

**AGENDA ITEM**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**18 JULY 2024**

**REPORT OF DIRECTOR OF  
FINANCE,  
TRANSFORMATION &  
PERFORMANCE AND  
DEPUTY CHIEF EXECUTIVE**

**CABINET DECISION**

**Leader of the Council – Councillor Robert Cook**

**MEDIUM TERM FINANCIAL PLAN – OUTTURN MARCH 2024**

**SUMMARY**

This report updates Cabinet on the draft financial performance and position as at 31 March 2024.

The overall financial position is similar to the position projected at the end of December 2023, as outlined in the Budget report in February 2024, with a variance of £163,000 from the previously reported position.

Actions taken to manage the overspend of £7m were agreed as part of the budget report, and the position has continued to be carefully monitored.

Members will be aware of the financial pressures going forward with our Powering our Futures Programme integral to identifying opportunities for resolving the gap. Further reports will be presented throughout the year providing updates.

The Capital Programme has been updated to incorporate new schemes and reflect those schemes completed as at the financial year end.

**REASON FOR RECOMMENDATION**

To update Cabinet on the Medium Term Financial Plan, including the outturn position for 2023/24.

**RECOMMENDATION**

1. Note the outturn position for the year ended 31 March 2024 and the updated Capital Programme.

**DETAIL****FINANCIAL POSITION AS AT 31 MARCH 2024****GENERAL FUND**

1. The following table sets out the financial position for each Directorate at 31 March 2024. The reasons for any significant variances from those previously reported are summarised in the paragraphs below.

<b>Directorate</b>	<b>Annual Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(Under)</b>	<b>Forecast Variance at Q3 Over/(Under)</b>	<b>Movement from Q3</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adults, Health & Wellbeing	88,616	89,526	910	1,545	(635)
Children's Services	49,820	59,452	9,633	8,415	1,218
Community Services, Environment & Culture	54,180	52,742	(1,438)	(790)	(648)
Finance, Development & Regeneration	14,687	14,076	(611)	(670)	59
Corporate Services	12,296	12,345	49	(356)	405
Corporate Items	3,629	604	(3,025)	(2,789)	(236)
<b>Total</b>	<b>223,228</b>	<b>228,746</b>	<b>5,518</b>	<b>5,355</b>	<b>163</b>
Pay Offer Pressure		1,541	1,541	1,541	0
<b>Revised Total</b>	<b>223,228</b>	<b>230,287</b>	<b>7,059</b>	<b>6,896</b>	<b>163</b>
<b>Release balances to fund outturn position</b>			<b>(7,059)</b>	<b>(6,896)</b>	163

Adults, Health and Wellbeing

2. The Adults, Health and Wellbeing directorate position improved by £635,000 from the projected position in December. The movement is mainly due to strong partnership working which secured an agreement with the ICB to utilise the Better Care Fund to fund the large pressures experienced through the discharge to assess national programme. Demand on Adult Social Care continues to grow locally with a 16% increase in demand, and the market remains challenging nationally and locally. Work is ongoing to prevent, reduce and delay demand in line with the Care Act 2014.

Children's Services

3. Members will be aware from previous reports of the significant financial challenges facing all Councils in respect of Looked after Children. The final position for Children's Services in 2023/24 is £9.6m spend in excess of budget.
4. The main reasons for the movement from the previously reported position are a further £1m spend on placements for children in our care. £700,000 of this is for additional costs for children in external residential placements. £100,000 of costs relating to Unaccompanied Asylum Seeking Children in excess of the grant we receive from government. £200,000 relating to young people in care within supported accommodation settings.
5. The 2024/25 budget and Medium Term Financial Plan report includes an uplift in the base budget to reflect the pressures. Members will also be aware of the significant work around Children in our Care both as part of the Children's Improvement Plan and the transformation programme, which focuses on providing support and care for children in our care in the most

cost effective way. Some examples of the work ongoing include the creation of an edge of care team to support children to remain at home, increased focus on re-unification of children within care to enable them to return home and are reviewing our foster offer to increase our capacity to provide such support.

