

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**10 SEPTEMBER 2015**

**REPORT OF  
CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

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

#### **MEDIUM TERM FINANCIAL PLAN UPDATE – JUNE 2015**

1. Summary

This report is to update Members on the current financial position of the Council as at 30 June 2015.

2. Recommendations

1. That the updated Medium Term Financial Plan (MTFP), Capital Programme and current level of General Fund balances be noted.
2. That Cabinet note the announcement on the Spending Review.

3. Reason for the Recommendations/Decision

To 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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**RECOMMENDATIONS**

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**DETAIL**

**FINANCIAL POSITION**

1. This report sets out the financial position for the Council as at 30 June 2015. It also provides an update on developments that may have an impact on the Medium Term Financial Plan.

**General Fund – Non Big Ticket**

2. The table below summarises the current MTFP position for each service.

<b>Service Reserves (MS)/MC</b>	<b>Previously reported position at 31/3/16 (MS) / MC's £'000's</b>	<b>Projected Outturn position at 31/3/16 (MS) / MC's £'000's</b>	<b>Projected Outturn position at 31/3/17 (MS) / MC's £'000's</b>	<b>Projected Outturn position at 31/3/18 (MS) / MC's £'000's</b>
CESC	(1,761)	(1,761)	(1,087)	(413)
D & NS	0	0	0	0
RESOURCES	(426)	(458)	(309)	(181)
LAW & DEMOCRACY	(192)	(198)	(198)	(198)
PUBLIC HEALTH	0	(145)	0	0
<b>TOTAL</b>	<b>(2,379)</b>	<b>(2,562)</b>	<b>(1,594)</b>	<b>(792)</b>

3. The reasons for any significant projected variances are set out below. It should be noted that where financial pressures have been identified these will be considered alongside any savings proposals from the Savings Review Programme presented to Cabinet in July 2015.

## **Children, Education and Social Care – Non Big Ticket**

4. The projected position across Children, Education and Social Care is expected to improve by £600,000 for the reasons outlined below. It can be seen that the majority of the projected savings result from either savings in advance of service reviews or where a service review is in the process of being implemented.
  - Youth Direction – A saving of £199,000 in advance of a review of the Service, largely due to the impact of staff vacancies.
  - Planning and Partnership – A saving of £186,000 mainly due to staff vacancies pending the implementation of the new structure.
  - Looked After Children and SEN – A saving of £125,000 due to posts being vacant for a period as the new structure is implemented.
  - A reduction in the volume of activity for the Contact Service is projected to lead to an underspend of £170,000. It should be noted that management of this Service has recently transferred to Public Health.

CESC are utilising the projected saving of £600,000 to fund redundancy costs arising from the Review of Children's Services.

## **Development & Neighbourhood Services – Non Big Ticket**

5. There is no projected variation to the overall DANS MTFP position. However within the overall position a number of projected variations have been identified and these are summarised below:
  - Direct Services is expected to underspend by £480,000. Increased income from the School Catering Service will be offset by reduced income for the HV&E Service and by pressures on Community Transport.
  - Housing and Community Protection Services are projected to overspend by £91,000 largely due to a deficit on Security Services/Care Call.
  - Pressures continue to be experienced across Culture and Leisure Services and these are projected at £87,000.

Redundancy costs arising from the implementation of the recent DANS Review will be funded within the Service.

Further updates will be provided throughout the year.

## **Resources/Law and Democracy**

6. There is no significant overall variance projected in respect of the Resources Service.
7. There are no significant variances projected in respect of Law and Democracy.

## **Public Health (Including Trading Standards/Environmental Health)**

8. The budget for Public Health is ring-fenced to spend in this area. A report to Cabinet in June 2015 highlighted the potential implications of the announcement by the Government of a reduction to in year Public Health Funding. This is currently the subject of a national consultation process.
9. The Managed Surplus generated in 2015/16 with regards to Trading Standards and Environmental Health will now be utilised in 2016/17.

## **General Fund - Big Ticket**

### Big Ticket - Children

10. In setting the 2015/16 budget a sum of £2,659,000 was allocated to fund growth in this area in recognition of the transition period prior to delivery of the target savings. Early indications are that only £2,289,000 will be required, so releasing a saving of £370,000.
11. A reduction in the number of Independent Fostering Agency placements has led to a projected underspend of £820,000 for the financial year. This is partly offset by continued, and increasing, pressures on Children's Residential Agency costs of £407,000.
12. The position will be monitored closely throughout the financial year and the future year implications will be considered as part of the 2016/17 budget process.

