

2019/20 CABINET REVENUE BUDGET AND CAPITAL PROGRAMME

Report of the Leader of the Council and Cabinet Member (Reform and Governance)

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The purpose of the report is to finalise the Cabinet's Revenue Budget and Capital Programme for 2019/20. It also outlines the Council's financial outlook and challenges across the medium term period 2019/20 to 2022/23.
- 1.2 The report highlights the overarching priorities and desired outcomes upon which the Cabinet has based its budget proposals, and which form the basis of the updated Council Plan included elsewhere on this agenda.
- 1.3 This report needs to be considered in conjunction with the Borough Treasurer's MTFP Update report on the Council's Medium Term Financial Plan (MTFP) for 2019/20 to 2022/23 following the Provisional Local Government Finance Settlement (PLGFS) announced by Government (included elsewhere on this agenda). The Borough Treasurer's MTFP Update report clearly sets out the budget challenges facing the Council highlighting the risks which could have a significant impact on the Council's financial position in the medium term.
- 1.4 This report also takes account of other reports included on this agenda and presented to the Cabinet meeting on 5 February 2019 as follows:
 - The Corporate Performance and Resources Final Update report for 2018/19 including an update of the Council's Capital Programme taking account of the Quarter 3 2018/19 Capital Programme monitoring and the Cabinet's medium term capital investment plans (presented to the Cabinet meeting on 5 February 2019);
 - The Council's 2018/19 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy;
 - The Council's Capital Strategy; and
 - The Cabinet's Our Medium Term Strategy and Budget Choices 2019/20 report (presented to the Cabinet meeting on 5 February 2019).
- 1.5 The updated MTFP forecasts take account of a number of factors including:
 - The 2018/19 Quarter 3 revenue and capital budget monitoring position;
 - The issues, challenges and financial prospects facing the Council in 2019/20 and the following three years;
 - The proposed 2019/20 Council Tax increase of 2.99% announced by Cabinet in October 2018;
 - The Borough Treasurer's report which identifies available resources to support the Council's investments and MTFP;
 - The 2018 Autumn Budget announced by Government on 29 October 2018;
 - The 2019/20 Provisional and Final Local Government Finance Settlement announced by Government;

- The Council Tax Taxbase approved at the Council meeting on 17 January 2019; and
- The Cabinet saving proposals for 2019/20.

2. COUNCIL PLAN

- 2.1 The Council Plan, which accompanies this report, sets out the priorities for the Council and what we will be focussing upon to prepare for the future, respond to challenges and ensure that we are continuing to focus on ensuring our communities can achieve the outcomes outlined within our longer term partnership vision. This longer term vision is outlined within Stockport's Borough Plan and our 2019/20 Council Plan continues to be aligned with this and the following five shared partnership outcomes:
- People are able to make positive choices and be independent;
 - People who need support get it;
 - Stockport benefits from a thriving economy;
 - Stockport is a place people want to live; and
 - Communities in Stockport are safe and resilient.
- 2.2 The Plan sets out the framework for delivering these outcomes and also incorporates the key principles identified by Cabinet, underpinned by an inclusive vision for growth and reform. The Greater Manchester Strategy priorities continue to be integrated into the Plan. The strategic narrative for the Plan builds upon these but also incorporates the medium term strategy and its five key themes which were introduced during 2018. These are central to the plan and its organisational delivery. In particular this year, the Plan identifies a smaller number of more focussed and specific priorities, including supporting the development of our care market and carers, improving greater community collaboration, and a continuing focus on inclusive growth. This more focussed Plan will be reflected in the new approach to in-year reporting for 2019/20.
- 2.3 Over the coming year, the Council with its Partners, will be refreshing our priorities, developing a Boroughwide plan which builds upon the progress and renewed aspirations that we collectively have for Stockport. This will also involve reviewing our Council Plan from next year, ensuring this is aligned to our newly refreshed Partnership priorities as well as reflecting the changes the Council is undertaking to reshape the way we work with our citizens and how we deliver services that are effective and sustainable.

3. FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT (FLGFS)

- 3.1 The Borough Treasurer's MTFP Update report outlines the key announcements from the 2019/20 Provisional Local Government Finance Settlement (confirmed in the FLGFS) and the resulting impacts on the Council's MTFP. The continuation of the four year settlement agreement (2019/20 being the fourth year) is welcomed. However the Cabinet is disappointed that Government hasn't provided any indication of Local Government funding beyond 2019/20. Appreciating that the forthcoming Government 2019 Spending Review and consultations on Fairer Funding and Business Rates Retention will impact on future funding levels, an indication of the direction of travel for Local Government funding would be helpful.

This would help support our planning and investment decisions to address funding pressures and provide a more sustainable service delivery model going forward.

- 3.2 The Cabinet is concerned about the increasing uncertainty and complexity of Local Government funding as detailed in the Borough Treasurer's MTFP Update report. The likelihood that the outcome of the Government's 2019 Spending Review and consultations on Fairer Funding and Business Rates Retention will not be known until late 2019 which provides little time for budget and medium term planning. In addition the continuation of one-off funding announcements by Government (particularly relating to Adults and Children's social care) whilst welcomed, provides no certainty on which to base planning for future financial years. The Cabinet will continue to lobby Government on this and how a more sustainable and longer term focussed funding model for Local Government can be achieved.
- 3.3 Whilst the Cabinet welcomes the measures Government has put in place, in this and previous finance settlements, to support Adults and Children's social care these have only been temporary one-off resources and only go some way to address the problems faced in these service areas. As highlighted in the 2018/19 Quarter 3 budget monitoring position, the Council (like many other Local Authorities across the country) continues to face significant costs in both its Adults Social Care and Children and Family Services Portfolios. It is likely that these cost pressures will increase over the medium term as a result of employee pay awards, National Living Wage increases, price inflation, increased demand for services and demographic trends. Again the continuation of one-off funding announcements by Government does not help the Council on a permanent basis to address these future cost pressures. It is hoped that the Government's commitment to finally deliver on its promised Adult Social Care Green Paper, for Adults social care services at least, a sustainable funding model can be achieved. In the meantime the Cabinet will need to consider the recommendations made in the Borough Treasurer's MTFP Update report to ensure the Council's 2019/20 Budget and MTFP are set on a robust basis.
- 3.4 However similar (and perhaps more significant) budget pressures are being faced within Children's social care Services particularly in relation to increases in the number of complex Looked After Children cases. Whilst there was some recognition of this by Government in their 2018 Autumn Budget through the announcement of the Social Care Grant in 2019/20, the Cabinet will continue to lobby Government to do more. In the absence of any immediate support from Government to resolve the Council's budget pressures faced in Children's social care, the Cabinet will need to consider the recommendations made in the Borough Treasurer's MTFP Update report to ensure the Council's 2019/20 Budget and MTFP are set on a robust basis.
- 3.5 The FLGFS also confirmed that Government will continue to give Local Authorities the flexibility to increase the General element of Council Tax by 3% in 2019/20 before requiring a local referendum on Council Tax increases. Alongside the Adult Social Care Precept, this enables the Council to increase Council Tax in 2019/20 by 3.99% in total before requiring a local referendum (2.99% General and 1% Adult Social Care Precept). Whilst any proposal to increase the Council's flexibility to raise additional income to support its budget is welcome, the Cabinet believes that referendum limits should be set at a local level rather than nationally. This would enable local issues to be addressed locally. Furthermore applying the maximum Council Tax increases will not address the Council's underlying funding pressures on their own. Evidenced by the Government's one-off resources and the Borough

Treasurer recommendations, this is particularly the case for those statutory and heavily inspected services, such as Adults and Children's social care, where the Council has minimal discretion to reduce costs and impact on services supporting our most vulnerable residents.