#### Community Services, Environment & Culture

6. The Community Services, Environment & Culture directorate saw an improved position against forecast of £648,000, making an overall underspend of £1.4m against budget for 2023/24. The reasons for the movement include a further reduction in the financial support to Tees Active Leisure relating to energy of £400,000. Whilst TAL are still experiencing higher energy costs similar to the Council, their overall performance was extremely positive meaning they do not require any of the earmarked funding within the budget for energy this year.
7. Additional income was achieved across a number of services including Heating, Ventilation and Electrical and Flood Risk Management (£260,000). Savings against some early scheme estimates, combined with fewer gritter runs as a consequence of a mild winter, resulted in an in-year underspend on highway and network assets of £500,000.
8. There are however some ongoing challenges relating to particular budgets; the catering service cost £200,000 more than the income it generated due to rising payroll and meal prices and the cost to operate car parking also exceeded income by £300,000.

#### Finance, Development & Regeneration

9. The final outturn for Finance, Development and Regeneration is £611,000 under budget. This is only a minor movement from the position projected at quarter 3.

#### Corporate Services

10. The previous projection for Corporate Services was an underspend of £356,000 and related to salary savings predicted in year. Although the salary savings were broadly achieved, there were a number of areas where these savings were in fact used to fund pressures.

#### Corporate Items

11. Budgets within the corporate items line improved by a further £236,000. The reason for the movement is relating to a one-off release of funds by the Department for Levelling Up, Housing and Communities relating to the national business rates account (£330,000). This was offset by greater spend on our apprenticeship programme due to the growth in the number of apprentices in employment £130,000.

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

12. Maintained schools and Special Educational Needs provision are funded through the Dedicated Schools Grant. The grant is awarded by the Department for Education on an annual basis and the amount is determined by a national formula. Alongside many other Council's we are continuing to experience growing demand in services for pupils with Special Educational Needs. This is creating significant financial pressure on the High Needs Block within the Dedicated Schools Grant. Due to these issues the Council's expenditure has exceeded its funding in recent years generating a deficit within the Dedicated Schools Grant account. The deficit was £3.8m at 31 March 2024, a reduction of £70,000 from the previous year.
13. The dedicated schools grant is accounted for in a separate ring-fenced account and guidance states that any deficit should not be funded from the Council's General Fund. This deficit is therefore not included within the Council's overall budget gap. Through the Delivering Better

Value Programme the Council are working with the Department for Education on a plan to resolve this position over the medium term.

### **Collection Fund**

14. The collection fund is a ringfenced account which includes the actual amount collected for both Council tax and business rates. In line with statutory requirements the Council forecasts the overall surplus or deficit on the collection fund in January, which is used in budget setting for the following year. Actual performance of the amount of Council tax and business rates collected is not known until the end of the financial year.
15. The overall collection of Council Tax and business rates performed well during the year, however as part of an ongoing review of debts, a larger amount of debt was written off than estimated, meaning the overall collection fund at 31<sup>st</sup> March 2024 is £591,000 less than estimated in January. Due to the nature of accounting rules for the Collection Fund, this shortfall will affect the 25/26 budget rather than the 24/25 budget. This will be considered in the 25/26 budget, which will also take into account the performance of the fund during 2024/25.

### **General Fund Balances and Addressing the Overspend in 2023/24**

16. The total General Fund Balances at 31 March 2024 are £8m, in line with the agreed level and as outlined in the report to Cabinet in February 2024.
17. In order to fund the overspend in 23/24, as agreed in the budget report in February 2024, £7.1m of balances have been used in 2023/24 and these have been replenished immediately on 1<sup>st</sup> April 2024. The general fund balances remain at £8m.

