

**MINUTE EXTRACT**

Cabinet Meeting .....16th July 2020

1. Title of Item/Report

MTFP Outturn March 2020 and Current Year 20/21 Update

2. Record of the Decision

Cabinet was updated on the financial performance and position as at 31 March 2020 which showed an improvement in Revenue Balances of £332,000.

The report also summarised the Council’s financial position for 2020/21 in the context of the Covid 19 situation and considers emerging implications for the Medium Term Financial Plan.

The Council was currently seeing a number of related financial pressures across a range of service areas in responding to the Covid pandemic. Whilst it was difficult to forecast the position due to the uncertainty of timescales for the pandemic response, the pressures were currently estimated at around £17m based on experience of the first 3 months of the year and could be summarised as follows:-

Area	£'000
Adult Social Care	4,000
Children’s Social Care	3,500
PPE and other Direct Covid Costs	800
Tees Active	2,000
Waste	1,000
Reduction in income	4,000
Capital Scheme - Globe	1,200
Capital Scheme – Ingleby Barwick	
Leisure Centre	500
<b>Total</b>	<b>17,000</b>
<b>Covid Grant</b>	<b>(11,023)</b>
<b>Net Position</b>	<b>5,977</b>

Government announcements indicated that Council’s would receive funding to cover the financial impact of the pandemic. To date, the Council had received £11m and the Government had announced further

funding on 2 July 2020 for all local authorities which in Stockton's case could now be confirmed as a further £1.7m with the possibility of further funding to assist Council's loss of income. Funding was also anticipated from Heritage Lottery to support the costs associated with the Globe.

The current pressures and costs still however exceeded the grant available and as time lapsed, there was a possibility that these pressures may continue to rise.

Members noted that the Council retained revenue balances of £7.4m to deal with urgent financial pressures which could not be predicted. Given the current position reflects those circumstances and so as not to de-stabilise the Council's current year's budget position, should full Government funding not be received, then it was suggested that balances should be used for which Council approval would be required. If approved, these would need to be replenished as part of the 2021/22 budget process

It was therefore recommended that general fund balances of up to £6m be used to supplement the Government funding to resolve the current pressures. This would mean that general fund balances would reduce from £7.732m to £1.732m. The level of balances would need to be replenished in the 2021/22 budget back to the £7.4m level at a cost of £5.668m

The pressures associated with Council Tax and Business rates collection were being closely monitored to assess the impact for the current and future years. Any shortfall in the current year would mean a shortfall on the Collection Fund which would need to be funded in 2021/22.

The financial position would continue to be closely monitored including work to assess impact on 2021/22 and future years. This was made more difficult given the uncertainty of Government funding and a further report would be presented as part of the 2021/22 budget process.

Whilst there was no impact on the Council's MTFP, there was a continued national pressure in respect of Dedicated Schools Grant, specifically in relation to Special Education Needs and Disabilities, and this results in a pressure of £4.4m for Stockton. As this is a National issue, lobbying was currently taking place on this matter through professional bodies including the LGA with concerns being raised with the Government.

**RECOMMENDED** that Cabinet-

1. Note the draft outturn position for the year ended 31 March 2020.

2. Recommend to Council to approve the use of General Fund Balances of up to £6m to supplement the Government funding to resolve the financial pressures summarised in paragraph 28 of the report.