



**STOCKPORT**  
METROPOLITAN BOROUGH COUNCIL

# Corporate Performance and Resources

## Mid - Year Report 2018/19



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Date	20 Nov 2018	Version	1.1 (CRMG)	Approved by	AG
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# CORPORATE OVERVIEW



## Executive Leader's Introduction

I'm pleased to present the mid-year corporate report, which takes stock of progress in delivering our priorities over the first half of 2018/19. It highlights a number of key achievements during the quarter and looks ahead to the challenges we face.



Delivery against our shared outcomes is outlined in the Executive Summary below. The transformation of Stockport Town Centre continues to gather pace, with Aurora and Redrock performing beyond expectations, and work underway on the next phase of Stockport Exchange. Exciting plans are also in development for the future of Merseyway and Stockport Interchange, whilst proposals for a Mayoral Development Company will help deliver our vision to regenerate the Town Centre West area. The recent opening of the A6 to Manchester Airport Relief Road represents the culmination of years of hard work, bringing significant benefits to our local residents and businesses.

Additional money for adult social care will help build capacity to manage winter demand pressures, although we still await the Social Care Green Paper to provide a more sustainable position for the long-term. A detailed response has been developed to the CQC review of Stockport's health and social care systems, whilst a recent inspection of Special Educational Needs and Disabilities provision will report findings and recommendations shortly. Our Start Well approach for integrated early years services was launched in September, helping to ensure Stockport children are 'school ready'. Latest data shows that Stockport pupils continue to perform highly at Key Stages, with improvement well ahead of regional and national levels.

The launch of the Digital Inclusion Alliance complements a range of other schemes helping resident to access services online, and a number of community projects have been successful in gaining funding through the Stockport Local Fund. I was also pleased to launch a new 'Values and Behaviours' framework for council staff recently, alongside our Chief Executive at a series of employee briefings.

Over the last quarter, we have developed and refined our medium term financial plan. We have set out a new thematic approach alongside a two-year budget, and are consulting widely on these during the third quarter. We continue to face a £47m funding gap over the next four years at a time of increasing demand and demographic pressures. We have therefore sought to minimise the impact on our residents by addressing this in what we feel is the fairest and most sustainable way. Our plans aim to achieve a balance between reforming our services, generating additional income – including a proposed 2.99% increase in Council Tax – and minimising the impact on the essential services for our more vulnerable residents.

I look forward to reporting back on further progress early next year as these proposals are refined and we continue to deliver against our local priorities.

**Cllr Alex Ganotis,**  
**Leader of the Council (Policy, Finance and Devolution)**

**Forecast Budget Position 2018/19**

	Revenue Budget £000	Outturn £000	(Surplus)/ Deficit £000	Reserves and Balances	Balance at 30/09/18 £000
Cash Limits	170,562	171,571	1,009	<u>Non-Ring fenced:</u>	
Non-Cash Limits	67,380	62,909	(4,471)	General Fund Balances	9,200
<b>Total</b>	<b>237,942</b>	<b>234,480</b>	<b>(3,462)</b>	Earmarked Reserves	59,739
				<u>Ring fenced:</u>	
2018/19 Capital Programme (£000)			134,780	DSG and School Reserves	1,205
2019/20 Capital Programme (£000)			154,028	HRA Reserves	2,426
2020/21 Capital Programme (£000)			57,273	<b>Total Reserves and Balances</b>	<b>72,570</b>

**Portfolio Reporting**

Individual Portfolio Performance and Resource Reports contain a more detailed update on performance, projects and spending. These are considered first by the relevant Scrutiny Committees as set out below, before the Corporate Report is presented to the Cabinet. Any comments from scrutiny committees will be captured, with specific issues highlighted and used to inform the Corporate Report along with future Portfolio Reports.

Scrutiny Committee	Date	2018/19 Portfolio Reports
Adult Social Care and Health	23 October	Adult Social Care, Health
Communities and Housing	29 October	Communities and Housing
CRMG	30 October	Reform and Governance
Children and Families	31 October	Children and Families, Education
Economy and Regeneration	1 November	Economy and Regeneration

**Executive Summary**

The Mid-Year Report brings together key areas of progress in delivering the shared outcomes and priorities within the Council Plan and Portfolio Agreements during the first half of 2018/19. A brief summary is provided below under each of the five shared outcomes;

**People will be able to make positive choices and be independent**

The GM Health and Social Care Board has approved a new Learning Disabilities Strategy which aims to reduce inequalities for people with learning disabilities across a range of priorities. Several aspects of the strategy are aimed at encouraging people with learning disabilities to shape the services in place for them, and have the confidence to speak for themselves. When coupled with initiatives to reduce social isolation and improve health outcomes, approaches that champion self-determination will enable people with learning disabilities to live as independent lives as possible. The ability to bring about positive change and be independent, are principles which have also shaped; the "Paperweight Armband Project" for professionals caring for older people, the Digital Inclusion Alliance helping more residents to access the internet and the new Values and Behaviours Framework for council staff. These programs enable those working and living in Stockport to develop new ways of thinking, access a range of data sources, and establish best practice in the work place, inciting positive changes for themselves and others.

**People who need support will get it**

A £240m package of additional funding for councils has been announced by the Secretary of State for Health & Social Care to pay for social care packages for winter 2018/19. Whilst the conditions of the grant are not yet known, it is estimated to provide around £1.283m additional funding for social

care packages in Stockport. At a GM level, the Mental Health plan and a suicide prevention plan have so far received substantial attention and Stockport is currently developing its own proposals aligned with the GM strategy and the NHS Five-Year plan. Apart from health and social care, Universal Credit will be fully rolled out across Stockport over November, and campaigns to raise awareness of benefit changes are ongoing. Furthermore, findings from Stockport's 'Poverty Insight' work are currently being translated into an 'Inequality Dashboard' to foster an understanding of the experiences and needs of the people living in poverty. National and regional plans to support the Council's provision of health and social care and local poverty insight work will ensure that those who need support get it.

### **Stockport will benefit from a thriving economy**

In September over 500 people attended the Stockport Jobs Fair, with at least 13 individuals securing new employment within two weeks of the event. In addition, the Start Smart program continues to deliver drop-in sessions at local libraries and workshops for anyone interested in setting up their own business. Economic growth is also facilitated through support for premises operation and developing connectivity, as demonstrated by the contact handover for Market Place Management and opening of the new A6 to Manchester Airport Relief road on October 15<sup>th</sup>.

### **Stockport will be a place people want to live**

The LED street light program has now started. The program, which will see the introduction of energy saving blubs, is estimated to reduce CO2 emissions and enhance public safety, improving the quality of life for the people of Stockport. In addition, play areas have received further investment and the new A6 Relief road (mentioned above) will improve Stockport's public spaces and connectivity. The Council has identified a new long-term regeneration plan for the town centre that includes plans for 3,000 new homes and accompanying amenities and open spaces. The Town Centre West development has been agreed in principle by GMCA with a final decision expected in December. Whilst remaining a desirable place to live, Stockport is experiencing a rise in fly-tipping, litter and detritus on its highways, issues that are being addressed through the recent environmental campaign and discussions with partner organisations.

### **Communities in Stockport will be safe and resilient**

The LED street light programme mentioned above, will support the development of safe and secure communities. The first successful projects have been awarded funding from the Stockport Local Fund, allowing communities to develop and thrive on their own terms. Lastly, the Digital Inclusion Alliance was launched this quarter, helping residents to get online and become more resilient.

### **Financial summary**

A deficit of just over £1m is forecast on the Portfolio cash-limits budgets, mainly due to continued pressures in Children & Families and Adult Social Care. This is offset by a non-cash limits surplus of £4.471m from reduced capital financing costs and unallocated contingencies, giving an overall forecast of £3.462m revenue surplus. Portfolio savings for 2018/19 have largely been delivered, with just £0.300m outstanding, largely within Adult Social Care. The Capital Programme now stands at over £457m, with the 2018/19 programme delivering £134.78m investment.



# 1. PRIORITIES AND PERFORMANCE



## 1.1 Corporate Performance Overview and Analysis

The forecast position at the end of the second quarter is based on an increased basket of 58 measures – 10 more than available at Q1. These include newly-reported data on education attainment for the 2017/18 Academic Year, although some measures are not available to report until January. These are shown in detail in **Appendix 1**, with background information included within individual Portfolio Reports. The position continues to reflect an improved position from year-end for the proportion forecast to be on target (71% compared to 58%). The proportion forecast to improve or maintain performance has increased since Q1 and is at the same level of 72% as reported at Mid-Year 2017/18.

Compared to the Mid-Year report for 2017/18, there are a significantly higher proportion (71% v 58%) and number (41 v 39) of measures forecast on target and there are now a third of the numbers (6 v 2) forecast to be significantly below target ('red' status). Much of this is due to fewer 'amber' measures, with 15 (26%) compared to 20 (33%) in 2017/18. There are also more measures set to improve than at Mid-Year 2017/18 – 68% (39) against 52% (35), and fewer – 16 (28%) compared to 22 (33%) forecast to deteriorate. As the year progresses, forecasts begin to reflect in-year performance and provide a better indication of progress against targets.

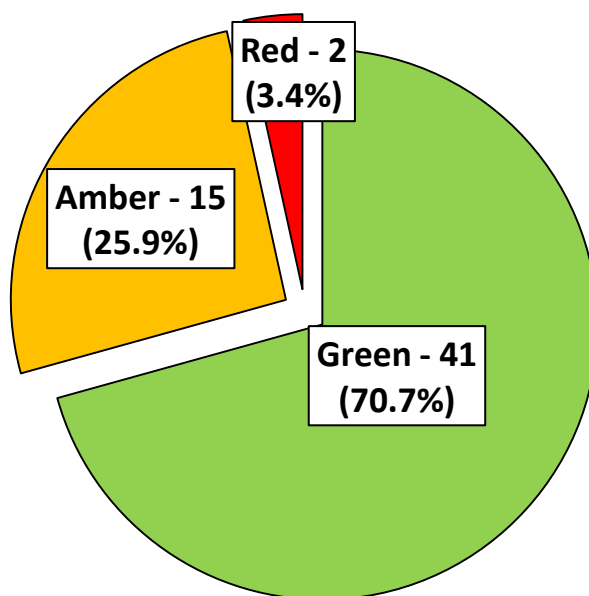
The two remaining measures rated as 'red' relate to forecast increases in permanent admissions to residential and care homes (ASC) and young people not in education, employment or training (Ed). The forecast for permanent admissions is 12% lower than at Q1, but still much higher than the Better Care Fund target of 557, reflecting the number of temporary placements becoming permanent. The increase in NEETs is down to the numbers where destination was previously unknown now being identified as NEET. The amount of residual household waste (C&H) has decreased and is now on target, after being rated as 'red' in Q1, possibly impacted by the recent environmental campaign.