### **STATEMENT OF ACCOUNTS**

18. Members will recall that there were external factors outside of the Council's control causing a delay to the publication of the final audited 2021/22 and 2022/23 statement of accounts. These issues related to the accounting treatment of triennial revaluation of the pension fund as at 31<sup>st</sup> March 2022, as more up to date information was available for the Council to reflect in the 2021/22 financial statements. These were delays within the pension fund information and accounting treatment of infrastructure assets. These issues have now been resolved sufficiently to allow both sets of final audited accounts to be complete and published on the Council's website.
19. The audit certificate for 2021/22 has now been issued by the Council's External auditors, Forvis Mazars, following the completion of the national Whole of Government Accounts consolidation. The auditors issued an unqualified opinion on the Council's Accounts. As part of the audit, the auditors are also required to review the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The auditors have nothing to report in respect of being dissatisfied with the Council's approach.
20. The auditors have also issued an unqualified opinion for the 2022/23 accounts. The audit certificate will be issued following the completion of the national Whole of Government Accounts consolidation for this year.
21. The deadline for publishing the Council's draft accounts for 2023/24 is 31<sup>st</sup> May 2024. Due to delays in the provision of pension fund information from the Teesside Pension Fund actuary, there has been a delay to the publication of the draft statement of accounts for 2023/24. The draft accounts were approved by Audit and Governance Committee on 27<sup>th</sup> June, and the Public Inspection Notice is now live on the Council's website.

22. There continues to be ongoing issues of capacity within the audit sector for auditing local authority and pension fund accounts. This potentially has an impact on the timescales for when external audit can begin the audit of the Council's 2023/24 accounts. Many local authorities and pension funds are affected by the issues outlined above, causing the majority of authorities to be delayed in finalising their accounts.
23. This is an incredibly frustrating situation, as Stockton on Tees Borough Council have an unblemished track record in meeting publication and audit deadlines in relation to our Statement of Accounts. We continue to keep in regular contact with auditors and are regularly updating Audit and Governance Committee on progress.

### Addressing the Budget Gap

24. As described in previous reports, alongside most other Councils, we are experiencing unprecedented financial challenges due to high inflation levels and greater demand for services leading to significantly increased costs to deliver vital services to residents. Members will recall in the budget setting report to Council in February 2024, there is a projected budget gap across the medium term financial plan rising to £8.1m by 2026/27.
25. The Powering Our Futures programme will be a key tool in closing the budget gap, alongside ensuring improvements to services to local residents. Members will be aware from the considerable engagement ongoing, work is progressing across the Powering our Futures programme and future reports will outline proposals from the transformation reviews.

### CAPITAL

26. The Capital Programme is summarised below and shown at **Appendix A**.

CAPITAL PROGRAMME Up to 2024	Current Approved Programme £'000	Programme Revisions £'000	Revised Programme £'000	Completed Schemes 2022/23 £'000	Variances (Completed Schemes) £'000	Revised Programme £'000	New Approvals £'000	Revised Programme £'000
School Investment Programme & Childrens Services	48,245	0	48,245	(20,045)	(43)	28,157	2,715	30,872
Housing Regeneration Development & Growth	18,237	0	18,237	(14)	(1)	18,222	82	18,304
Town Centres	137,664	36	137,700	(13,707)	(783)	123,210	0	123,210
Transportation	43,845	349	44,194	(6,585)	127	37,736	850	38,586
Community & Environment, Culture & Leisure	20,275	173	20,448	(3,765)	9	16,692	1,647	18,339
Adults & Public Health	4,146	36	4,182	(2,763)	280	1,699	324	2,023
<b>Total Approved Capital MTFP</b>	<b>272,412</b>	<b>594</b>	<b>273,006</b>	<b>(46,879)</b>	<b>(411)</b>	<b>225,716</b>	<b>5,618</b>	<b>231,334</b>

27. Members will note that the programme has been updated to reflect the approvals contained within the 2024/25 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 2023/24.

