

Council

A meeting of Council was held on Wednesday, 24th February, 2016.

Present: The Worshipful the Mayor (Cllr Ian Dalgarno); Cllr Helen Atkinson, Cllr Sonia Bailey, Cllr Paul Baker, Cllr Chris Barlow, Cllr Jim Beall, Cllr Derrick Brown, Cllr Carol Clark, Cllr Michael Clark, Cllr Chris Clough, Cllr Robert Cook, Cllr Nigel Cooke, Cllr Gillian Corr, Cllr Evaline Cunningham, Cllr Philip Dennis, Cllr Kevin Faulks, Cllr Lisa Grainge, Cllr Lynn Hall, Cllr David Harrington, Cllr Di Hewitt, Cllr Stefan Houghton, Cllr Barbara Inman, Cllr Eileen Johnson, Cllr Paul Kirton, Cllr Mrs Ann McCoy, Cllr Mick Moore, Cllr Mrs Kathryn Nelson, Cllr Steve Nelson, Cllr Mrs Jean O'Donnell, Cllr Ross Patterson, Cllr Lauriane Povey, Cllr Rachael Proud, Cllr Paul Rowling, Cllr Michael Smith, Cllr Andrew Stephenson, Cllr Norma Stephenson O.B.E, Cllr Mick Stoker, Cllr Tracey Stott, Cllr Laura Tunney, Cllr Matthew Vickers, Cllr Mrs Sylvia Walmsley, Cllr Sally Ann Watson, Cllr Julia Whitehill, Cllr David Wilburn, Cllr Norma Wilburn, Cllr Bill Woodhead and Cllr Barry Woodhouse.

Officers: Neil Schneider (CE), Julie Danks, Peter Bell, Jenna McDonald (ACE), Richard McGuckin (EG&D), Beccy Brown (HR,L&C), Jane Humphreys (CS), Garry Cummings, Tony Montague (F&BS), Jamie McCann (CS), Reuben Kench (C,L&E), Martin Gray (CS), Peter Kelly (A&H); David Bond (Proper Officer).

Also in attendance: Members of the public.

Apologies: Cllr Julia Cherrett, Cllr Ken Dixon, Cllr John Gardner, Cllr Elsi Hampton, Cllr Ben Houchen, Cllr Mohammed Javed, Cllr Stephen Parry and Cllr Maurice Perry.

C 92/15 **Declarations of Interest**

Each of the Members present had a non-prejudicial interest in relation to setting the Council Tax and a dispensation regarding any disclosable pecuniary interests in respect of agenda item 3 - Medium Term Financial Plan Update and Strategy due to having beneficial interests in properties in the borough / being Council Tax Payers.

C 93/15 **Medium Term Financial Plan and Strategy**

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

This was the final report in setting the Council's 2016/17 budget and Council Tax and outlining the Medium Term Financial Plan (MTFP) position to 2020.

The MTFP for 2016/17 to 2019/20 was attached to the report. The report outlined the Council Tax proposals and budget for 2016/17 and the indicative MTFP for the next three years.

The report updated the position from that reported to Cabinet and Council in September 2015 and in particular reflected implications arising from the Spending Review/Autumn Statement and the Local Government Finance Settlement for 2016/17.

The Provisional and Final Financial Settlements had provided indicative funding allocations for the next four years which outlined further funding reductions which would make the difficult financial position faced by the Council even more challenging.

The Council had a strong track record of prudent financial management and delivering savings early. This had enabled the use of reserves to support a planned and managed approach to addressing the financial challenges and this

would continue.

The report also outlined future changes to Local Government Finance, most noticeably the proposal to move to 100% of business rates retained by Local Authorities, and changes to the New Homes Bonus. These were potentially major changes which were likely to have an impact on Council funding. This meant that the position for 2017/18 onwards outlined in the report needed to be treated with some caution.

The report contained sections on:

- Background & context
- National Funding Changes
- Financial position at 31 December 2015
- Big Ticket Update
- 2016/17 Council Tax Levels including Adult Social Care Levy
- Updated Medium Term Financial Plan 2016-20
- Big Picture Programme – Service Reviews
- Future Changes and Risks
- Reserves and One-off Resources
- Capital Programme
- Business Rate Relief Scheme
- Organisational Capacity
- Precept Levels
- Treasury Management Strategy
- Reserves Policy

The updated Medium Term Financial Plan included in the September Cabinet Report including the approved savings was detailed within the report with the plan rolled forward to include 2019/20. This included the proposed use of £6.1m reserves to balance the budget in 2016/17.

There had been significant lobbying from within the Local Government Sector around pressures relating to Adult Social Care due to increasing costs relating to an ageing population. No funding had been allocated by the Government however they had indicated that the mechanism to support some of these pressures was the flexibility to raise a social care levy, through Council Tax and they had assumed in the Finance Settlement that Authorities would adopt this levy at 2%. There was a clear requirement that this needed to be set against the context of the increasing cost and demand pressures in Adult Social Care, which would be exacerbated by the impact of the Government's proposals around Living Wage, to which no reference had been made in the Finance Settlement.