The number of permanent exclusions from schools during 2017/18 has fallen significantly and is now rated as on target, after being rated as 'red' for 2016/17. Other measures showing an improved rating, moving from 'amber' to 'green' at Mid-Year relate to more adults with mental health support living independently (ASC); a higher rate of completion for treatment programmes by non-opiate users (Health); fewer school days missed due to exclusions (Ed); an increase in household recycling (C&H); and reductions in violent crime (C&H).

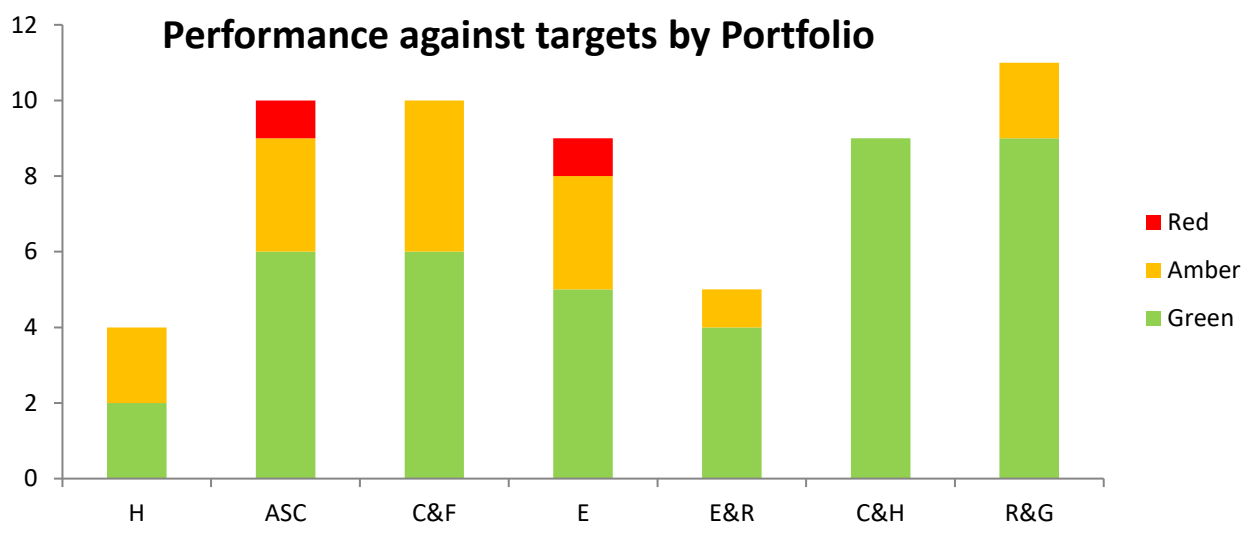
Apart from those highlighted above, performance against targets has fallen from 'green' to 'amber' this quarter for measures relating to; an increase in alcohol related admissions to hospital (Health); more new mothers smoking (C&F); a slight drop in early years foundation stage attainment (Ed); reduced occupancy of the business incubator (E&R); and a slight drop in the percentage of calls to the Contact Centre answered (R&G). Within the contextual measures for children's services, the number of children in care and those subject to a domestic abuse referral have both increased, although there has been a slight fall in the number of children subject to a Child Protection Plan since 2017/18.

Performance challenges appear to be largely around the Adult Social Care, Children & Families and Education Portfolios, where a higher proportion of measures forecast as being off-target or set to deteriorate. Some of these only involve small numbers, but comparative data is being analysed for geographical and statistical neighbours where this is available to add further context and help to target improvement over the second half of the year.

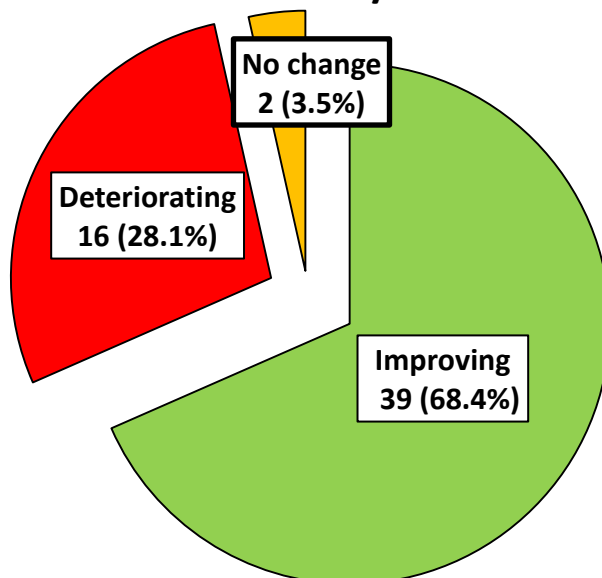
## Forecast performance against targets 2018/19



## Performance against targets by Portfolio



## Annual Trend - 2018/19 Forecast



## **1.2 Headlines by Portfolio – Performance and key projects**

Portfolio Agreements were considered by Scrutiny Committees before being approved by the Executive on 17 July 2018. These set out how each Portfolio will deliver on key objectives that support the Priority Outcomes within the 2018/19 Council Plan. Updates on the key projects and activities helping to deliver these objectives were contained within the Mid-Year Portfolio Reports and are summarised below.

### **1.2.1 Adult Social Care**

The GM Health & Social Care Board have signed off a new GM Learning Disabilities Strategy, supported by a '100-day challenge' to help organisations to make positive changes. A GM Autism Strategy is also being developed, whilst an Autism Awareness e-learning module has also been developed to promote Stockport's Autism Strategy.

Stockport has recently been subject to a Local Area SEND inspection (see 1.2.2 below), whilst a detailed action plan has been developed in response to the findings and recommendations from the CQC Local Area Review of health and social care systems. Support for communities and carers continues with the extension of The Prevention Alliance contract, and an increase in referrals through the Wellbeing and Independence Network. Signpost for Carers, the development of a GM Carers Charter and Carers Connect are all providing vital support to Stockport's carers.

The Ethical Framework has been commissioned with 12 providers having been successful in gaining accreditation, and will open again in January 2019. Meanwhile, the third annual Stockport Star Awards recognising excellence within the care sector in Stockport was launched in September, and a new Innovation Award will be targeted at providers who are working in partnership to address the pressures within the system.

A package of additional funding for councils of £240m was announced by the Secretary of State for Health & Social Care to pay for social care packages for winter 2018/19. This will provide around £1.283m of additional funding for social care packages in Stockport.

Latest performance data indicates further improvement in outcomes of short-term services; reductions in delayed transfers of care; more people with learning disabilities living independently; more people receiving mental health support living independently and in paid employment; more home care agencies with high CQC ratings; and all carers now in receipt of direct payments. The latest CQC quality ratings for Care Homes and Home Care show Stockport with no inadequate ratings.

The number of temporary placements being converted to permanent admissions continues to impact on the Better Care Fund measure, whilst there has been a slight reduction in clients benefitting from personalised care and support, along with slightly more older people being re-admitted to hospital. Safeguarding measures around domestic abuse re-victimisation, waiting times for Deprivation of Liberty Safeguard assessments and safeguarding outcomes all continue to provide a significant challenge, alongside a reduction in nursing bed capacity with a high CQC rating, following a recent care home inspection.

A new senior management structure for Adult Social Care has been recruited to and will be in place during Q3. The new structure will provide clearer lines of responsibility and includes interim positions for Neighbourhood and Boroughwide Services, in addition to a Head of Practice Quality and Workforce Strategy (Principal Social Worker) and Commissioning & Infrastructure.

### 1.2.2 Children and Families

The Council's Start Well model continues to develop, bringing together early years services to ensure children have the best possible start in life and are 'school ready'. Examples of this improved way of working include:

- Start Well Locality Teams (Health Visitors, Start Well Coordinators and Early Years Workers) and a place based approach to supporting outcomes in the early years
- Designated SEND roles to support integration
- The development of Team Around the Early Years; a partnership between early education and childcare providers, Stockport Family and other agencies who will work together to offer support to families with children 0-5 years
- A Start Well and School Readiness dashboard that will provide a more holistic view and help track outcomes to enable smooth transitions into school.

Stockport was subject to a Local Area Special Educational Needs and Disabilities (SEND) joint inspection by CQC and Ofsted the end of September. The inspection team are now evaluating the evidence gathered and will write a joint inspection outcome letter, explaining the main findings and making recommendations for improvement. This will also highlight any strengths that inspectors identify to help other services and areas develop and improve.

Targeted Youth Support is having a significant impact on reducing youth disorder and anti-social behaviour, particularly over the summer months. The rate of Custodial Sentences, First-Time Entrants and Re-offending have continued to reduce and confirms Stockport as performing significantly better than the North West and nationally.

Financial pressures continue, largely due to the increase in demand for, and spend, on external residential placements. The complexity of some of the young people in the service has increased and in particular seeing an increased number of 16+ young people remaining in registered children's homes rather than transferring to a 16+ provider due to their complexity of need. A business case is in progress to develop the annex at Broadfields to develop further capacity for young people aged 16+ which is an age group currently placing significant pressure on the External Placements budget.