### **COMMUNITY IMPACT IMPLICATIONS**

28. 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**

29. None

### **FINANCIAL IMPLICATIONS**

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

### **LEGAL IMPLICATIONS**

31. There are no specific legal implications.

### **RISK ASSESSMENT**

32. 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**

33. N/A

### **BACKGROUND PAPERS**

34. None

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## APPENDIX A

CAPITAL PROGRAMME Up to 2026	Current Approved Programme	Programme Revisions	Revised Programme	Completed Schemes 2023/24	Variations (Completed Schemes)	Revised Programme	New approvals	Revised Programme	Expenditure Apr 2017 - March 2024
<b>SCHOOL INVESTMENT PROGRAMME &amp; CHILDRENS SERVICES</b>									
School Investment Programme	39,821,249	0	39,821,249	(19,558,278)	(36,195)	20,226,776	2,547,324	22,774,100	26,518,179
Children Investment	8,424,105	0	8,424,105	(486,816)	(6,428)	7,930,861	167,912	8,098,773	1,181,717
<b>SCHOOL INVESTMENT PROGRAMME &amp; CHILDRENS SERVICES</b>	<b>48,245,354</b>	<b>0</b>	<b>48,245,354</b>	<b>(20,045,094)</b>	<b>(42,623)</b>	<b>28,157,637</b>	<b>2,715,236</b>	<b>30,872,873</b>	<b>27,699,895</b>
<b>REGENERATION, DEVELOPMENT &amp; GROWTH</b>									
Inclusive Growth & Development	8,736,642	0	8,736,642	(13,746)	(987)	8,721,909	81,631	8,803,540	1,277,507
Office Accommodation	9,500,511	0	9,500,511	0	0	9,500,511		9,500,511	7,300,102
<b>REGENERATION, DEVELOPMENT &amp; GROWTH</b>	<b>18,237,153</b>	<b>0</b>	<b>18,237,153</b>	<b>(13,746)</b>	<b>(987)</b>	<b>18,222,420</b>	<b>81,631</b>	<b>18,304,051</b>	<b>8,577,609</b>
<b>TOWN CENTRES</b>									
Stockton Town Centre Schemes	2,914,451	0	2,914,451	0	0	2,914,451	0	2,914,451	1,131,498
Reshaping Town Centres	28,912,960	0	28,912,960	0	0	28,912,960	0	28,912,960	1,238,148
Billingham Town Centre	10,000,000	0	10,000,000	0	0	10,000,000	0	10,000,000	245,956
Thornaby Town Centre	29,800,440	36,700	29,837,140	0	0	29,837,140	0	29,837,140	3,598,143
Re-Development of Castlegate Site	43,635,313	0	43,635,313	(13,655,767)	(795,165)	29,184,381	0	29,184,381	18,830,267
Yarm & Eaglescliffe LUF	22,070,000	0	22,070,000	0	0	22,070,000	0	22,070,000	3,979,561
Infrastructure Enhancements, Regeneration & Property Acquisitions	330,334	0	330,334	(51,259)	12,642	291,717	0	291,717	51,259
<b>TOWN CENTRES</b>	<b>137,663,498</b>	<b>36,700</b>	<b>137,700,198</b>	<b>(13,707,026)</b>	<b>(782,523)</b>	<b>123,210,649</b>	<b>0</b>	<b>123,210,649</b>	<b>29,074,833</b>
<b>TRANSPORTATION</b>									
City Regional Sustainable Transport	19,867,605	344,568	20,212,173	(5,034,196)	64,650	15,242,627	850,036	16,092,663	5,952,730
Other Transport Schemes	20,699,744	(6,151)	20,693,593	0	0	20,693,593	0	20,693,593	16,440,578
Developer Agreements	3,278,145	10,232	3,288,377	(1,550,463)	62,187	1,800,101	0	1,800,101	2,816,855
<b>TRANSPORTATION</b>	<b>43,845,494</b>	<b>348,648</b>	<b>44,194,142</b>	<b>(6,584,659)</b>	<b>126,837</b>	<b>37,736,321</b>	<b>850,036</b>	<b>38,586,356</b>	<b>25,210,164</b>
<b>COMMUNITY &amp; ENVIRONMENT AND CULTURE &amp; LEISURE</b>									
Energy Efficiency Schemes	1,248,108	0	1,248,108	(115,384)	0	1,132,724	111,386	1,244,110	1,246,462
Environment and Green Infrastructure	12,588,898	130,483	12,719,381	(226,972)	(18,190)	12,474,219	0	12,474,219	3,829,026
Building Management	3,486,888	0	3,486,888	(1,887,924)	26,955	1,625,919	1,536,029	3,161,948	2,590,259
Vehicle Replacement	2,951,049	42,276	2,993,325	(1,534,995)	0	1,458,330	0	1,458,330	1,534,995