The Government had presented the Settlement information in terms of a new measure, "Core Spending Power" with the headline being that this showed an increased Spending Power for Local Authorities by 2019/20.

A table within the report, published as part of the Provisional Settlement, demonstrated the Spending Power Calculation between 2015/16 and 2019/20.

It was noted that the position for 2017/18 onward was indicative but the table demonstrated that the Government's headline figure showed:

- Reductions in Settlement Funding Assessment of 34%, a £23m reduction by 2019/20 as compared to £17m previously estimated. The figure from 2016/17 was a £9m reduction compared to the £7.4m included in the current MTFP.
- Indicative allocations for additional income from the Better Care Fund of £4.9m by 2019/20 but an indicative reduction of £2m in New Homes Bonus
- Assumed Council Tax increase of £13m which was based on a 1.75% increase plus growth. The Government had assumed a notional level of taxbase growth of 2% per year, approximately 1,600 properties, which was significantly above the level of growth included in the projections (0.5% per year, 450 properties).
- An assumption that the Council would implement a 2% Social Care levy generating £6.7m by 2019/20.
- Effectively, Government funding reductions were balanced by assumed increases in Council Tax which were extremely optimistic and included the new Social Care levy.

A table within the report outlined the managed surplus position of each service. Given the agreed approach for Big Ticket areas, they were not included in these figures and were covered separately in the report. It was noted that future reports would present this information in a new format reflecting the recent changes to the senior management structure.

The Medium Term Financial Plan in 2013 agreed the strategy that the Big Ticket Reviews would aim to stem future financial pressures in the areas of Adult Social Care, Children's Social Care and Energy and Waste through:

- Reducing costs in these areas where possible
- Stemming growth through examining alternative means of service delivery

The position had been reviewed at 31 December 2015, with the implications set out in the report.

A table within the report demonstrated that the impact of the Living Wage was estimated to be £2m rising to £8m and the levy would contribute to this pressure but not fully fund it. This was in addition to the growth pressure and savings targets.

The indicative MTFP had been rolled forward one year to include 2019/20 and had been updated to reflect the impact of the National Funding Reductions, National Policy changes and further updates. The changes to the MTFP were summarised in a table within the report.

The overall impact of the National Funding and Policy Changes was approximately £5m in 2016/17 rising to £14m in 2019/20. Once other changes and before the savings programme and use of resources were taken into account the budget gap would be £13.3m in 2016/17 and £26.8m by 2019/20.

The updated Medium Term Financial Plan was re-presented within the report.

Recent Government announcements had highlighted a number of potential issues and risks that might impact on the future financial position. They were summarised within the report under the following key headings:-

Retention of Business Rates & New Responsibilities
New Homes Bonus
School Funding

The report to Council in September outlined a number of areas where proposals would be submitted to Cabinet prior to implementation. Information and updates in respect of some of these areas was detailed within the report and the overall programme was attached to the report.

The overall position on available capital and one-off resources was summarised within the report. The table demonstrated that there was £11.5m in one off resources available.

A table within the report summarised the recommended uses identified for the one-off funds.

It was noted that the sum of £10m, identified for Infrastructure for South of the Borough, was still approved and committed for the development of a Leisure Facility in Ingleby Barwick.

The Capital Programme as at 31 December 2015 was attached to the report and summarised within the report.

The report had been considered by Cabinet, at its special meeting held on 18th February 2016 and a copy of the Cabinet report and an extract of the relevant Cabinet minute were provided for Members.

Members expressed their thanks to all of the Officers who had been involved in the budget process. Members considered that the budget proposals being put forward were a testament to the excellent management of the Council's financial resources.

The Director of Law and Democracy had previously informed Members that regulations had been issued by the Government (the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014), which made it mandatory for Councils to amend their standing orders to include provisions requiring recorded votes at budget meetings.

The regulations had come into force and as the Council's procedure rules included a requirement for recorded votes to be taken in relation to budget decisions, each decision taken at the Council meeting in relation to council tax setting, would therefore be by recorded vote. This would include any amendment motions, as well as the substantive council tax setting motion.

In the usual way, in accordance with the recorded vote procedure in Council Procedure Rules, the vote would take place by roll call of the Members present at the meeting, and recording whether they voted for, or against the motion, or

abstained from voting.

Moved by Councillor Cook, seconded by Councillor Beall 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 be noted (approximately 43% in cash terms, 59% in real terms) and the projection that this will increase by a further £21m to £73m by 2019/20.

3. A 2016/17 Council Tax requirement for Stockton-on-Tees Borough Council of £74,221,362 be approved.

4. A 2016/17 Council Tax requirement for Stockton-on-Tees Borough Council inclusive of Parish Precepts (£699,201) of £74,920,563 be approved.

5. The 2016/17 budget and indicative 2016/20 MTFP as outlined in paragraphs 55 - 58 of the report and the use of balances and reserves as outlined in paragraph 84 of the report be approved.

Business Rate Relief System

6. The changes introduced in the 2015 Autumn Statement be noted.

Taxation

SBC

7. The Council Tax for Stockton-on-Tees Borough Council prior to Parish, Fire and Police Precepts be increased by 3.9%, which includes the Government Levy of 2% in respect of Social Care, i.e. to £1,389.77 at Band D (£926.51 at Band A) be noted.

