

**AGENDA ITEM**

**REPORT TO EXECUTIVE  
SCRUTINY COMMITTEE**

**23 JULY 2019**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**MEDIUM TERM FINANCIAL PLAN OUTTURN - MARCH 2019**

**SUMMARY**

This report updates Members on the financial performance and position as at 31 March 2019:

- There is a slight improvement in the 2018/19 financial position compared to those projected at December of £201,000.
- The overall variance for 2018/19 was £485,000 which will increase General Fund balances by this amount.
- There is a national pressure in respect of Dedicated Schools Grant, specifically in relation to Special Education Needs and Disabilities, and this results in a pressure of £2.5m for Stockton.
- The Capital Programme has been updated to incorporate new schemes and reflect those schemes completed.

**REASON FOR RECOMMENDATION**

To update Members on the Medium Term Financial Plan.

**RECOMMENDATION**

1. That the updated MTFP and the Capital Programme be noted and that it is noted that the current level of General Fund balances will be considered as part of the budget report.

**DETAIL**

**FINANCIAL POSITION AS AT 31 MARCH 2019**

**GENERAL FUND**

1. The following table sets out the final financial position for each Directorate as at 31 March 2019. The reasons for any significant variances are summarised in the paragraphs below:

Directorate	Annual Budget (Year End ) £'000	Actual Outturn at Year end £'000	Actual Variance at Year end over/(Under) £'000	Projected Variance at Q3 Over/(Under) £'000	Movement between Q3 and Q4 £'000
Children's Services	36,927	37,301	374	463	(89)
Adults and Health	71,495	70,707	(788)	(667)	(121)
Community Services	28,772	28,619	(153)	(122)	(31)
Economic Growth & Development	7,785	7,513	(271)	(170)	(101)
Culture, Leisure and Events	8,445	8,484	39	(45)	84
Finance & Business Services	8,146	8,302	155	(19)	174
HR, Legal and Communications	4,876	5,262	386	305	81
Corporate Areas	977	864	(113)	41	(154)
Admin/Democratic Services & Xentrall	7,097	6,982	(115)	(70)	(45)
<b>Total</b>	<b>174,520</b>	<b>174,035</b>	<b>(485)</b>	<b>(284)</b>	<b>(201)</b>

### Children's Services

2. Cost pressures in this Directorate, particularly relating to the costs of supporting Children in Need and Children in our Care, had been identified and reported throughout the course of the financial year. The final position was an overspend of £374,000, an improvement of £89,000 on the position reported at Quarter 3. An overspend of £556,000 on the budget for Safeguarding and children in our care was partly offset by staffing related savings in Early Help, Planning and Partnerships (£72,000) and by savings on school support (£110,000), again largely due to staff vacancies.

### Adults and Health

3. The MTFP for 2018/19 assumed that any growth pressures in this area would be offset by savings. The projected overspend on Deprivation of Liberties Safeguards (DOLS) materialised at £487,000, however this was offset by lower than budgeted expenditure on residential and community care packages (£364,000), by staffing vacancy and turnover savings (£640,000) and by a one-off refund of National Insurance contributions relating to Direct Payments (£273,000).

### Community Services

4. Overall the Directorate savings were £153,000 at the year end, a small improvement of £31,000 on that projected at Quarter 3. Pressures in Commercial Services (£271,000) and Catering/Building Cleaning (£325,000) were offset by savings on Community Transport (£323,000), Waste Management & Disposal (£168,000), Security Services (£93,000) and Care For Your Area/Depot Costs (£128,000).

### Economic Growth and Development

5. The Directorate expenditure was £271,000 below budget at the financial year end, an improvement of £101,000 on the previously projected position. This was due to a combination of staffing vacancies and additional planning fee income.

### Culture, Leisure and Events

6. There was no significant variance for this Directorate at financial year end.

### Finance & Business Services

7. Since the introduction of Universal Credit a number of Housing Benefit overpayments can no longer be recovered from benefits but require separate invoices to be raised. This is happening within the context of a significant and ongoing reduction in the total value of housing benefits being paid via the existing mechanisms, as claimants transfer to Universal Credit. Initial indications are that this is resulting in a pressure of £250,000 and more work is being undertaken to fully understand the position.

### Corporate Areas

8. The continued environment of low interest rates had a negative impact on the levels of investment income received (£492,000). This was offset by higher than expected levels of compensation grant in respect of business rates (£452,000) and a refund of business rates for Preston Hall Museum (£229,000).

### HR, Legal and Communications

9. Previous reports have highlighted the pressures that complex care cases, particularly those relating to children, are placing on the budget for external legal fees. These pressures led to an overspend of £397,000. This issue has been addressed in the Medium Term Financial Plan moving forward.