### 1.2.3 Communities and Housing

The Council's commitment to build 600 affordable homes over two years is on target with 300 forecast to be completed by the end of 2018/19. The Housing Standards team has worked hard to bring about a significant reduction in the number of long-term empty properties.

Investment in play areas continues with four new schemes being proposed at Carrs Road, Craig Road, Woodbank Park and Bonar Park in addition to the improvement schemes that have already been completed.

The LED street light programme has now started. Over three years, all street light in the Borough will be changed to LED bulbs, saving an estimated 33% of CO<sub>2</sub> emissions, reducing maintenance costs and improving public safety through improving lighting levels.

The Council's Environmental Campaign has progressed well with reduced levels of residual waste, & dog-fouling and increased recycling rates being reported this quarter

There are two areas of concern - one is that the number of fly-tipping incidents is continuing to rise. Investigations are being carried out to clarify the issues contributing to this and to identify hotspots where regular fly-tipping occurs across the Borough. The other relates to



recent increases in levels of litter and detritus on local highways. Discussions are underway with Totally Local Company to address this.

The Highways Investment Programme has continued and additional funding has enabled the backlog of pothole repairs to be cleared ahead of the winter period.

### 1.2.4 Economy and Regeneration

Stockport Jobs Fair took place in September. Over 500 people attended and the Council is aware of at least 13 individuals who secured new employment within two weeks of the event. Meanwhile, the Council's Growth Team hosted the Business Growth Hub networking event at Vernon Park in July and the Finance and Professional Network event in September, which featured a keynote presentation from the Bank of England.

The Start Smart programme continues to deliver drop-ins at local libraries and workshops for anyone interested in starting their own business. Over 125 people have engaged so far and 40 new businesses have been created.

The Council expects to consult on a draft Local Plan in summer 2019, and has identified the long-term development of the Town Centre West area as one of its main regeneration priorities. This has capacity to support delivery of 3,000 new homes and additional social infrastructure, open space, and amenity. To achieve this the Council is exploring the creation of a Mayoral Development Corporation with the GM Mayor, Andy Burnham. This was been agreed, in principle, by GMCA in September, and the Combined Authority expected to make a final decision in December.

After a tender process, Market Place Management won the contract to operate Stockport Market. Following a handover period, the new service model will take full effect from 1<sup>st</sup> January 2019.

The new A6 to Manchester Airport Relief Road opened to traffic on 15<sup>th</sup> October providing a vital road link across Stockport, Manchester and East Cheshire.

### 1.2.5 Education

The overarching priority for the Education Portfolio is to continue to ensure all children and young people have access to high quality education and training and are supported to fulfil their potential, with a particular focus on reducing inequalities and removing the barriers to educational attainment and skills for the most disadvantaged children, young people and adults.

A key priority for the Portfolio is to continue to raise standards in schools and early years settings. The quality of early year's provision remains high and continues to improve, with latest a positive picture following recent Ofsted inspections, including:

- 98% of Childminders remain graded 'Good' or better by Ofsted;
- Whilst the proportion of Early Years settings graded 'Good' or better has reduced slightly, the proportion 'Outstanding' has increased;
- All childminders in the Borough's Priority 1 areas are now graded 'Good' or better.

At Key Stage 2, Stockport continues to outperform the North West and national performance. Stockport was already high achieving and the data confirms that the borough has again improved further. Likewise at Key Stage 4, provisional data released in October 2018, demonstrates that Stockport continues to perform better than the North West and national performance.

### 1.2.6 Health

The review of the Health and Wellbeing Board is now in its latter stages. This should contribute to progressing the CQC action plan as well as the work of Stockport Together.

At a GM level, the Mental Health plan and the suicide prevention plan have received significant attention and work is underway in Stockport to ensure local plans are also aligned with GM and the NHS Five-Year Plan.

Work is underway with Cheadle Medical Practice to launch the Health Champions project in this area, with recruitment of volunteer champions planned for October 2018. The next practice for the project will be identified shortly and it is intended to roll out the initiative to all neighbourhoods by the end of the 2018/19.

All of the posts for the Wellbeing and Self-Care Team have now been filled and space to deliver the new service has been identified in 75% of neighbourhoods and 44% of GP surgeries. Initiatives targeting smoking cessation and adult weight loss have begun. Initial reports are encouraging but more will be known in Quarter 3 when the first cohorts have completed their 12-week programmes.

The “Paperweight Armband Project” is a tool that helps professionals identify older people at risk of malnutrition and then to signpost them to accessible information and advice. The project officer is in post and working over 3 days per week in Stockport. Training has taken place that will enable wider rollout of the programme - 21 people have been trained so far, and 160 brief interventions have been completed.

A closed Facebook group has been created to assist the “Signpost Stockport” carers’ support project to replace the online forums, which were not popular with users. This is proving more successful with 44 members at the end of June.

### 1.2.7 Reform and Governance

Proposals for the Council’s Medium Term Strategy for 2019/20 were considered by Cabinet and are now out to consultation and further development. Most of these will affect the Portfolio to some extent. Good progress is reported in terms of delivering savings for the current year. The Digital Inclusion Alliance has been launched this quarter, helping even more residents to get online, and is complemented by the Duke of York’s iDEA programme. Digital forms are also improving customer access and service delivery including within Stockport Family and Revenues & Benefits.

Libraries continue to be refurbished and refreshed to accommodate new technology and maximise their usage. Tenders for an improved telephony service for the Contact Centre are currently being evaluated, and further automation of the web chat facility is underway. It is hoped that these improvements will have a positive impact on performance levels and help address the challenges of staff recruitment and retention.

A new Values and Behaviours framework for council staff has been launched, and will be further developed and embedded within policies and documentation. It is proposed for apprenticeships to be embedded within Workforce Planning, with consultation currently underway. Meanwhile, consultation is currently underway to update the Council’s statement and objectives on Equality and Diversity. Workforce planning and Information Management & Technology support continues to be provided as key enablers to the Stockport Together programme.

Work is underway to help fully understand the costs associated with delivery of chargeable services, as part of the challenge to balance the costs of services across the Council. This will allow for a more informed decision making process about future delivery options as well as maximising income through a combination of reduced delivery costs and increased fees. As previously reported, the Carillion contracts were terminated at the end of June, with Robertson's being appointed as the new interim property provider, whilst longer-term service re-design is carried out for Estate and Asset Management. Additional Estates support is being procured, and a new in-house technical and commissioning team has been created.

There has been a great deal of focus this quarter and beyond on Universal Credit, with preparations underway for the full roll-out in Stockport during November, including awareness raising of the local support available. A design workshop is taking forward key findings from the Poverty Insight work, including development of an Inequality Dashboard, and is being joined up with the Work and Skills Commission. Meanwhile, the first successful projects awarded funding from the Stockport Local Fund have been announced and consultation is underway around developing a 'Stockport Local Strategy' to set out how the Council will work with communities in the future.

The latest performance data has continued to reflect improvement from 2017/18, including increased Business Rate and Council Tax collection; faster processing times for benefit claims; lower sickness absence levels; more digital contacts through the Contact Centre; more FoI requests answered and invoice payments made on time; and reduced property costs and energy consumption. Staffing issues have meant a slight drop in the percentage of calls answered by the Contact Centre, whilst latest proposals are intended to reduce the amount of Council Tax discount awarded to empty homes.

### **1.3 Greater Manchester Strategy (GMS) – Delivery Update**

Progress against the ten GMS priorities is reported on a six-monthly basis through the GMS Dashboard and project updates. The first of these reports was considered by Cabinet and CRMG Scrutiny in July, with key information included in the First Update Portfolio Reports.

The next update is due to go to the GMCA in November, and will be reported to the next cycle of Cabinet and Scrutiny Committees, along with more detailed analysis of Stockport's data and input into key projects. In the meantime, key activities at GMCA level are included in the National and Regional Policy Drivers (Section 2.1), whilst key GMS measures are highlighted in bold in Appendix 1.

Stockport is performing at or above the GMS target level on most measures across the ten priorities, with the exceptions being:

- Percentage of mothers smoking at delivery.
- Rate of dental extractions with decay.
- Percentage of jobs earning above the Real Living Wage.
- Ratio of lower quartile house prices to median incomes.
- Percentage of adults who smoke.
- Percentage of adult social care locations rated as 'good' or 'outstanding'.
- Hospital admissions of over-65s due to falls.

Further detail and analysis will be provided on these measures within the next GMS Update to Cabinet and Scrutiny.

## 2. RISKS, OPPORTUNITIES AND CHALLENGES



This section provides an update on key changes to national policy along with other opportunities and challenges that are likely to have an impact on how the Council manages its strategic risks. It also provides an update on GM policy drivers along with actions addressing the Corporate Risks identified across Portfolios in 2018/19.

### 2.1 National and Regional Policy Drivers

Quarter 2 has seen the launch of a number of action plans, strategies and funds which tackle the interrelated themes of health, wellbeing and poverty in relation to some of the most vulnerable members of our society. These developments are taking place within the context of accelerating Brexit negotiations, as discussions of a no deal scenario are considered.

On a national level Matt Hancock replaced Jeremy Hunt as the Secretary of State for Health and Social Care. In his first speech after taking on the post, he identified several priorities including; pressures on health and social care budgets; technology; prevention; and health and social care workforce. He also indicated that provisions for younger adults would be brought into the **Social Care Green Paper**, which is currently set to be published alongside a 10-year plan for the future of the NHS later this year.

In October, the Government announced £240m worth of additional funding for Councils to help with winter pressures, whilst the LGiU published its own Green Paper on Social Care in July, making suggestions for the future funding and advancement of social care. Meanwhile, the GM Adult Social Care reform programme has identified six **'transformation priorities'**, which consider complex questions surrounding care. These include; care provision for those with learning disabilities, the personalisation of care and care quality, residential care, the care workforce and support for carers.

This quarter, a number of national and regional work programmes have come together to support those most in need. These include support for people with **Learning Disabilities and Autism** through NHS England's £75m 'Transforming Care Programme'. This will improve community services, helping more people with learning disabilities and/or autism who exhibit challenging behaviour to leave hospital. The GM Health and Social Care Board also signed off a new **'GM Learning Disability Strategy'**, helping people with learning disabilities to reach their full potential, including in employment.