Fire, Police & Parish

8. The Police precept of £11,234,381 which equates to a Council Tax of £210.36 at Band D (£140.24 at Band A) be noted.

9. The Fire precept of £3,829,173 which equates to a Council Tax of £71.70 at Band D (£47.80 at Band A) be noted.

10. The Parish precepts as set out in paragraph 101 of the budget report be noted.

Capital

11. The Capital Programme attached at Appendix B & C be approved.

Organisational and HR

12. The Pay Policy Statement attached at Appendix D to this report be approved.

Council Tax - Statutory Requirements

13. The statutory requirements for Council Tax as shown in Appendix E be approved.

Treasury Management/Prudential Code

14. The Treasury Management Strategy, Minimum Revenue Provision Statement, Investment Strategy and Prudential Indicators for 2016/17 – 2018/19 as set out in Appendix F to the report be approved.

Reserves Policy

15. The Reserves Policy as set out in Appendix G be approved.

Moved by Councillor Dennis, seconded by Councillor Hall that the motion be amended as follows:-

3. Approve a 2016/17 Council Tax requirement for Stockton on Tees Borough Council of £71,435,197.
4. Approve a 2016/17 Council Tax requirement for Stockton on Tees Borough Council inclusive of Parish Precepts (£699,201) of £72,134,398.
5. Approve the 2016/17 budget and indicative 2016/20 MTFP as outlined in paragraphs 55 - 58 and the use of balances and reserves as outlined in paragraph 84.
7. Approve the Council Tax for Stockton-on-Tees Borough Council prior to Parish, Fire and Police Precepts be frozen at £1,337.60 at Band D (£891.73 at Band A).

Details of the changes to the body of the report and the impact of the alternative recommendations were provided for Members consideration.

All other recommendations remained the same as the substantive motion.

For the amendment:-

Councillors Atkinson, Dennis, Hall, Houghton, Andrew Stephenson, Tunney, Vickers, Watson, Whitehill and Woodhead.

Against the amendment:-

Councillors Bailey, Baker, Barlow, Beall, Brown, Clark, Mrs Clark, Clough, Cook, Cooke, Corr, Cunningham, Dalgarno, Faulks, Grainge, Harrington, Hewitt, Inman, Johnson, Kirton, Mrs McCoy, Mitchell, Moore, Nelson, Mrs Nelson, Mrs O'Donnell, Patterson, Povey, Proud, Rowling, Smith, Norma Stephenson, Stoker, Stott, Mrs Walmsley, Wilburn, Mrs Wilburn, and Woodhouse.

The amendment was not carried.

Moved by Councillor Mrs Walmsley, seconded by Councillor Moore that the motion be amended as follows:-

That the sum identified in paragraph 83 regarding the Queen's Birthday Celebrations is amended to £5,000. The remaining £25,000 will be used to offset the impact of savings reductions in 2016/17.

Details of the changes to the body of the report and the impact of the alternative recommendations were provided for Members consideration.

All other recommendations remained the same as the substantive motion.

For the amendment:-

Councillors Faulks, Moore, Andrew Stephenson, Tunney, Vickers, Mrs Walmsley and Watson.

Against the amendment:-

Councillors Atkinson, Bailey, Baker, Barlow, Beall, Brown, Clark, Mrs Clark, Clough, Cook, Cooke, Corr, Cunningham, Dennis, Grainge, Hall, Harrington, Hewitt, Houghton, Inman, Johnson, Kirton, Mrs McCoy, Mitchell, Nelson, Mrs Nelson, Mrs O'Donnell, Patterson, Povey, Proud, Rowling, Smith, Norma Stephenson, Stoker, Stott, Mrs Walmsley, Whitehill, Wilburn, Mrs Wilburn, Woodhead and Woodhouse.

Councillor Dalgarno abstained from voting.

The amendment was not carried.

A recorded vote then took place on the substantive motion.

For the substantive motion:-

Councillors Atkinson, Bailey, Baker, Barlow, Beall, Brown, Clark, Mrs Clark, Clough, Cook, Cooke, Corr, Cunningham, Dalgarno, Faulks, Grainge, Harrington, Hewitt, Inman, Johnson, Kirton, Mrs McCoy, Mitchell, Moore, Nelson, Mrs Nelson, Mrs O'Donnell, Patterson, Povey, Proud, Rowling, Smith, Norma Stephenson, Stoker, Stott, Mrs Walmsley, Wilburn, Mrs Wilburn, and Woodhouse.

Against the substantive motion:-

Councillors Dennis, Hall, Houghton, Andrew Stephenson, Tunney, Vickers,

Watson, Whitehill and Woodhead.

The motion was carried.

RESOLVED 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,
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Reserves Policy

15. The Reserves Policy as set out in Appendix G be approved.

At its meeting on 18th February 2016 Cabinet RESOLVED that:-

16. The changes in respect of Care for Your Area, Environmental Health and Trading Standards and Housing outlined in Section 7 of the report be approved.