- 3.6 Despite this, Government Policy is to continue to address Local Government funding pressures and reductions in Government support via a shift of the burden of funding services on to Council Tax Taxpayers. Cabinet recognise the significant pressure this places on Stockport residents. The Cabinet is clear that increases in demand and residents expectations of the Council and its services cannot continue to be funded by annual increases in Council Tax, a regressive form of taxation. Furthermore the Council's Council Tax Taxbase is not sufficient to sustainably address the increasing cost pressures the Council is facing.
- 3.7 The FLGFS confirmed the continuation of the Greater Manchester 100% Business Rates Retention Pilot in 2019/20 with the assurance of a 'No Detriment' agreement. The Cabinet remains committed to the Council's involvement in the 100% Retention Pilot and the expected benefits as a result. In 2018/19 the Council and the other Greater Manchester Authorities are expected to benefit from the 100% Retention Pilot which with Business Rates income being retained in the Borough and the Greater Manchester region, rather than being paid to Government and redistributed nationally.

4. OUR MEDIUM TERM STRATEGY AND BUDGET CHOICES

- 4.1 The Council's 2019/20 saving requirement at the start of the financial year was £15.926m.
- 4.2 The Cabinet made an early commitment to transparency relating to its intention on 2019/20 Council Tax increases. This has allowed scrutiny and cross-party discussion of our proposal to increase Council Tax by 2.99% (1.99% General increase and 1% Adult Social Care Precept increase) ahead of presenting the Council's 2019/20 Budget for approval. It should be noted that the Government assumes the Council applies the maximum increase of 3.99% within its assessment of the Council's Core Spending Power.
- 4.3 When making this commitment, the Cabinet did not take the decision lightly and has weighed up the impact it would have on Stockport residents whilst ensuring the Council's future financial sustainability and its ability to provide important services to our most vulnerable residents. In determining this increase, the Cabinet has given careful consideration to the level of contribution local taxation should make to support the public services that people in Stockport rely on. These discussions started from a very challenging position considering the financial challenge facing the Council over the medium term period and the more immediate need to deliver a saving requirement of £15.926m in 2019/20.
- 4.4 These discussions included careful consideration of:
- Our overarching principle to address the need for the Council to become financially self-sufficient, as well as to reduce spending in the short-term;
 - The impact of not increasing Council Tax and instead further cutting service budgets to balance the Council's budget;

- Increases in the number of vulnerable children that need support and sometimes protection; and
- The plans we have developed and continue to develop with Partners, to reform and integrate services in Stockport, and to ensure we are supporting people and communities as early as possible.

- 4.5 Since making our commitment on the Council's proposed Council Tax increase in 2019/20, the Borough Treasurer has provided updates on the Council's MTFP taking account of local and national changes. Given that the Borough Treasurer's MTFP Update report identifies £2.102m of available resources, the Cabinet is minded to reduce the impact on residents by reducing the Council's proposed Council Tax increase to 2.75% in 2019/20 (1.75% General and 1% Adult Social Care Precept). This is a reduction of £0.364m of Council Tax income and will be offset by the equivalent use of the available resources identified.
- 4.6 Whilst we understand that this will impact on the level of Council Tax income in future financial years, the Cabinet feels this achieves a balance between minimising the impact of Council Tax increases on Stockport residents with the need to ensure the Council's MTFP remains robust and sustainable. The Cabinet recognises that this is lower than the maximum increase of 3.99% assumed by Government in their calculation of the Council's Core Spending Power and which could have been proposed. The Cabinet recognises that in making our Council Tax increase proposal of 2.75%, we are forgoing Council Tax income of £1.884m which would have supported the Council's MTFP and reduce the saving requirement in future financial years. However as a regressive form of taxation the Cabinet is aware of the impact Council Tax increases have on Stockport residents.
- 4.7 The Cabinet is therefore recommending for approval a 2.75% (1.75% General and 1% Adult Social Care Precept) Council Tax increase in 2019/20. As a result of changes to the Council Tax Taxbase, Council Tax Discount Scheme and proposed Council Tax increases this will generate £6.108m of Council Tax income to support the Council's 2019/20 Budget and MTFP. An overview of how the proposed Council Tax increase of 2.75% equates against a Band D equivalent dwelling is shown below:

	Annual £	Month £
Council Tax - General Increase (1.75%)	27.96	2.33
Council Tax - Adult Social Care Increase (1%)	15.98	1.33
Proposed Mayoral Police and Crime Commissioner Precept	24.00	2.00
Proposed Mayoral General (including Fire Services) Precept	9.00	0.75
Council Tax - Total Increase including Precepts (4.18%)	76.94	6.41

- 4.8 Alongside consideration of local taxation, the Cabinet have also developed a series of proposals involving changes to services which would contribute towards the Council's saving requirement. These are in the context of the Cabinet's medium term strategy which was introduced earlier in 2018 and frames the choices the Council will need to make over the coming years through the following five interdependent themes:
- Getting more out of our spending;
 - Improving citizen experience;

- Making sure we have the right property in the right places;
- Collaborative service delivery; and
- An organisation fit for the future.

4.9 At the Cabinet meeting on 18 December saving proposals totalling £8.155m were identified to support the Council's 2019/20 Budget. In addition the indication was a minimum of £1.856m would be phased to be delivered in 2020/21 and would require double running support in 2019/20. Since the meeting in December, Council Officers have been working to finalise the detail of each of the saving proposals identified to ensure they remain robust and achievable. This has included working with the Council's partners, Trade Unions and communities to inform how the Council will operate in the future in terms of the services it delivers and how it delivers them. Since the Cabinet meeting in December consideration has been given to consultation responses and further scrutiny from Members. As a result, the 2019/20 saving proposals have been reduced by £1.195m to a total of £6.960m. In addition the phasing requirement has reduced to £1.603m. The changes are detailed below:

- Stockport Support Fund saving proposal moved whilst a wider review is undertaken – **£0.315m will be implemented in 2020/21**;
- Support and governance saving proposal moved to allow the phasing of the implementation of changes to delegated budgets and allow a second stage of review - **£0.125m will be implemented in 2020/21**;
- The Security and Patrols elements of the Community Safety saving proposal moved to phase the impact on frontline services and the Council's partners following scrutiny feedback and discussions at the Council's Contributors Committee - **£0.170m to be implemented in 2020/21**;
- Public Realm saving proposal moved to phase the impact on frontline services and the Council's partners following scrutiny feedback and discussions at the Council's Contributors Committee - **£0.550m to be implemented in 2020/21**; and
- Bus Passes for those individuals receiving working tax credit is no longer being considered for implementation - **£0.035m**.

4.10 The Cabinet's proposals for 2019/20 are outlined below. An initial suite of these were considered by Cabinet in December and approved for implementation. The remaining proposals have been considered earlier on this agenda.

Getting More Out of Our Spending

Children and Education Review (£1.100m) - a fundamental review of Stockport Family and Education to inform an integrated strategy, setting out a whole-place commissioning intent and key principles to guide service planning. This also includes existing work aligned to the Stockport Family Digital by Design programme and the investment agreed in 2017.

Value for Money Procurement (£0.950m) - working with STaR Procurement to develop a new Contract and Provider Management function and undertake targeted reviews of spend across identified category areas.

Support Funds Coordination (£0.675m) - a review of discretionary and statutory support funds and grants offered to local citizens in need of additional help.

Community Safety Services (£0.150m) - integration and reprioritisation of security and community safety across the Borough. The proposal considers Anti-Social Behaviour and Youth Disorder. An update relating to the Security and Patrols element of this proposal is outlined below in paragraph 4.11.

Stockport Local Transport (£0.495m) - commissioning review of transport services offered within the Borough. This initial phase includes removing funding for the metroshuttle bus and changes to some school bus passes.