The GMCA was awarded £7.43m from the Targeted Innovation and Reform Fund as part of the GM Children's Services Programme, allowing for the establishment of the **GM Children's Board**, bringing together stakeholders from across GM. Furthermore, the Combined Authority was awarded £1.1m by the Home Office to deliver a new project to support children and young people at risk of **exploitation or abuse**. The Mayor has also made a commitment to improve 'school readiness', through an investment of over £2m, whilst GM's Health and Social Care Board launched the **GM Children's Framework**, in response to findings that GM is one of the toughest places to grow up in the UK. The framework aims to help thousands of children and young people to access health and social care, improve their development and reach their potential.

In August, the Ministry of Housing, Communities and Local Government (MHCLG) launched its **'Rough Sleeping Strategy'**: prevention, intervention and recovery'. In addition the MHCLG also published its **Social Housing Green Paper**, aimed at addressing the imbalance between



residents and landlords, tackling stigma surrounding social housing and extending the supply and support for home ownership.

Regional strategies are also being developed to ensure GM is a great place to live. A draft GM **Cultural Strategy** has been published, with the vision of ensuring Manchester is a world leading place in which to participate and engage with cultural heritage. In addition the Department of Digital, Culture, Media and Sport's **Civil Society Strategy** was published in August, setting out plans to bring together the public sector, private businesses, charities and volunteers to tackle social problems and build a fairer society. Lastly, following from the inaugural GM Green Summit in March, GMCA launched its '**Springboard Report**' outlining the first steps on the road to making GM one of the leading Green Cities in Europe, improving the local environment and tackling climate change for the people of Greater Manchester.

Following the publication in September of household projections and the subsequent Local Housing Need figures, the Government announced that it will be reviewing and consulting on a methodology for deriving housing numbers. This has therefore further delayed the **GM Spatial Framework** (GMSF) process, as GM authorities assess the potential impact of a revised methodology. There is not yet a definite timeframe for the next stage of GMSF consultation, although this should be clarified in Quarter 3.

A GM **Local Industrial Strategy** (LIS) is also under development to provide a long-term vision setting out the opportunities to grow the economy and reform public services to 2030 and beyond. A series of research commissions will be supported by an independent economic review of GM to provide a strong evidence base for future actions. The LIS will inform the GM response to the autumn Budget and Spending Review, and is expected to launch in March 2019, with GM propositions being developed for 2020 and beyond.

The Government recently published a document '**Strengthened Local Enterprise Partnership**' that sets out the conclusions of its review of LEPs, aiming to ensure that they continue to support delivery of local Industrial Strategies. The GM LEP Board considered the review and key implications for GM in September, and identified work needed to implement recommendations. GM has been successful in securing £23.8m capital funding from the **Local Full Fibre Network** Challenge Fund to connect up to 1,500 public sector buildings across GM as a catalyst for other businesses to improve their broadband network.

The GM **Town Centre Challenge** aims to enhance regeneration across GM's town centres and progress strategic development projects by using the GM Mayor's statutory and convening powers and resources, with the agreement of, and in conjunction with districts. Nine town centre projects have been identified, including the Town Centre West area in Stockport. At its meeting in September, GMCA agreed in principle to support to the designation of a **Mayoral Development Corporation** in Stockport subject to further work ahead of a final decision in December.

## 2.2 Corporate Risks

Each of the Portfolios has identified significant risks to achieving objectives and delivering key projects, including Reform projects. These are outlined in the Portfolio Risk Registers, which are included in 2018/19 Portfolio Agreements, along with any emerging risks and the controls in place to mitigate these.

A number of corporate risks have been identified at a strategic level, and these have been reviewed and aligned with risks to the overall Reform Programme alongside strategic risks from Portfolio Risk Registers to form the 2018/19 Corporate Risk Register. The Corporate Risk Manager will work with designated risk owners within the Corporate Leadership Team to

ensure the CRR is regularly reviewed and updated in-year to reflect emerging issues, mitigating actions and controls.

A full update on the 2018/19 Corporate Risk Register since the 2017/18 Annual Report is included below. A more detailed six-monthly update will also be reported to Corporate Governance Group and Audit Committee.

Name of Risk	Update on internal controls and mitigating actions
<p><b>1. Change Management</b></p> <p>Organisational cultures and other barriers affect ability to manage and implement change effectively.</p>	<p>A new 'Values and Behaviours' framework was launched by the Chief Executive and Council Leader. These will be embedded into relevant policies and documentation, for example the Council's Performance and Development Review and HR policies.</p> <p>Apprenticeships are being moved under Workforce Planning to help upskill the workforce. This is also a key factor within the work on balancing the cost of services, with a strategy being developed which includes workforce development to support wider commissioning skills. Lessons learnt from the Place Based pilots are also being shared, alongside developing community engagement skills as part of the Stockport Local Strategy.</p> <p>One of the enabling work streams within the recent Medium Term Plan proposals is focused on Having an Organisation Fit for the Future. This work stream will enable the Council to build solid foundations upon which to achieve the ambitions outlined in other areas. It will be a 4-year programme of work and will involve laying down the foundations within the initial year, which enable other programmes to achieve their aspirations.</p>
<p><b>2. Financial</b></p> <p>Failure to deliver MTFP (savings targets and balanced budget).</p>	<p>The 2018/19 Summer Review re-tested the assumptions and forecasts underpinning the MTFP to ensure they are based on the latest available information and that the forecast savings requirement is robust. Whilst areas were identified where resources could be made available to support the 2019/20 budget and MTFP, the risks and volatility associated with these meant it is prudent not to adjust savings requirements at this stage. The financial landscape will continue to be assessed with further updates to presented as part of the 2019/20 budget process.</p> <p>Cabinet recently set out its approach to meeting the financial challenge over the medium-term period, focusing on five thematic areas which will shape how the Council will address the financial challenge. This included the Cabinet's continuing commitment to early transparency on Council Tax increases, with a 2.99% (including 1% Adult Social Care Precept) Council Tax increase proposed for 2019/20.</p> <p>The Reserves Policy has also been reviewed and updated to ensure the Council's earmarked reserves are aligned to its corporate and strategic priorities over the medium-term period. Internal Audit have been asked to review management arrangements and the potential for maximising future income generation from Merseyway and Redrock.</p>

Name of Risk	Update on internal controls and mitigating actions
<p><b>3. Digital Capacity</b></p> <p>Insufficient ICT infrastructure and capacity</p>	<p>The Council is reducing the cost of development by continuing to grow its own in-house talent. This is working particularly well with developers with graduate apprentices and student placements. Recognising that often the most time-consuming part of digital transformation is working with users and the service to understand their experience and need, the Council has employed more junior Business Analysts and Service Designers.</p> <p>The Council have recently requalified for PSN Accreditation, along with achieving the CyberEssentials and IASME Gold accreditations. These should give confidence to users and customers that the Council takes cyber security very seriously and has a safe and secure network.</p> <p>As part of nationwide 'Cyber Stocktake' conducted by the Local Government Association, Stockport was assigned a summary 'Green' status for its approach and readiness to a range of cyber security issues and threats. This status was only achieved by 4% of the 353 surveyed local authorities.</p>
<p><b>4. Demand Pressures</b></p> <p>Inability to influence behaviour change resulting in demand and expectations continuing to rise.</p>	<p>Many longer-term reforms and changes to service delivery rely on behaviour change in order to have any lasting impact on reducing demand levels. These include Digital by Design, Health and Social Care integration and Working with Communities. An early intervention and preventative approach will take time before customer demand reduces.</p>
<p><b>5. Supplier and partner risk</b></p> <p>Key suppliers and partners to significant projects and services may be unable to deliver on behalf of the Council.</p>	<p>Following recent national reports into the collapse of Carillion, Stockport is working with the Cabinet Office and National Audit Office to develop detailed contingency plans to mitigate future risks. This will capture learning from the national response and help manage and minimise risk going forward.</p> <p>An Internal Audit review of this key and emerging risk area is currently ongoing and the outcome reported to Audit Committee in due course.</p>
<p><b>6. Information Governance</b></p> <p>Failure to protect the Council's information assets including personal and sensitive data and other confidential data.</p>	<p>GDPR compliance activity has already delivered a significant change in processes, procedures and understanding, in meeting expectations of the Information Commissioner. Work continues to strengthen the organisational data protection framework supported by HoS and service managers to minimise and control the risks to the rights and freedoms of individuals.</p>
<p><b>7. Health and Social Care integration</b></p> <p>Financial resources and capacity are insufficient to deliver the strategic change programme and</p>	<p>Significant changes to the system leadership and work continues to establish the necessary capacity to deliver the Stockport Together Programme. A review of benefits realisation has been undertaken, with new targets established. Meanwhile, a detailed action plan has been developed in response to findings and recommendations from the CQC Local Area Review of health and social care systems undertaken earlier this year.</p>