### Big Ticket - Adults

13. The 2015/16 budget established funding for a a level of growth amounting to £800,000, to be offset by a corresponding level of savings. Indications from the first three months of the financial year are that the anticipated level of growth is not materialising and that reductions in volume and activity, which will lead to savings, are evident in the following areas:
  - Residential and Nursing Placements (Older People and Mental Health).
  - Learning Disability care and support packages (Residential and Day Care).
  - Contracted Supporting People services, partly offset by increased activity for the Telecare Service
14. However, the Service continues to face a number of areas of uncertainty and volatility which may impact on the actual level of savings achieved. These include:
  - Care costs and care fees, particularly relating to the level of fees paid for residential and domiciliary care. This remains a significant risk in respect of a future budgetary pressure.
  - The Care Act is still in the process of being rolled out and public awareness continues to develop. As such the full financial implications will not yet be evident. A similar situation applies to the Better Care Fund (BCF) where the detail of the current year funding and expenditure plans is being worked through.
  - From 1 July 2015, the Independent Living Fund (ILF) closed and responsibility transferred to the Local Authority. The financial implications are being assessed.
  - The financial impact of new responsibilities under the DOLS legislation is currently being assessed and an update report will be presented to Cabinet in October.
15. A further, more detailed, report on this area will follow at the second quarter of the financial year.

### Big Ticket – Energy and Waste

16. Early indications are that there will be additional pressures estimated at £52,000 due to a reduction in recycling income of £100,000 from a continuation of the reduction in market prices. This is partly offset by increased savings on Street Lighting and Utility costs (£48,000).

## Big Ticket - Summary

17. The projections show that overall the Big Ticket Reviews are delivering within the allocated growth provision in the MTFP. The MTFP (Big Ticket) will be reviewed and updated in the next report to Members which will review the position at the six month point of the financial year.

### **General Fund Balances**

18. The previous report to Members in July 2015 highlighted that General Fund Balances had improved at the end of the previous financial year and it was recommended that Council on 16 September 2015 approve a sum of £150,000 to contribute to the continuation of funding of the ECO Scheme.

19. After allowing for funding of the ECO Scheme, General Fund Balances at 31 March 2016 are now projected to amount to £8.056m. This is £151,000 in excess of the required 3% level and this projected balance is available to be considered as part of the 2016/17 MTFP process.

20. The position with regard to balances will continue to be monitored closely and considered as part of the 2016/17 budget process.

### **CENTRAL GOVERNMENT ANNOUNCEMENTS**

#### **Autumn Statement 2015**

21. In July 2015 the Chancellor announced the Spending Review 2015, "A country that lives within its means". The document explained how the government will conduct the Spending Review and announced that it will be published on 25 November 2015.

22. Representative bodies, interest groups and individuals were invited to submit written representations to HM Treasury by 4 September in order to inform the Spending Review. The Council submitted a written representation by the deadline and has also contributed to submissions made by ANEC and SIGOMA.

### **CAPITAL**

23. The updated capital programme is summarised in the table below, with further detail available at **Appendix A**.

<b>CAPITAL PROGRAMME 2012-2018</b>	<b>Current Approved Programme £'000</b>	<b>Programme Revisions £'000</b>	<b>Revised Programme £'000</b>
Schools Capital	17,597	(480)	17,117
Housing Regeneration & Town Centres Schemes	27,751	0	27,751
Transportation	26,128	3,289	29,418
Other Schemes	40,842	94	40,936
<b>Total Approved Capital MTFP</b>	<b>112,318</b>	<b>2,903</b>	<b>115,222</b>

## Reasons for Movements over £100k

### New Schemes

24. A new scheme for strategic maintenance improvements at the interchange access to Teesside Park has been added to the capital programme (£2.357m). This scheme is funded by LGF grant, third party contributions and a contribution from 15/16 LTP grant (£0.339m).

A new S278 Access to Free School (Little Maltby/Low Lane) has been added to the capital programme (£1.250m), fully funded via developer contribution.

### Cost Variances

25. In order to address pupil place pressures in North Stockton, Central Stockton & Thornaby in the 2015/16 academic year, (£0.480m) has been earmarked from unallocated basic need grant for temporary classrooms. These rental costs sit within revenue expenditure therefore basic need grant will be reallocated to fund this and the capital programme reduced accordingly.

## **FINANCIAL IMPLICATIONS**

26. To update the MTFP and Capital Programme.

## **LEGAL IMPLICATIONS**

27. None

## **RISK ASSESSMENT**

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

## **EQUALITIES IMPACT ASSESSMENT**

29. Not applicable

## **CORPORATE PARENTING**

30. Not applicable

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

31. Not applicable.

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