Support and Governance (£1.175m) - review and re-specify corporate and supporting services. This proposal includes: corporate governance and discretionary funding; Libraries Efficiencies and Integration; HR and OD review; Communications; Corporate and Support Functions for Adult Social Care.

Public Realm (£0.000m) - this proposal considered the service specification across a range of public realm services with a view to re-specifying and reducing the existing service level. An update relating to this proposal is outlined in paragraph 4.11 below.

Improving Citizen Experience

Balancing the cost of services (0.920m) - Review of our charging policies for all aspects of service delivery, this includes the production of a new policy and changes to our fees and charges schedule for 2019/20.

Modernising citizen journeys (0.850m) - This proposal will see the Council taking a phased approach to the development of its digital functionality. During 2019/20 this will focus upon how the council processes and manages financial transactions and service management budgetary oversight.

Having the Right Property in the Right Places

Asset rationalisation of current and former operational buildings (£0.295m) - Rationalise the estate by disposing of any properties that are surplus to requirements or are not fit for purpose.

Additional Income from operational buildings (£0.240m) - Maximise the income potential from the operational estate. The core feature of this vision is the co-location of Council partners and other organisations into operational office buildings.

Exit rented accommodation and changes to other leased accommodation commitments (£0.110m) - Reducing the cost of renting accommodation and the Council's existing assets will be used to maximum efficiency where services can be relocated from rented buildings to other Council owned properties.

Review and disposal of operational and non-operational land and other assets (capital saving aligned to proposal 10) - This proposal aims to reduce maintenance costs, or to recover appropriate revenue streams for operational and non-operational land.

- 4.11 It is clear to the Cabinet that no services will be or are immune to the financial challenges that this Council, Local Government and all public services face.

However as a result of feedback from the public, scrutiny committee, Members and the Board of Totally Local Company (TLC) the Cabinet has decided to move the budget savings related to the Public Realm proposal and the security and patrols elements of the Community Safety proposal to 2020/21. Instead these areas will be the subject of an in depth review, led by the Corporate Director for Place Management and Regeneration during 2019/20 to further assess and determine their efficiency, contribution to outcomes for residents and the impact budget reductions would have on outcomes for residents and the viability of TLC in the context of financial constraint for the Council. The results of this review and any proposals for change will be brought forward later in the year.

- 4.12 The Borough Treasurer's MTFP Update report asks the Cabinet to consider a number of options in setting the 2019/20 Budget to ensure the budget is robust prior to presenting for approval to the Council meeting.

Allocation of Corporate Contingency Budgets

- 4.13 In light of the Council Quarter 3 monitoring position and noting the Borough Treasurer's recommendations in the MTFP Update report, the Cabinet support the proposal to provide additional support through the allocation of Corporate Contingency budgets of £7.053m as part of the 2019/20 budget setting process. This will resolve the underlying budget pressures and ensure the proposed 2019/20 Budget and MTFP is set on a robust basis.
- 4.14 Given the risk and uncertainty of the forecasts and assumptions underpinning the MTFP, the Cabinet asks that the Borough Treasurer to complete a MTFP Summer Review in 2019/20 to retest the MTFP assumptions and forecasts. This will ensure the MTFP forecasts and assumption are based on the latest information and provide an accurate presentation of the Council's savings requirement over the medium term period to inform decision making. This will be particularly important to ensure the Council's MTFP remains robust prior to the outcome of the Governments 2019 Spending Review and consultations on Fairer Funding and Business Rates Retention.