Name of Risk	Update on internal controls and mitigating actions
associated benefits to required timescales	There is significant on-going work to align Estates across health & social care and wherever possible, base teams within their Neighbourhood. Discussions are also continuing with staff about Stockport Neighbourhood Care (SNC), along with regular consultation with unions. Recruitment for key posts continues to take place and this is on a rolling basis for staff who provide direct care. Leaders from within SNC continue to align work with GM models, whilst programme resource and operational resources are under constant review.
<b>8. School Places</b>  Commissioning of school places in a challenging financial and legislative landscape, leading to an insufficient supply of school places across the Borough and potential deterioration of school buildings.	<p>The opening of free primary and secondary schools by the Laurus Trust has relieved some pressure on school places in the short term. There also continues to be significant pressure on places at special schools and Pupil Referral Units. Plans are in place to build a replacement Primary Special School in Offerton, whilst expressions of interest have been registered for developing a SEND Free School.</p> <p>Longer-term solutions continue to be explored, following the approval for £25m capital investment, to continue to meet statutory responsibilities and improve school conditions.</p>
<b>9. Safeguarding</b>  Failure of safeguarding arrangements for children and vulnerable adults.	<p>Further progress has been made in developing the new Children's Safeguarding Partnership, including establishment of a range of sub-groups. Work has also continued in relation to the Complex Safeguarding Strategy, with particular progress around addressing Honour Based Violence / Forced Marriage and Female Genital Mutilation. The 'Trapped' campaign has also focused on criminal exploitation, including Modern Slavery and organised crime such as 'County Lines'. Following a recent Council Motion, a Modern Slavery Statement has been drafted and will be presented to Scrutiny and Cabinet in December.</p> <p>In terms of Adult Safeguarding, Care Act compliance, including Deprivation of Liberty Safeguards (DoLS), remains a risk. This is being mitigated by recruitment of Independent Review Officers, with the DoLS backlog being addressed through careful screening and recruitment to new Best Interest Assessor roles.</p>
<b>10. Delivering growth</b>  Failure to deliver sustainable key strategic, regeneration and capital investment programmes.	<p>The Council hosted the Business Growth Hub networking event at Vernon Park in July and the Finance and Professional Network event in September, which featured a keynote presentation from the Bank of England. In all, 55 representatives from the finance and professional sector attended this event. The Growth team continue to engage with businesses through events and meetings, including the Start Smart programme which has supported the creation of 40 new businesses since April.</p> <p>Work continues on a range of Town Centre regeneration projects, including the next phase of Stockport Exchange; 83% occupancy at the Aurora business park; feasibility and viability works for redevelopment of Merseyway shopping centre; further lettings at Redrock; and design works on the Interchange scheme.</p>



## 3. FINANCIAL OVERVIEW AND ANALYSIS

### REVENUE BUDGET



#### 3.1 Revenue Budget

This section of the report sets out the 2018/19 revenue position. It includes:

- A summary of the revenue budget and forecast outturn position for the Council as at Quarter 2;
- Details of the revenue forecast position with regard to Cash Limit budgets, Non-Cash Limit budgets, Dedicated Schools Grant (DSG), and the Housing Revenue Account (HRA); and
- Details of the movements on earmarked reserves and general fund balances during the quarter.

#### 3.2 Revenue Budget Adjustments

3.2.1 The following table summarises the proposed changes to the revenue budget that have arisen during the quarter.

##### 2018/19 Revised Budget as at 30 September 2018

	Approved Budget £000	Revised Budget 30/06/18 £000	Increase (Reduction) £000
Cash Limits	169,425	170,562	1,137
Non-Cash Limits	68,517	67,380	(1,137)
<b>Total</b>	<b>237,942</b>	<b>237,942</b>	<b>0</b>

3.2.2 The revenue budget has not changed in overall terms since the budget was set in February. The table above reflects the proposed increase to Cash Limit budgets in relation to demand and price inflation from the Non-Cash Limit contingency budgets. Cabinet are asked to approve these virements.

3.2.3 A breakdown of the Quarter 2 budget virements is shown in the table below. The revised budget by Portfolio is shown in Appendix 2.

##### Virements Presented for Approval by Cabinet

Item	Type*	Amount £000	From	To	P/T**
Contribution to Corporate communications	BR	30	ASC	R&G	P
Allocation of demand/price contingency	BR	1,137	NCL	VAR	P

\* BR = Budget re-alignment meaning the transfer of budget and activity from one service area to another

\*\* P = Permanent and T = Temporary

### 3.3 Revenue Forecast Position for 2018/19

3.3.1 The overall forecast position for the Council's revenue budget shows a surplus of £3.462m as at 30 September 2018 as set out in the table below:

#### 2018/19 Forecast Outturn as at 30 September 2018

Portfolio	Original Budget £000	Revised Budget £000	Provisional Outturn £000	(Surplus)/ Deficit £000
<u>Cash Limits</u>				
Adult Social Care	67,261	69,553	69,805	252
Children and Family Services	27,655	28,306	28,926	620
Communities and Housing	22,416	22,556	22,718	162
Economy and Regeneration	2,562	2,668	2,668	0
Education	2,639	3,144	3,145	1
Health	15,990	16,035	16,009	(26)
Reform and Governance	26,731	28,300	28,300	0
<b>Total (Cash Limits)</b>	<b>165,254</b>	<b>170,562</b>	<b>171,571</b>	<b>1,009</b>
Pay	1,768	0	0	0
Superannuation (Auto-Enrolment)	1,770	1,214	0	(1,214)
Price Inflation/National Living Wage	3,141	818	818	0
Demand Pressures	866	0	0	0
Apprenticeship Levy	400	400	360	(40)
Stockport Together Risk Contingency	4,000	4,000	4,000	0
Growth and Reform	2,098	2,098	2,098	0
Other Non-Cash Limits	58,645	58,850	55,633	(3,217)
<b>Total (Non-Cash Limits)</b>	<b>72,688</b>	<b>67,380</b>	<b>62,909</b>	<b>(4,471)</b>
	<b>237,942</b>	<b>237,942</b>	<b>234,480</b>	<b>(3,462)</b>
<u>Financed by</u>				
SMBC Council Tax	139,654	139,654	139,654	0
SMBC SC Precept	9,510	9,510	9,510	0
BR District Share	74,850	74,850	74,850	0
Business Rates - Tariff	(7,809)	(8,845)	(8,845)	0
BR Section 31 Grants	10,210	10,210	10,210	0
New Homes Bonus	1,554	1,554	1,554	0
General Fund Balances	22	3,053	3,053	0
Collection Fund Surplus 16/17	915	915	915	0
Collection Fund Deficit 17/18	(2,073)	(2,073)	(2,073)	0
Appropriation to Reserves	(173)	0	0	0
Appropriation from Reserves	8,171	6,003	6,003	0
Better Care Fund Allocation	3,111	3,111	3,111	0
	<b>237,942</b>	<b>237,942</b>	<b>237,942</b>	<b>0</b>
	<b>0</b>	<b>0</b>	<b>(3,462)</b>	<b>(3,462)</b>

3.3.2 Cash Limit Portfolios are reporting an overall deficit of £1.009m. Further details are provided at section 3.5 below.

3.3.3 The Non-Cash Limit budgets are reporting an overall surplus of £4.471m, mainly due to surpluses within capital financing costs and unallocated contingency budget. Further details are provided in section 3.6 below.

3.3.4 Cabinet will be aware of the potential calls on the Council's 2018/19 forecast surplus including:

- Addressing the in-year Dedicated Schools Grant deficit (see section 3.7);
- The Council's response to SEND review recommendations;
- Funding of Merseyway investment;
- Funding of continuing pressures in the Social Care and Health economy; and
- Provision of double running support for the implementation of the 2019/20 saving proposals.

### 3.4 Savings Proposals

3.4.1 The Council's 2018/19 savings were part of the 2018/19 Budget approved at the Council meeting in February. The approved 2018/19 savings relating to Cash Limit budgets and Non-Cash Limit budgets is £7.521m.

3.4.2 The savings achieved or forecast to be achieved by each Portfolio are detailed in the table below. The table also shows the total of unachieved prior year savings for each Portfolio. Risk assessments on achievement and progress updates for each saving proposal can be found within individual Portfolio reports.

Portfolio	Previous Years Unachieved Savings £000	2018/19 Saving Approved £000	Saving to be Achieved/For ecast to be Achieved £000	Balance £000
Adult Social Care	1,823	2,695	4,320	198
Children and Family Services	-	605	575	30
Communities and Housing	-	790	755	35
Economy and Regeneration	-	10	10	-
Education	-	1,021	984	37
Health	414	-	414	-
Reform and Governance	-	1,400	1,400	-
Non Cash Limit	-	1,000	1,000	-
<b>Total</b>	<b>2,237</b>	<b>7,521</b>	<b>9,458</b>	<b>300</b>

### 3.5 Portfolio Cash Limits

#### 3.5.1 Adult Social Care (ASC) Portfolio

The financial resources deployed in this Portfolio total £69.553m. The outturn forecast at Quarter 2 is a deficit of £0.252m. This equates to 0.4% variance in terms of the total resources available.

The net Integrated Neighbourhood Service (INS) Residential and Nursing care outturn forecast is a deficit of £1.203m at Quarter 2. This is due to:

- Making short-term placements permanent (impact on future commitments);

- Net increase in demand for placements – in part due to hospital discharges (net additional 60 permanent placements between Quarter 1 and Quarter 2);
- Enhanced rates payable to secure local provision; and
- Increase in average weekly bed rate for new clients compared to those leaving services (additional £73 per week).

The net forecast includes £0.627m of additional income from new clients awaiting financial assessment and £0.500m non-recurrent iBCF contribution at Quarter 2. The iBCF funding was earmarked and committed as part of the 2018/19 budget setting aligned to care management pressures as appropriate.

Further part offsetting of the INS deficit includes:

- £0.146m forecasted underspend within non-residential care expenditure;
- £0.111m forecasted over achievement of non-residential care income; and
- £0.176m forecasted additional Continuing Healthcare (CHC) income from the initial income target set.

Learning Disabilities have received £0.450m of pre-approved corporate funding aligned to ASC at budget setting. This will be used to offset the anticipated deficit forecasted at Quarter 2.

The unachieved ASC savings balance of £0.198m has been offset by £0.216m of underspends within other ASC service areas.

An announcement on the 2 October by the Secretary of State for Health and Social Care indicated that an extra £240m of funding would be made available to Local Authorities to pay for winter 2018/19 social care packages. The Council's allocation has been confirmed as £1.283m of non-recurrent funding. The Department of Health expect the spending to be focussed on reducing Delayed Transfer of Care, helping to reduce extended lengths of stay, improving weekend discharge arrangements so that patients are assessed and discharged earlier and speeding up the process of assessing and agreeing what social care is needed for patients in hospitals.

### 3.5.2 **Children and Family Services Portfolio**

The financial resources deployed in this Portfolio total £28.306m. The forecast outturn position at Quarter 2 is a deficit of £0.620m, equating to 2.2% of total resources available.

