

Cabinet Decision:

Monday 12 February 2024

Title of Item/Report

Medium Term Financial Plan Update and Strategy

Record of the Decision

Consideration was given to the final report in setting the Council's 2024/25 Budget and Council Tax and outlining the Medium Term Financial Plan (MTFP) position to 2027. The report also included an update on the financial performance for 2023/24.

The report outlined the budget for 2024/25 and indicative MTFP for future years. The provisional finance settlement was received on 19 December 2023 and this indicated the funding for 2024/25, with the final allocations to be confirmed in February. In order to prepare a Medium Term Financial Plan, assumptions had been made in respect of future years however this funding was extremely uncertain and subject to future Government spending reviews.

The Report outlined a budget pressure rising to £9m by 2026/27 and the transformation programme which had previously been reported to Cabinet would be key to addressing this gap.

The Powering Our Future Programme, including a planned approach to Transformation (reported to Cabinet in January 2024) would be crucial in delivering savings as well as service improvements to resolve the gap. It ensured that the Council had a clear plan to address the financial challenges faced, at the same time as improving outcomes for communities. Although the Council could no longer afford to meet the needs of the Borough's residents in the way the Council had in the past, the Council was confident it could work with partners and communities to put in place new and innovative approaches that would not only save money, but also reshape what the Council did, in the best interests of the Borough's residents.

The MTFP report for 2024/25 to 2026/27 was attached to the report.

The report also provided an update on the financial position for 2023/24. As reported previously, inflationary pressures were having a significant impact upon the financial position in 2023/24. The Council continued to see increased costs in maintaining vital services.

The Report outlined the Council Tax proposals and Budget for 2024/25 and the indicative MTFP for the next

two years.

It provided an update on the position from that reported to Cabinet and Council in February 2023 and in particular reflected implications arising from the Local Government Finance Settlement for 2024/25.

The Provisional Financial Settlement had provided funding allocations for 2024/25 only. The period from 2025/26 and beyond was very uncertain, with no information announced on this period, therefore the projections for this period needed to be treated with some caution.

The Council had a long history of providing value for money and delivering strong financial management. This had again been reinforced by the External Auditor in the Independent Auditors Annual Report on the 2021/22 accounts which was issued in December 2023. The auditors had issued an unqualified audit opinion on the 2021/22 financial statements and did not identify any significant weaknesses or recommendations in relation to value for money arrangements.

Section 25 of the Local Government Finance Act 2003 required that when a local authority was agreeing its annual budget and setting its Council Tax, the Chief Finance Officer (Section 151 Officer) must report to it on the following matters:

- The robustness of the estimates made for the purposes of the Council Tax requirement calculations
- The adequacy of the proposed financial reserves

The Council was required to have due regard to this report when making decisions on the budget.

RECOMMENDED to Council:-

1. That 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;
- c) that the controlled reserves and provisions are adequate for their purpose.

General Fund Budget

2. A 2024/25 Council Tax requirement for Stockton-

on-Tees Borough Council of £115,873,657 be approved.

3. A 2024/25 Council Tax requirement for Stockton-on-Tees Borough Council inclusive of Parish Precepts £116,878,570 be approved.

4. The 2024/25 budget and indicative 2024/27 MTFP as outlined in paragraphs 25 – 56 of the report, the level of General Fund Balances and the release of reserves to balance the 2023/24 in year financial position as set out in paragraphs 19-24 of the report be approved.

Taxation

SBC

5. The Council Tax for Stockton-on-Tees Borough Council prior to Parish, Fire and Police Precepts be increased by 4.95%, which includes the Government Levy of 2% in respect of Social Care i.e. to £1,942.81 at Band D (£1,295.21 at Band A) be approved.

Fire, Police & Parish

6. The Police & Crime Commissioner is proposing a precept of £18,115,156 which equates to a Council Tax of £303.73 at Band D (£202.49 at Band A) be noted.

7. The Fire Authority is proposing a precept of xx which equates to a Council Tax of £xx at Band D (£xx at Band A) be noted.

8. The Parish precepts as set out in paragraph 80 of the budget report be noted.

Capital

9. The Capital Programme attached at Appendix A & B be approved.

Organisational and HR

10. The Pay Policy Statement including the pay and grading structure at Appendix C and C(1) be approved.

Members Allowances

11. Members allowances be frozen for 2024/25. This will mean that these allowances have been frozen since 2013/14.

Council Tax - Statutory Requirements

12. The statutory requirements for Council Tax as shown in Appendix D be approved

13. The Council must set its Local Council Tax Reduction scheme annually by 11 March of the preceding financial year. Cabinet therefore recommends to Council that the current Local Council Tax Reduction Scheme is retained for the financial year 2024/25 incorporating the updates for the prescribed requirements in regulations and to reflect updated income figures in the table at Schedule 1. The scheme is available here www.stockton.gov.uk/CTR.

14. That the Director of Finance, Transformation and Performance and Deputy Chief Executive be given delegated authority, in consultation with the Leader, to make further adjustments to the income table and/or disregard additional funds should the government issue revised publications with regards to these matters after 21st February to ensure that Government's intentions for additional support is maintained.

15. That the definition of long-term empty properties be amended to include properties empty and unfurnished for a period of one year or more and that the following additional Council Tax premiums be applied from 1 April 2024 onwards:

- 100% council tax premium for properties empty and substantially unfurnished for a period of between 1 and up to 5 years;
- 200% council tax premium for properties empty and substantially unfurnished for a period of between 5 and up to 10 years; and
- 300% council tax premium for properties empty and substantially unfurnished for a period of 10 years or more.

16. That notice be given that a 100% council tax premium is applied to properties substantially furnished with no permanent resident with effect from 1 April 2025.

Capital Strategy

17. The Capital Strategy as set out at Appendix E to the report, including the Flexible Use of Capital Receipts Policy, the MRP Strategy and the Capital Programme Management Arrangements be approved.

Treasury Management/Prudential Code

18. The Treasury Management Strategy as set out in

Appendix F to the report be approved.

Investment Strategy

19. The Investment Strategy as set out at Appendix G to the report be approved.

Cabinet RESOLVED that:-

20. The Officer Appointments to outside bodies and governing bodies at Appendix C(1) be approved and noted.

Reasons for the Decision

The report outlines recommendations to Cabinet in respect of Cabinet and Council decisions in relation to:

- 2024/25 budget, MTFP and Capital Programme
- Council Tax
- Organisational and HR, Capital Strategy, Treasury Management Strategy, Investment Strategy, officer appointments to outside bodies, and member allowances.

Alternative Options Considered and Rejected

None.

Declared (Cabinet Member) Conflicts of Interest

The meeting was advised that each Cabinet Member had been granted a dispensation for a 4-year period in respect of all decisions relating to the setting of the Council Tax and precepts and Members Allowances and did not need to individually declare those interests.

Details of any Dispensations

Date and Time by which Call In must be executed

Midnight on 20 February 2024 for recommendation 20 only.

Date of Publication: Wednesday 14 February 2024