Use of One-Off Resources

- 4.15 The Cabinet is clear that the Council's 2019/20 Budget and MTFP must be robust on a recurrent basis. Ensuring the Council is not overly reliant on the use of one-off resources is important to demonstrate this.
- 4.16 However the Cabinet is also aware of the need to use one-off resources to double run services and provide the required investment to support the transformational change needed to deliver our MTFP Strategy. From the outset, given the change needed to deliver the saving proposals within our MTFP Strategy, there was an expectation that double running support would be needed to phase the implementation of these saving proposals. We note that the Borough Treasurer's MTFP Update report includes the use of the Double Running Investment Reserve to support the implementation of the 2019/20 saving proposals. The Cabinet also notes that the proposed 2019/20 Budget is utilising one-off resources to support the 2019/20 Budget.

4.17 The Cabinet believes that its proposed 2019/20 budget can be delivered albeit not without some risks and challenges. The Council continues to have effective financial management of its budgets, demonstrated by the forecast outturn surplus and the level of reserves and balances that the Council has to support the budget in 2019/20 and future years. On this basis the Cabinet ask that the Borough Treasurer updates the Council's Reserves Policy in 2019/20.

4.18 Linked to this, the Cabinet is aware that the Council has a number of one-off unallocated resources in 2018/19 available to support the Council's investments and MTFP. As detailed in the Borough Treasurer's report these resources need to be considered alongside the need to ensure the Council's budget remains robust and is able to mitigate the financial impact of risks if they materialise. The Cabinet note the recommendations made by the Borough Treasurer and are minded to:

- Allocate £0.500m to support the funding of the continuing expenditure pressures of Stockport Together;
- Replenish the Double Running Investment Reserve by £1.603m to support the phasing of future financial years savings proposals as part of our MTFP Strategy; and
- Use the balance (up to £6.571m subject to approval of the GMCA budget) to:
 - Further allocate funding to support the Council's response to the SEND review recommendations.
 - Create ringfenced revenue contribution to capital outlay (RCCO) reserves to support the Council's investments in the Stockport Interchange project and Merseyway. It is noted that further resource allocations will need to be identified for these projects and the Cabinet views the future benefit from the 100% Business Rates Pilot as the most appropriate source.

Negotiations for Leaving the European Union (EU)

4.19 The Government has published a white paper on the future relationship between the UK and the EU. However recent Parliamentary discussions and challenges on the proposals made as part of the Government's negotiations with the EU continue to make the basis on which the UK will leave the EU uncertain. The focus of this uncertainty being whether the UK will leave on a 'Deal' or 'No Deal' basis.

4.20 The Cabinet alongside Council Officers continue to work with colleagues across Greater Manchester to understand the implications. Council Officers attended an event delivered by the Department Exiting the EU in December which stressed the need for Local Authorities to prepare for changes as a result of a negotiated relationship being agreed or a 'No Deal Brexit'. At a local level the Council has established a Stockport Brexit Advisory Group working alongside colleagues across Greater Manchester to mitigate risk and plan accordingly. The Group will focus on:

- Economic Forecasts;
- Citizens Residency;
- Community Cohesion;
- Workforce;
- Food Safety; and
- Product Safety.

4.21 In terms of the economic forecasts, the Greater Manchester Combined Authority continue to forecast the economic implications for the region. The latest projections indicate that the trajectory forecast for economic growth will be lower than compared to the current arrangements. An adverse impact on the national and regional economy could have significant implications for Stockport and its residents in terms of their economic independence, social impacts, demand for services and the possibility of further reductions in funding. In addition the possibility of supply reductions and currency fluctuations will have a significant impact on the Council.

4.22 At a local level the most significant downside financial risks to the Council identified (although noted that opportunities may also arise) are:

- **Resources available for Local Government via the 2019 Spending Review** – Spending decisions of Government are obviously linked to wider economic forecasts and growth. If downgraded this may lead to less resource available for Local Government especially considering the commitment to the NHS.
- **Direct EU funding** - The most obvious financial impact of Brexit for local areas is the loss of future EU funding.
- **Inward investment** – Potential for delay in the creation of the associated new jobs as plans are reviewed, and at worst those jobs may go elsewhere and existing employers may relocate. This could impact on Business Rate income; with the local retention of Business Rates, the Council's own financial sustainability will increasingly depend on its ability to retain and grow businesses.
- **Demand pressures** – The unpredictable impact of Brexit on demand for Council services may complicate the management of spending reductions in the coming years. The longer term impact on demand will depend on how well the local economy fares.
- **Investments and borrowing** – If the Sovereign rating is downgraded this could lead to higher borrowing costs.
- **Impact on pension fund deficits** – Pension fund positions are already the most volatile material liabilities on Local Authority Balance Sheets and could impact on employer pension contributions.