There is a deficit of £0.270m on placements for looked after children (LAC) comprising of deficits of £0.370m and £0.219m respectively on external residential and external foster care (IFA) placements. This is offset by a surplus of £0.174m on internal foster care placements and £0.145m on staying put arrangements.

There are further deficits relating to LAC maintenance payments, £0.102m and Legal Fees, £0.078m. These deficits are linked to increased demand in terms of the LAC population and the increase in the numbers of care proceedings, emergency protections applications and urgent interim care orders as well as an increase in pre-proceedings (PLO) cases.

There is a continuing deficit in the Children with Disabilities service in relation to respite care payments which is currently under review to determine how much is as a result of increased complexity of cases, volume of children being supported and reductions in the number of cases agreed for joint funding from Health.



**3.5.3 Communities and Housing Portfolio**

The financial resources deployed in this Portfolio total £22.556m. The forecast outturn position at Quarter 2 is a deficit of £0.162m, which equates to 0.7% of the total resources available.

The deficit relates to Leisure savings and it is intended that this will be achieved over three financial years starting from 2017/18. Parking also shows a modest budget pressure due to the increase in parking charges not starting until mid-May. This is offset by expected surpluses in other areas of the Portfolio.

**3.5.4 Economy and Regeneration Portfolio**

The financial resources deployed in this Portfolio total £2.668m. The forecast outturn position at Quarter 2 is a balanced position.

The Portfolio does contain budget pressures in relation to income generation. These budget pressures are offset by surpluses in other areas of the Portfolio that result in an overall balanced position.

**3.5.5 Education Portfolio**

The financial resources deployed in this Portfolio total £3.144m. The forecast outturn position at Quarter 2 is a deficit of £0.001m. This equates to 0.03% variance in terms of the total resources available.

**3.5.6 Health Portfolio**

The financial resources deployed in this Portfolio total £16.035m. The forecast outturn position is a surplus of £0.026m. This equates to a 0.16% variance in terms of the total resources available.

The Public Health service is forecasting a breakeven position at Quarter 2, assuming a drawdown of £0.548m from reserves (£0.667m was planned to be drawn down at budget setting and a drawdown of £0.649m was forecast at Quarter 1). The drawdown is required due to unachieved savings in year relating to a review of a number of Public Health contracts. Finance Officers continue to work with the service to support achievement of the savings.

Health and Wellbeing is forecasting a surplus position of £0.026m at Quarter 2 (£0.015m surplus at Quarter 1) due to forecast underspends in non-pay and external contract commitments and additional forecast staffing income.

**3.5.7 Reform and Governance Portfolio**

The financial resources deployed in this Portfolio total £28.300m. The forecast outturn position is a breakeven position.

**3.6 Non-Cash Limit**

3.6.1 The overall non-cash limit budget is projecting a surplus of £4.471m. There is still a possibility of receiving an interim dividend from Manchester Airport Group (MAG) later in the year but this is not guaranteed and therefore it is not included within the Quarter 2 forecast position. An announcement from MAG (usually during Quarter 3) on the payment of the interim dividend could increase the Non-Cash Limit surplus position.

3.6.2 The majority of the surplus (£2.7m) relates to Capital Financing costs that are a result of lower borrowing levels than expected and a continuation of taking advantage of preferential interest rates on short-term borrowing.

3.6.3 It is forecast that £1.2m of contingency budget will be unallocated during the year and this is included in the Quarter 2 surplus position.

3.6.4 A further surplus of £0.486m primarily relating to the Waste Disposal Levy is also forecast.

### **3.7 Dedicated Schools Grant (DSG)**

3.7.1 The Centrally Held Budget (CHB) element of DSG is managed by the Council on behalf of schools and consists of a range of services to schools and pupils. The total DSG allocation, which is centrally held, is £28.997m and comprises of:

- High Needs Block (£23.847m);
- De-delegated funding for services provided to local authority maintained schools (£2.975m); and
- Central School Services (£2.175m).

3.7.2 The DSG is currently forecasting a net £0.882m deficit at Quarter 2. The key pressure area within the above forecast is the high needs block and the additional in year cost pressures of creating a further specialist satellite provision at the Overdale Centre, a general increase in SEND support/demand costs and a further increase in number of severe/complex pupils placed in external high cost independent sector places.

3.7.3 It is hoped that some year-end surplus monies may be achieved in areas like early years (i.e. under participation of 3 and 4 year olds free entitlement), schools contingency and schools maternity costs to offset against the forecast deficit. However given the unpredictability/volatility of activity in these areas, all assumed to be in line with budget within the Quarter 2 forecast.

3.7.4 The DSG original budget for 2018/19 was balanced via a transfer of resources (£0.816m) from the schools block to high needs and deployment of DSG reserves of £0.222m – a total of £1.038m of non-recurrent funding. The Directorate currently has a further £0.240m of unallocated DSG reserves available that could be deployed at year-end. Using this resource to support the 2018/19 forecast deficit position would exhaust all of the available DSG reserve.

3.7.5 It is recommended that the in-year deficit on the DSG is addressed through the use of the Council's Non Cash Limit surplus to avoid carrying forward a deficit on the DSG. The amount of shortfall will be confirmed in Quarter 3 and 4 when detail of the outturn positions on the items set out in paragraph 3.7.3 are clarified. This approach to managing an in-year deficit position on the DSG has recently been adopted in a neighbouring Authority.

3.7.6 The 2019/20 high needs block continues to illustrate a financial shortfall (circa £1.4m). The Council will seek to transfer 0.5% of funding (circa £0.828m) from the schools block again in 2019/20 subject to approval of Schools' Forum. Further savings and efficiencies are being identified as part of the ongoing DSG Review work stream to address the shortfall balance in 2019/20.

### **3.8 Housing Revenue Account (HRA)**

3.8.1 The HRA forecast outturn position for 2018/19 as at Quarter 2 is projecting a surplus of £0.025m for the year.

3.8.2 There are some variances within expenditure areas. For example, a favourable variance on interest and MRP payments due to an application of attributable debt at the end of March 2018.

3.8.3 The rental income on social rent dwellings is forecasting a favourable variance due to the reduction in RTB sales realised to date in 2018/19. The estimated number of Right to Buys for the year has been revised down to 70 from a budget of 90.

### 3.9 Earmarked Reserves and General Fund Balances

3.9.1 The following table shows the movement on earmarked reserves and general fund balances between Quarter 1 and Quarter 2.

#### **Reserves and Balances at 30 September 2018**

	<b>Balance as at 30/06/2018 £000</b>	<b>Increase/ (Reduction) £000</b>	<b>Balance as at 30/09/2018 £000</b>
General Fund Balances	9,200	0	9,200
Total General Fund Balances	9,200	0	9,200
Reserve Linked to Budget	12,738	0	12,738
Strategic Priority Reserve	26,372	0	26,372
Budget Resilience Reserve	4,454	0	4,454
Corporate Reserves	15,472	0	15,472
Directorate Reserve	703	0	703
Total Earmarked Reserves	59,739	0	59,739
<b><u>Ringfenced</u></b>			
DSG and School Balances*	1,400	(195)	1,205
HRA Balances	1,105	0	1,105
HRA Earmarked Reserves	1,321	0	1,321
Total Ringfenced Reserves	3,826	(195)	3,631
<b>Total Reserves and Balances</b>	<b>72,765</b>	<b>(195)</b>	<b>72,570</b>

\* Excludes school balances within delegated budgets - at the beginning of the 2018/19 financial year these totalled £11.278m

3.9.2 Appropriations from reserves totalled £0.195m and related to DSG and School Balances. The balance of reserves at the end of Quarter 2 is £72.570m. The table at appendix 4 provides the latest sum of commitments against each reserve.

3.9.3 The Council's General Fund Balance at the end of Quarter 2 is £9.200m, which is the minimum level of general fund balances recommended by the Borough Treasurer.

### 3.10 Collection Fund

3.10.1 The forecast outturn position on the Collection Fund, as at Quarter 2, is a surplus of £1.552m made up of a £1.302m surplus on Council Tax and £0.250m surplus on Business Rates. The Council's share of this surplus is £1.378m made up of a £1.131m surplus on Council Tax and a £0.247m surplus on Business Rates.

	<b>Council Tax £000</b>	<b>Business Rates £000</b>	<b>Total £000</b>
Collection Fund Income	(173,083)	(81,187)	(254,270)
Collection Fund Expenditure*	171,781	80,937	252,718
<b>2018/19 Surplus</b>	<b>(1,302)</b>	<b>(250)</b>	<b>(1,552)</b>
<b>Allocated to:</b>			
Stockport Metropolitan Borough Council	(1,131)	(247)	(1,378)
Greater Manchester Fire and Rescue Authority	(48)	(3)	(51)
Greater Manchester Police and Crime Commissioner	(123)		(123)
	<b>(1,302)</b>	<b>(250)</b>	<b>(1,552)</b>

\* includes distribution to the Council and Precepting Authorities during the year

3.10.2 In line with the legislation that governs the Collection Fund Accounting, this surplus will need to be distributed during 2019/20 and 2020/21.

3.10.3 The 2018 Summer Review identified £1.362m of available resources relating to the Collection Fund to support the Council's 2019/20 budget. Of this, an in year surplus on the Collection Fund of £0.915m was forecast. The position at Quarter 2 shows an improved in year position of £1.378m. The declared 2018/19 Collection Fund position which will determine the amount of resources available to support the Council's 2019/20 budget will be confirmed in December as part of the Council Tax Taxbase and NDR Forecast report.

3.10.4 Business Rates is a complex and volatile tax that is difficult to forecast for the expected outturn position. A small change in the gross Business Rates payable in-year as a result of changes in rateable value or increase in appeals by businesses is difficult to predict and can have a significant impact on the actual benefit realised at the end of the financial year. The above forecast outturn position is based on the Business Rates collection data as at Quarter 2.

