

Cabinet Decision:

Thursday 14 December 2023

Title of Item/Report

Financial Update and Medium Term Financial Plan

Record of the Decision

Consideration was given to a report that provided an update on the on the financial position as at 30th September for the current year (2023/24) and presented outline plans for the 2024/25 Budget and the Medium Term Financial Plan (MTFP).

Members noted that despite significant efforts around cost mitigations, inflationary and demand pressures had continued and the projected position for 2023/24 was a projected overspend of around £6.9m. The financial position had been communicated to all managers and staff and everyone was being encouraged to challenge all spend to try and mitigate the impact. As outlined in previous reports, any overspend would need to be funded from reserves. Work was underway to assess reserves and this would be incorporated into the MTFP report in February.

The report also outlined the indicative MTFP for future years. It was noted however that, future years funding levels were assumed based on announcements made to date. This would only be confirmed upon receipt of the Provisional Local Government Finance Settlement which was expected week commencing 18th December. Many of the pressures around inflation, Adult's Services, Children's Services and pay awards experienced in the current year were continuing and this had been built into projections.

The local government finance settlement for 2023/24 included the referendum limit for 2024/25, setting Council tax at 3% and the Adult Social Care levy at 2%. The MTFP was based on a 2.9% increase and no application of the Levy. The Budget Report in February would consider the council tax levels however given the overall position the Council would need to seriously consider increasing the rise to the referendum levels anticipated by Government.

The position for the Council, based on the assumptions in the report and an increase level of council tax still meant there would be a gap of £5m in 2024/25 and £8m by 2025/26. In simple terms, the Council needed to reduce the base budget position by £9m, so the Council must reduce spending. The planned programme of transformation was key to doing this, while also ensuring positive outcomes for residents.

Despite the budget challenges, ambition remained for Stockton-on-Tees and getting a better future for everyone who lives, works and plays in the Borough. There was confidence that the Council could work with partners and communities to put in place new and innovative approaches which would not only save money but also reshape what was done for the better and in the best interests of residents. This will be done through Powering Our Future Programme which see the Council focus its transformation around the following five principles.

Communities Powering Our Future: We need to change the way we work with our communities so they use their knowledge, skills and strengths to help them deliver positive outcomes for themselves. Not only will this save money, it will mean that our residents are healthy, happy and feel like they belong.

We will empower communities and increase individual, family and community level activities, helping people and communities to be independent and have less reliance on Council services.

Partnerships Powering Our Future: By working with partner organisations we can make sure our residents have support when they need it and that Stockton-on-Tees provides opportunities which make it a great place to live, work and play.

Transformation Powering Our Future: Our ambitious and entrepreneurial spirit will make sure our residents have bright futures. We will work with our partners and communities in new ways, embracing technology and different approaches to create opportunities and reduce inequality, using the limited amount of money we have available.

We will continue to carefully manage our resources. We will focus on creating a new relationship with communities, while providing efficient services that offer value for money and are valued by our residents.

Colleagues Powering Our Future: Our talented workforce will step up to the challenging budget situation by using their knowledge and skills to work with our partners and communities in innovative, adaptable and dynamic ways with the best interests of our residents being the focus of everything they do.

Our people will be empowered to work together and do the best they can for our communities.

Regeneration Powering Our Future: Our exciting regeneration projects will make sure Stockton-on-Tees is a place of choice for business. Not only will this generate more income through Council Tax and Business Rates, there will be more employment opportunities too, which will reduce demand on services, saving us money.

Our borough will be recognised for its thriving economy at the heart of Tees Valley and as a place where everyone has the opportunity to succeed.

In order to address the budget gap the Council would act quickly so the first of the transformation reviews delivered through the Powering our Future programme would take place between now and early next year.

In the meantime, all staff were being instructed to think carefully before authorising any spending and to consider how the Council could work with partners and communities to ensure the best possible outcomes for residents, despite a reducing budget.

RESOLVED that:-

1. The updated financial position for 2023/24 be noted.
2. The revised Capital Programme at Appendix A of the report be noted.
3. The emerging issues for the MTFP be noted.

Reasons for the Decision

To update Members on financial performance in 2023/24 and to outline proposals for the 2024/25 Budget and MTFP based on latest available information.

Alternative Options Considered and Rejected

None.

Declared (Cabinet Member) Conflicts of Interest

None.

Details of any Dispensations

Date and Time by which Call In must be executed

Midnight on 22 December 2023

Date of Publication: Monday 18 December 2023