<b>COMMUNITY &amp; ENVIRONMENT AND CULTURE &amp; LEISURE</b>	<b>20,274,943</b>	<b>172,759</b>	<b>20,447,702</b>	<b>(3,765,275)</b>	<b>8,765</b>	<b>16,691,192</b>	<b>1,647,415</b>	<b>18,338,607</b>	<b>9,200,742</b>
<b>ADULTS, HEALTH &amp; WELLBEING</b>									
Adults & Public Health Investment	466,451	35,970	502,421	(494,353)	433	8,501	323,920	332,421	584,720
Housing Regeneration	1,465,311	0	1,465,311	(5,451)	0	1,459,860	0	1,459,860	5,451
Private Sector Housing	2,214,242	0	2,214,242	(2,263,546)	279,928	230,624	0	230,624	2,263,546
<b>ADULTS, HEALTH &amp; WELLBEING</b>	<b>4,146,004</b>	<b>35,970</b>	<b>4,181,974</b>	<b>(2,763,350)</b>	<b>280,361</b>	<b>1,698,985</b>	<b>323,920</b>	<b>2,022,905</b>	<b>2,853,718</b>
<b>Total Approved Capital MTFP</b>	<b>272,412,446</b>	<b>594,077</b>	<b>273,006,523</b>	<b>(46,879,150)</b>	<b>(410,170)</b>	<b>225,717,204</b>	<b>5,618,237</b>	<b>231,335,441</b>	<b>102,616,961</b>



## **Programme Revisions 2023/24**

### Schools

- In respect of the Bishopton Pru site, due to the original contractor going in to administration further costs of approximately £450,000 are anticipated. These have been funded through the savings identified on a number of schemes that have completed in 2023/24 with the Schools Investment Strategy.

### Transport

- £657,968 for works to Newport Bridge has been added to the capital programme, funded from CRSTS Grant and a contribution from Middlesbrough Borough Council.

### Other

- £279,928 added to Disabled Adaptations funded from client contributions and revenue contributions.
- £123,335 has been added the Capital Programme in respect of SBC share of the Joint Waste Management Strategy for Residual Municipal Waste Treatment, funded via loan from TVCA

## **Completed Schemes 2023/24**

### Schools Capital

- Planned Maintenance Schemes on a range of schools have been delivered in 2023/24.
- A number of school expansion projects/phases of projects have completed this year.

### Town Centre Schemes

- The Relocation and Demolition of Castlegate Site have completed this year. In line with accounting standards £795,165 of the Relocation costs and associated funding have been moved to revenue.

### Transportation

- £5,034,195 has been spent delivering schemes as part of the City Regional Sustainable Transport programme.
- A number of S278 Access works and S106 schemes have completed in year fully funded via Developer contributions.

### Other schemes

- £2,252,770 has been spent on Disabled Adaptations in homes across the Borough.
- A number of planned maintenance schemes have been delivered across a range of Council Buildings.
- A number of parks and cemeteries schemes have completed in year.
- The works to install PV Panels at Ingleby Barwick Leisure Centre have completed in year.
- £1,534,995 has been spent on the Vehicle Replacement Programme, funded from receipts from sales of vehicles and revenue contributions.
- Children's carers extension/adaptation works costing £286,816 have been delivered in year. This supports the service to ensure children remain looked after in a family environment.

- Refurbishment works to Oakview Children's Home have completed this year as part of a larger investment in Children In Our Care services.
- Works carried out at Whitton land fill site have completed in year, £170,433 funded from revenue contributions.

### **New approvals 2023/24**

#### **School Capital**

- Following DFE announcements in March 2023, £2,547,324 of Higher Needs Grant from 2023/24 and 2024/25 allocations have been added to the capital programme.

#### **Transportation**

- 2023/24 and 2024/25 City Regional Sustainable Transport allocation £850,036 have been added to the Capital Programme for pot holes.

#### **Other schemes**

- £111,389 has been added to the programme for energy efficiency works at Ingleby Barwick Leisure Centre, funded from Swimming Pool Support Grant.
- Round 2 of the Local Authority Housing Fund grant from DLUHC has been added to the programme and completed in year, £323,920.
- The 2024/25 building planned maintenance programme has been included in the programme.
- £167,912 grant received from DfE for Children In Our Care investment and added in to the programme.