3.10.5 2018/19 is the second year of the Greater Manchester 100% Business Rates Retention Pilot. The Council expects to benefit from the 100% Pilot, but has taken the prudent approach not to budget for this benefit in 2018/19. Instead the Council will realise any benefit from the 2018/19 100% Pilot a year in arrears.

## 4. FINANCIAL OVERVIEW AND ANALYSIS

### CAPITAL PROGRAMME



#### 4.1 Capital Programme - Forecast Position at 30 September 2018

4.1.1 The following table provides the forecast position of the 2018/19 Capital Programme as at 30 September 2018. Details of the changes made to the programme during the Quarter 2 are set out below at paragraph 4.1.5.

Expenditure as at 30 Sept 2018 £000	Portfolio	2018/19 Programme £000	2019/20 Programme £000	2020/21 Programme £000	Programme 2021/22 Onwards £000
235	Adult Social Care	1,491	0	0	0
0	Children and Family Services	24	0	0	0
14,114	Communities and Housing	39,276	43,998	20,002	59,406
29,349	Economy and Regeneration	68,763	56,139	28,588	43,114
2,783	Education	8,314	29,504	784	0
7,965	Reform and Governance	16,912	24,387	7,899	8,881
<b>54,446</b>	<b>TOTAL</b>	<b>134,780</b>	<b>154,028</b>	<b>57,273</b>	<b>111,401</b>

4.1.2 The Council's 2018/19 three-year Capital Programme is £346.081m as at 30 September 2018, with planned expenditure of £134.780m in 2018/19.

4.1.3 There has been a net decrease in the three-year capital programme of £0.904m since 30 June 2018. This net decrease is predominately due to the re-phasing of long-term schemes to later years beyond the current capital programme (£1.740m). Within the three-year capital programme there are a number of new funding allocations (£0.836m) offset by reductions to schemes. The most significant new funding allocations and decreases in the capital programme in 2018/19 include the following:-

- £0.125m additional directly funded borrowing for HRA general capital schemes (Communities and Housing);
- Reduction of £0.345m in the LTP and SEMMMS Integrated Transport scheme (Economy and Regeneration);
- £0.596m new directly funded borrowing towards the Daw Bank- Stagecoach Building scheme (Economy and Regeneration); and,
- £0.227m in directly funded borrowing for the Stopford House Canteen Conversion (Reform and Governance).

4.1.4 Schemes are regularly reviewed and the programme is adjusted accordingly. A net total of £4.726m has been re-phased from 2018/19; £4.499m of funding to 2019/20 and the remaining £0.227m along with £1.513m from 2020/21 to later years beyond the current three-year programme. The more significant schemes being re-phased (2018/19 to 2019/20 unless otherwise indicated) include the following:-

- £0.468m in Strategic Housing schemes, i.e. Disabled Facilities Grant and Renewal, has been rephased from 2019/20 to meet expenditure in 2018/19 (Communities and Housing);



- A total of £1.044m in loans to Stockport Homes for Affordable Homes has been brought forward, £0.261m to 2018/19 and £0.783m to 2019/20 (Communities and Housing);
- £0.561m in grant funding for the Town Centre Structures Merseyway scheme (Economy and Regeneration);
- A total of £1.792m of grant funding towards the SEMMMS A6 to Manchester Airport Relief Road has been re-phased, £0.386m brought forward from 2019/20 to 2018/19, and £1.083m from 2019/20 and £0.709m from 2020/21 to 2021/22, i.e. beyond the current three-year programme (Economy and Regeneration);
- £1.576m directly funded borrowing for the Markets and Underbanks Scheme (Economy and Regeneration);
- £0.850m in capital receipts for the Tatton Cinema scheme (Economy and Regeneration);
- £0.804m of grant funding in 2020/21 for the Town Centre Access Plan is being rephased to later years beyond the current three-year programme (Economy and Regeneration); and,
- £2.500m of directly funding borrowing for the Borough Care scheme.

4.1.5 The changes to the Capital Programme during Quarter 2 are set out by portfolio in the table below.

Portfolio	Programme as at 1 June 2018 £000	Additional /Reduced Programme £000	Virement/ Re- phasing £000	Programme as at 30 Sept 2018 £000
<b><u>2018/19</u></b>				
Adult Social Care	1,491	0	0	1,491
Children & Families	24	0	0	24
Communities & Housing	38,254	285	737	39,276
Economy & Regeneration	71,417	274	(2,928)	68,763
Education	8,264	50	0	8,314
Reform & Governance	19,220	227	(2,535)	16,912
<b>Total</b>	<b>138,670</b>	<b>836</b>	<b>(4,726)</b>	<b>134,780</b>
<b><u>2019/20</u></b>				
Adult Social Care	0	0	0	0
Children & Families	0	0	0	0
Communities & Housing	43,691	0	307	43,998
Economy & Regeneration	54,482	0	1,657	56,139
Education	29,504	0	0	29,504
Reform & Governance	21,852	0	2,535	24,387
<b>Total</b>	<b>149,529</b>	<b>0</b>	<b>4,499</b>	<b>154,028</b>
<b><u>2020/21</u></b>				
Adult Social Care	0	0	0	0
Children & Families	0	0	0	0
Communities & Housing	20,002	0	0	20,002
Economy & Regeneration	30,101	0	(1,513)	28,588
Education	784	0	0	784
Reform & Governance	7,899	0	0	7,899
<b>Total</b>	<b>58,786</b>	<b>0</b>	<b>(1,513)</b>	<b>57,273</b>

## 4.2 Portfolio Programmes

4.2.1 The following paragraphs provide a brief update on Portfolio programmes for 2018/19 and further details can be found in the individual Portfolio Performance and Resource Reports.

### 4.2.2 Adult Social Care

There is £1.491m in the Adult Social Care capital programme. The largest scheme in the programme is the new Case Management System. An additional £0.100m of unallocated grant funding has been added to this scheme since Quarter 1, bringing planned spend to £0.548m for 2018/19. As well as this, there is £0.305m for the Baker Street redevelopment scheme, which is the co-location of two Adult Social Care and Health Neighbourhood Teams. The programme also includes £0.571m of grant funding that is yet to be allocated.

### 4.2.3 Children and Families

There is £0.024m remaining in the programme and this will be spent on adaptations to a foster carer's home for a child with a disability.

### 4.2.4 Communities and Housing

Communities and Housing Portfolio has £39.276m of resources for schemes in the 2018/19 capital programme.

HRA schemes make up over half the funding of this Portfolio's capital programme, with a total of £21.322m for 2018/19. There is planned expenditure of £17.803m on general capital schemes this year, an increase of £0.125m since last quarter. HRA general capital schemes include a wide-range of works such as replacement windows, doors and canopies, roofing works, and heating amongst others. There is £3.519m of funding for the New Build capital programme, which is largely made up of two schemes, £1.538m for Hexham Close and £1.808m for St Thomas.

The Affordable Homes scheme has significant planned expenditure, which spans beyond the current three-year programme. Funding from the loan facility available for this scheme has been brought forward into the three-year programme, £0.261m to 2018/19 and £0.783m to 2019/20. There is a total of £12.214m in loans to Stockport Homes for developments in the 2018/19 programme and a further £16.450m in 2019/20. The 2018/19 developments include, Bredbury Curve (47 units), Blackstone Fields (27 units), Mersey Dynamo (21 units), Tatton Cinema (62 units) and Hempshaw Lane (144 units). The development at Grafton Street (12 units) was added to the programme during Quarter 2.

£0.330m of Disabled Facilities Grant funding has been brought forward from 2019/20 to meet planned expenditure of £1.922m for schemes in 2018/19. In the first six months, the Service received 195 recommendations for major adaptations and as at the end of September 2018, 102 cases had completed.

The Strategic Housing Renewal Scheme planned expenditure has increased to £0.562m this quarter, with the re-phasing of £0.138m from 2019/20. The scheme includes improvement works to properties on the Offerton Estate, which has been allocated £0.394m of Priority Neighbourhood budget.

The Street Lighting Investment Programme is a large programme, which aims to produce significant savings in future energy costs by upgrading the street lighting network to LED technology. There is £2.586m in the 2018/19 programme to spend on the following projects: A6 Town Centre column and lantern changes; Woodley and Offerton Local Centre lantern changes; LED lantern retrofit work borough-wide and associated column adjustments; and, replacement of traffic island bollards on the main routes.

#### 4.2.5 Economy and Regeneration

The Economy and Regeneration Portfolio makes up over half of the total capital programme for 2018/19 with resources of £68.763m for the year.

Highways schemes make up a large proportion of the Portfolio's programme, with £57.584m planned expenditure for the year. Within Highways, there are three major long-term schemes, SEMMMS A6 to Manchester Airport Relief Road, Highways Investment Programme and Town Centre Access Plan, making up £41.665m of the Highways capital programme. The table below sets out the expenditure to date on these schemes and planned programmes going forward:-

<b>Scheme</b>	<b>Pre-18/19 spend £000</b>	<b>2018/19 Programme £000</b>	<b>2019/20 Programme £000</b>	<b>2020/21 Programme £000</b>	<b>2021/22 onwards £000</b>	<b>Total £000</b>
SEMMMS Relief Road	99,051	15,442	2,519	5,374	22,094	144,480
Highways Investment Programme	43,311	12,104	12,682	12,801	19,267	100,165
Town Centre Access Plan	45,460	14,119	8,725	3,155	1,753	73,212
<b>Total</b>	<b>187,822</b>	<b>41,665</b>	<b>23,926</b>	<b>21,330</b>	<b>43,114</b>	<b>317,857</b>

The SEMMMS A6 to Manchester Relief Road is estimated to be £223.994m and Stockport's share of this is £144.480m overall. The scheme is grant funded from Transport for Greater Manchester. There has been a relatively small amount of re-phasing of funding during Quarter 2, £0.386m has been brought forward to 2018/19 from 2019/20 and £1.083m in 2019/20 and £0.709m in 2020/21 has been rephased to later years. The programme for 2018/19 now stands at £15.442m. The A6 to Manchester Airport Relief Road opened on 14 October 2018. The package of mitigation measures has been completed and complementary measures for Hawk Green, Hazel Grove, Bramhall and Heald Green have been developed and will be constructed when funding is confirmed.