### Administration/Democratic Services and Xentrall

10. The impact of staff turnover and vacant posts, largely in the Administration teams, led to a saving at the financial year end of £115,000.

### **General Fund Balances**

11. The MTFP report in February outlined the position on balances with appropriate action to bring the year-end balance to required levels. The year-end variance of £485,000 effectively increases balances available in the current financial year-end. This will be considered as part of the review of the MTFP.

### **Dedicated Schools Grant – High Needs Block**

12. As reported previously, there is significant pressure on the High Needs Block within the Dedicated Schools Grant. This relates to pressures on the provision of services for Children with Special Education Needs and Disabilities which the LGA estimates to be £667m nationally in 2019/20 rising to £1.6bn by 2021. Whilst this is ring-fenced schools funding and does not affect the Council's MTFP, the deficit in Stockton was £2.58m as at 31 March 2019. The Department for Education are insisting on Councils developing recovery plans and are expecting confirmation this has been achieved by 30 June this year. We are working with the Schools Forum to look at how this could be achieved but this is extremely challenging. We will continue to raise the matter through professional bodies and the LGA and raise our concerns with the Government.

### **Capital**

13. The Capital budget up to 2022 is shown at **Appendix A** and summarised in the table below:

<b>CAPITAL PROGRAMME Up to 2022</b>	<b>Current Approved Programme £'000</b>	<b>Programme Revisions £'000</b>	<b>Revised Programme £'000</b>	<b>Completed Schemes 2018/19</b>	<b>Variiances (Completed Schemes)</b>	<b>Revised Programme</b>
Schools Capital	50,488	1,265	51,753	(8,469)	0	43,284
Housing, Regeneration & Town Centres Schemes	77,813	330	78,142	(22,642)	(70)	55,431
Transportation	13,060	2,135	15,195	(8,031)	412	7,576
Other Schemes	28,596	2,954	31,550	(4,395)	(19)	27,136
<b>Total Approved Capital MTFP</b>	<b>169,957</b>	<b>6,684</b>	<b>176,640</b>	<b>(43,537)</b>	<b>323</b>	<b>133,427</b>

14. Members will note that the programme has been updated to reflect the approvals contained within the 2019/20 Budget Report and to reflect changes to the programme resulting from the sourcing of external funding. The changes are summarised in **Appendix B**. The Programme has also been updated to reflect schemes which have completed in 2018/19.

#### **COMMUNITY IMPACT IMPLICATIONS**

15. As part of the process of making changes to policy or delivery of services, we consider the impact on our communities. No changes to policy or service delivery are proposed as part of this report.

#### **CORPORATE PARENTING IMPLICATIONS**

16. None

#### **FINANCIAL IMPLICATIONS**

17. The report updates Members on the Medium Term Financial Plan and Capital Programme.

#### **LEGAL IMPLICATIONS**

18. There are no specific legal implications.

#### **RISK ASSESSMENT**

19. This Medium Term Financial Plan update report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

#### **WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS**

20. N/A

#### **BACKGROUND PAPERS**

21. None

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## APPENDIX A

CAPITAL PROGRAMME Up to 2022	Current Approved Programme	Programme Revisions	Revised Programme	Completed Schemes 2018/19	Variances (Completed Schemes)	Revised Programme
<b>SCHOOL CAPITAL</b>						
School Investment Programme	50,488,117	1,265,008	51,753,125	(8,468,643)	0	43,284,482
<b>SCHOOLS CAPITAL</b>	<b>50,488,117</b>	<b>1,265,008</b>	<b>51,753,125</b>	<b>(8,468,643)</b>	<b>0</b>	<b>43,284,482</b>
<b>HOUSING REGENERATION &amp; TOWN CENTRES SCHEMES</b>						
Housing Regeneration	2,823,261	79,587	2,902,848	(948,094)	21,408	1,976,162
Stockton Town Centre Schemes	38,363,317	0	38,363,317	(18,417,700)	(91,410)	19,854,207
Reshaping Town Centres	30,000,000	0	30,000,000			30,000,000
Infrastructure Enhancements, Regeneration & Property Acquisitions	6,626,275	250,000	6,876,275	(3,275,964)	0	3,600,311
<b>HOUSING, REGENERATION &amp; TOWN CENTRES SCHEMES</b>	<b>77,812,853</b>	<b>329,587</b>	<b>78,142,440</b>	<b>(22,641,758)</b>	<b>(70,002)</b>	<b>55,430,680</b>
<b>TRANSPORTATION</b>						
Local Transport Plans	8,895,722	499,642	9,395,364	(4,731,016)	320,245	4,984,593
Other Transport Schemes	2,098,496	1,486,317	3,584,813	(1,316,199)	10,662	2,279,276
Developer Agreements	2,065,967	148,652	2,214,619	(1,983,340)	81,174	312,453
<b>TRANSPORTATION</b>	<b>13,060,185</b>	<b>2,134,611</b>	<b>15,194,796</b>	<b>(8,030,555)</b>	<b>412,081</b>	<b>7,576,322</b>
<b>OTHER SCHEMES</b>						
Private Sector Housing	2,389,905	1,590,490	3,980,395	(1,809,924)	42,852	2,213,323
Building Management & Asset Review	794,051	500,900	1,294,951	(413,325)	94,277	975,903
Parks, Museums & Cemeteries	8,394,683	189,234	8,583,917	(808,085)	55,411	7,831,243
Energy Efficiency Schemes	340,000	0	340,000	0	0	340,000
Leisure Facility Ingleby Barwick	13,300,000	0	13,300,000	0	0	13,300,000
Other Schemes	3,377,159	673,711	4,050,870	(1,363,818)	(211,504)	2,475,548
<b>OTHER SCHEMES</b>	<b>28,595,798</b>	<b>2,954,335</b>	<b>31,550,133</b>	<b>(4,395,152)</b>	<b>(18,964)</b>	<b>27,136,017</b>
<b>Total Approved Capital MTFP</b>	<b>169,956,953</b>	<b>6,683,541</b>	<b>176,640,494</b>	<b>(43,536,108)</b>	<b>323,115</b>	<b>133,427,501</b>

