS) income. After taking account of the additional call on balances of £54,000 highlighted above, a sum of £399,000 was available in one-off resources.

As reported to Members previously, the impact of appeals against the Valuation List presents a significant area of financial volatility and risk to the Council. This could be clearly demonstrated by the fact that 340 appeals were lodged with the Valuation Office Agency (VOA) in the final quarter of 2014/15, with 300 in March alone. This March figure represented a more than ten-fold increase compared with averages in previous months. This substantial increase in appeals is a cause for concern, particularly as the Council needs to assess the likelihood of success of those appeals and to make a provision in the NNDR Collection Fund to cover the potential losses. In many cases the potential backdated losses go back as far as 2010 and in some cases to 2005.

An increase in the appeals provision had been actioned, using intelligence from a specialist NNDR software provider. The impact was that the NNDR Collection Fund would be in deficit by £3.67m at 31st March 2015. Stockton's share of this deficit amounts to £1.799m.

An appeal by Virgin Media had been lodged with the Valuation Office Agency (VOA), with the appellant's intention that it ultimately be moved to the central rating list. This was potentially a very significant issue for the Local Authority as the backdated elements could amount to a loss in

Rateable Value (RV) of £4.5m up to 31 March 2015, an impact of £2.3m for SBC. The ongoing impact to SBC would be a loss in income annually of £0.450m.

This issue was of national significance as over 60 local authorities were potentially affected.

The Council had taken opportunities to raise this issue with the Valuation Office Agency, MP's, DCLG and in response to a recent consultation exercise suggested that the system was broken and in need of reform.

A small additional surplus amounting to £80,000 arose on the Council Tax Collection Fund. The share attributable to SBC was £67,000.

The Capital budget for 2012/18 was shown at attached to the report and summarised within the report.

Members noted that the programme had been updated to reflect the approvals within the 2015/16 Budget Report and to reflect changes to the programme resulting from the sourcing of external funding. The changes were attached to the report.

The Programme had also been updated to reflect schemes which had completed in 2014/15 and these changes were attached to the report.

RESOLVED that:-

1. The Medium Term Financial Plan (MTFP) and the current level of General Fund balances be noted.
2. The revised Capital Programme attached at Appendix A be noted.
3. The position regarding the Business Rates (NNDR) and Council Tax Collection Funds and the position on Business Rates appeals be noted.

3. Reasons for the Decision

To 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

24th July 2015

Proper Officer
20 July 2015