The Highways Investment Programme is in its fifth year of a nine-year delivery programme, which aims to maintain and improve transport networks. The Programme is £100.165m in total and is largely funded by corporate unsupported borrowing with £8m capital grant funding from Greater Manchester LTP3. There is a planned expenditure of £12.104m in 2018/19. The project is progressing well. Overall, approximately 50% of the programme is now complete. Condition data demonstrate that the footway and carriageway network is improving in line with the investment.

The Town Centre Access Plan aims to address the difficulties of navigating to and around the Town Centre. The overall scheme is £73.212m and is funded from the Greater Manchester Growth Plan. The planned capital expenditure for 2018/19 is £14.119m. Construction works are progressing well and major highways improvements at St Mary's Way and Great Egerton Street are now complete. Works continue to be progressed on a number of key schemes, including works in connection with Travis Brow, Hollywood Way Junction 1, Brighton Road/Didsbury Road, King Street West Gyratory and Knightsbridge.

In addition to these three schemes, other significant highways schemes in the Capital Programme include:

- £0.582m - Street Lighting.
- £1.364m - Pot Hole Programme.
- £0.808m - Highways Structures.

- £2.719m - Town Centre Structures.
- £2.194m - Interchange Bridge.
- £0.878m - Roscoe Roundabout.
- £3.643m - LTP and SEMMMS Integrated Transport.
- £2.252m - Section 278 and Section 106 Schemes.

The capital expenditure on the Portfolio's non-highways schemes is £11.179m. These schemes include the following:

- £4m - Stockport Exchange Phase 3.
- £3.934m - Redrock Development Scheme.
- £0.619m - Aurora Stockport.
- £1.020m - Markets and Underbanks.
- £1m - Merseyway Development.

More complete descriptions of the above schemes are included within the First Update Corporate Report and the Mid-Year Portfolio Report.

### **4.2.6 Education**

There is £8.314m in this Portfolio's capital programme for 2018/19.

The Primary Sector has the largest programme for the year, with planned expenditure of £5.513m. There are a number of schemes within this Sector including, £1.172m on Ludworth Primary Extension, £0.754 Great Moor Junior School kitchen and dining room works, £0.710 on Didsbury Road School roofing works, £0.641m on Banks Lane Infant and Junior School roofing works, and £0.581m on Adswood Expansion.

There is £1.202m planned expenditure within the Special Sector including two schemes in relation to Lisburne School, one at Hollywood Park Phase 2 (£0.391m) and the other a roof refurbishment (£0.336m), which is now complete.

In 2017/18, Members approved a significant School Capital Strategy investment of £25m to address provision of basic need school places across the borough and the ongoing priority condition and maintenance schemes across the primary and secondary school estate. This scheme will be financed using £10.335m Basic Need Grant funding due from Central Government in 2019/20 and £14.665m prudential borrowing (which will be repaid using funds from the annual Condition & Maintenance Central Government Grant to be received from 2017/18 to 2026/27). The scheme is currently in the 2019/20 capital programme but the finance profile will be reviewed and amended as the schemes are developed.

Outside of the Council's capital programme, the Education & Skills Funding Agency's (ESFA) Priority Schools Building Programme is a large scheme with an overall estimated value of £28m. The Programme has two phases. One school remains within phase one, St John's CE Primary School, which, due to site constraints, will be delivered by the ESFA via the Government's Regional Framework. A planning application for this is under consideration.

Phase Two consists of three Stockport schools, Cheadle Primary, Hazel Grove Primary and Great Moor Junior. The final business case for Great Moor Junior School is awaiting ESFA approval. Scoping by the ESFA is underway for Cheadle and Hazel Grove with anticipated starts on site during Quarter 3.

#### 4.2.7 **Reform and Governance**

The 2018/19 capital programme for the Reform and Governance Portfolio is £16.912m.

There is £4.513m in the 2018/19 capital programme for the Asset Management Plan. Current works underway include the refurbishment of the flume at Grand Central, Leisure health and safety works, which are largely complete, and refurbishment works at Romiley Forum. A small team of Estates and Asset Management staff has been appointed and works on remaining projects have now restarted, including Stopford House first floor refurbishment, improvements to the access at Stopford House car park and the Parks and Buildings Programme.

The Re-provision of the Dialstone Facility scheme for 2018/19 includes the creation of formal open space on the site of the former Dial Park School and the construction of a new children's playground on Blackstone Road near to the new housing development, which is expected to complete at the end of Quarter 3.

There is £0.500m in the 2018/19 capital programme for Borough Care. The joint review of the 'Vision 2020' investment programme in care homes is now complete. A revised programme is due to be presented to Scrutiny and Cabinet for consideration before the end of the year and £2.500m has been re-phased to 2019/20 accordingly.

The single largest scheme for this Portfolio in 2018/19 is the Manchester Airport Strategic Investment, £11.300m, which is to support the Manchester Airport Group transformation project. The shareholder loan will be paid in two tranches. The first tranche (£5.639m) was issued on 2 July 2018, with the second tranche due to be issued in early December.

#### 4.3 **Resourcing the 2018/19 Capital Programme**

4.3.1 The following table sets out the resources available to fund the 2018/19 Capital Programme.

<b>Resources</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 onwards £000</b>
Capital Grants	53,269	35,933	12,319	25,513
Directly Funded Borrowing	44,820	62,224	17,446	39,614
Unsupported Borrowing	15,701	35,023	12,978	18,291
Capital Receipts	3,296	4,480	0	1,444
External Contributions	1,689	638	85	23
Commutated Sums	2,404	2,000	2,000	0
Revenue Contributions (RCCO)	2,708	3,242	1,957	5,540
HRA funding from MRR	10,893	10,488	10,488	20,976
<b>TOTAL</b>	<b>134,780</b>	<b>154,028</b>	<b>57,273</b>	<b>111,401</b>

4.3.2 Prudential borrowing, comprising directly funded and unsupported borrowing, makes up the largest proportion of funding for the 2018/19 three-year programme, with a total of £188.192m. This is largely to support social housing schemes, highways works and regeneration projects. Prudential borrowing is capital expenditure not financed by grant funding, capital receipts, external contributions (including commuted sums), and RCCO (including MRR) and falls as a charge to future revenue budgets via annual minimum revenue provision charges. Prudential borrowing must be sustainable and affordable and the Council must continue to manage it within the boundaries of the prudential code.

4.3.3 Capital grants continue to make up a large proportion of the Council's capital resources, with £101.521m in the 2018/19 three-year programme.



#### 4.4 Capital Prudential Indicators 2018/19

- 4.4.3 The prudential indicators for the Council's 2018/19 Capital Programme are set out below. These are split into General Fund (non-HRA) and HRA and compare the budgeted 2018/19 Capital Programme to the 2018/19 Programme at Quarter 1.

<b>Capital Expenditure</b>	<b>2018/19 Budget £000</b>	<b>2018/19 Update Q2 £000</b>
General Fund (non HRA)	134,764	113,458
HRA	20,013	21,322
<b>Total</b>	<b>154,777</b>	<b>134,780</b>

- 4.4.4 The Capital Financing Requirement (CFR) measures the Council's cumulative underlying need to borrow due to capital investment.

<b>Capital Financing Requirement</b>	<b>2018/19 Budget £000</b>	<b>2018/19 Update Q2 £000</b>
General Fund (non HRA)	599,489	577,627
HRA	138,820	138,008
<b>Total</b>	<b>738,309</b>	<b>715,635</b>

## Recommendations

Cabinet is asked to:

- a) Review progress against delivering Council priorities and capital schemes alongside budget and performance forecasts contained within the report;
- b) Note the key policy drivers identified and progress in managing corporate risks set out in section 2;
- c) Approve the virements to the Revenue Budget set out in section 3.2.3;
- d) Note the cash limit and non-cash limit forecast positions for 2018/19 as set out in section 3.3 to 3.6;
- e) Note the position on the 2018/19 budget savings programme set out in section 3.4;
- f) Note the Dedicated Schools Grant and Housing Revenue Account forecast positions as set out in sections 3.7 and 3.8;
- g) Approve the use of Non Cash Limit surpluses to address the in-year deficit on the Dedicated Schools Grant and avoid having to carry forward a deficit position into 2019/20;
- h) Approve the appropriations to/from reserves and balances as set out in section 3.9 and note the resulting reserves and balances position;
- i) Note the forecast position for the 2018/19 Capital Programme as set out in section 4.1 and 4.2;
- j) Note the changes to the Capital Programme during the quarter as set out in 4.1.5;
- k) Approve the proposals for resourcing and additional resources required for the Capital Programme as set out in 4.3;
- l) Approve the 2018/19 actual prudential indicators as set out in section 4.4; and
- m) Identify key areas for further investigation and responsibility for taking forward corrective action to address any existing or forecast issues or risks.

## Appendices

1. 2018/19 Council Plan Measures (Forecast data)
2. 2018/19 Revised Budget as at 30 Sept 2018
3. 2018/19 Housing Revenue Account as at 30 Sept 2018
4. Reserves and Balances at 30 Sept 2018

## Background papers (if report for publication)

More detailed Portfolio Performance and Resource Reports were presented to the last cycle of Scrutiny Committees

## Useful Information

The following links provide useful background information to the Corporate Report:

Council Plan 2018/19 - approved at Council Meeting 22 February 2018. Available at;  
[www.stockport.gov.uk/councilplan](http://www.stockport.gov.uk/councilplan)

2018/19 Cabinet Revenue Budget and Capital Programme - approved at Council Meeting Feb 2018  
<http://scnmodgov.stockport.gov.uk:9070/documents/s133041/Budget%20Report.pdf>

Portfolio Performance and Resource Agreements for 2018/19 approved by Cabinet 17 July 2018  
<http://scnmodgov.stockport.gov.uk:9070/mgAi.aspx?ID=48172#mgDocuments>