## APPENDIX B

### Programme Revisions

#### Schools Capital

- The Department for Education announced grant funding for 2019/20 for the Schools Maintenance Programme £946,000.
- The Department for Education announced additional grant funding in Dec 2018 to make capital investments in provision for pupils with special educational needs and disabilities; (£288,000).
- £131,000 developers contribution for the provision of sports hall at Conyers Academy.

#### Transportation

- An additional £146,000 2019/20 Pothole Allocation has been announced by Department for Transport.
- TVCA confirmed £436,000 2019/20 LTP Incentive funding.
- £558,000 further allocation from TVCA has been awarded to progress the Eaglescliffe Station Western Access business case.
- TVCA have awarded £1,000,000 to complete the construction work associated with the closure and diversion of Belasis Avenue to facilitate the expansion of Fuji Film Diosynth Biotechnologies.

#### Other schemes

- £250,000 TVCA Indigenous Growth Fund has been added to the capital programme.
- 2018/19 Integration and Better Care Fund DFG has been announced, (£1,590,000).
- The capital element of the building maintenance programme of £501,000 for 2019/20 has been added.
- The planned investment in vehicles from the fleet renewal fund has been increased by £444,000 for 2019/20.
- Phase 5 of the England Coastal Path (£189,000) fully funded by external grant.
- Refurbishment works at 22 Sandown Road (£230,000).

### Completed Schemes 2018/19

#### Schools Capital

- Planned Maintenance Schemes on a range of schools have been delivered in 2018/19.
- 30hr Early Years provision at Priors Mill and Fairfield Nursery Early Years project completed in 2018/19.
- The expansion of Northfield Academy completed in year.
- The SEN works at Junction Farm, Pentland Primary, Preston Primary and Billingham South Primary completed in 2018/19.
- Spend in respect of mobile classrooms has been removed from the capital programme.

#### Housing Regeneration & Town Centre Schemes

- Spend in respect of Victoria Regeneration has been removed from capital programme.
- Elm House demolition is now complete.
- Programme has been updated to reflect the completion of enabling works for the Globe Theatre refurbishment.
- Construction of the Hampton by Hilton completed in year.
- Phases of the Growth Plan & developing the Borough are now complete, including corporation hall demolition, Bishop St/Silver St works, refurbishment of The Hub, property acquisitions and works to the dairy car park.

### Transportation

- (£4.7m) has been spent delivering schemes as part of the Local Transport Plan programme.
- The NPIF A689 Wolviston and Wynyard roundabouts scheme completed in year.
- The formation of the highways access to Mount Leven Farm Retirement village are complete.
- Access works in respect of residential development to the west side of Uray Nook have completed in year.
- Tall Trees development access works completed 2018/19.
- Highway works to the south of Green Lane completed in year.
- Lidl development highway works at Junction road completed in 2018/19.
- Summerville residential development access works completed in year.
- Signalised crossroads junction ay Queenspark development completed 2018/19.
- S106 Highways works junction at Low Lane and Thornaby road completed in year.

### Other schemes

- (£1.8 m) has been spent on Disabled Adaptations in privately owned homes.
- A number of planned maintenance schemes have been delivered across a range of Council Buildings.
- A number of Foster Carer adaptation works have completed in year
- Phase one of the refurbishment of Ware Street completed in 2018/19.
- Acquisition of vehicles costing £0.53m.