4.23 The Council's financial position must be robust enough to withstand and mitigate any resulting cost pressures, so that the Council can maintain its delivery of services and financial resilience. Based on the above, the Cabinet is minded to create a £0.543m Corporate Contingency - Brexit Risk Contingency budget in 2019/20. This will be offset by an equivalent use of the available resources identified in the Borough Treasurer's MTFP Update report.

5. FEES AND CHARGES

5.1 The proposed 2019/20 Cash Limit budgets are supported by income generation through sales, fees and charges. A list of charging areas and an estimate of the income expected to be generated from each group of charges is set out in the Fees and Charges Schedule shown in Appendix 4.

5.2 The estimates are based on demand forecasts and inflation assumptions that are specific to each charging area and have been developed in consultation with the appropriate Council Officers and Cabinet Member. The setting of specific fees and charges is a matter for the Cabinet and Cabinet Members. Any decision to change

the fees and charges levied by the Council will be recorded as a decision and made available for call in and scrutiny.

- 5.3 Linked to this is the Balancing the Cost of Services savings proposal within our MTFP Strategy. This proposal is linked to the Improving Citizen Experience theme and set out to ensure:

A balance between locally raised taxes, and the fees and charges paid to access services, are fully understood and balanced in line with Council priorities.

- 5.4 Initially work has focussed on introducing a greater amount of cost recovery for services where there is an opportunity to do this and introducing inflationary increases elsewhere. The results of this work has led to income generation budgets of £0.700m detailed in the Fees and Charges Schedule. The Borough Treasurer's risk assessment of the budget makes provision for the fact that actual yield from the fees and charges may be lower than forecast within the budget.

6. RISK ASSESSMENT

- 6.1 Under Section 25 of the Local Government Act 2003, the Borough Treasurer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. The Borough Treasurer reminds Members that any budget proposals which are to be tabled at the Budget Council Meeting must first of all be subject to such a risk assessment.
- 6.2 The Borough Treasurer has undertaken a detailed risk assessment of the Cabinet's budget proposals and a summary is attached at Appendix 5. Also included at Appendix 5 is the requisite Statement by the Borough Treasurer on the adequacy of the reserves and the robustness of the estimates. The minimum recommended level of general balances required to support the budget is £9.2m. The Cabinet is confident that at least this level of general balances will be available to be carried forward into 2019/20.
- 6.3 The Cabinet is aware of the underlying budget pressures within the Adult Social Care and Children and Families Services Portfolios highlighted in the quarterly budget monitoring reports during the financial year. There is significant risk that these pressures will increase over the medium term as a result of price inflation, National Living Wage increases, increasing demand and demographic trends. Thus the Cabinet has included the allocation of Corporate Contingency budget on a permanent basis to support the underlying budget pressures and financial recovery plans. The risk of increasing demand and demographic trends on the Council's 2019/20 budget have been considered within the Borough Treasures risk assessment.
- 6.4 Furthermore recurrent Corporate Contingency budgets will be held within the MTFP for known risks and price increases expected. As is normal practice these will be held and allocated as cost materialise during the financial year.
- 6.5 The minimum balances recommended are at the same level to that which applied to the 2018/19 Budget. Whilst the risks and financial challenges are significant, the actions taken by Cabinet to increase and allocate Corporate Contingency budgets and use one-off resources in setting its proposed 2019/20 Budget are sufficient for

the Borough Treasurer to keep the General Fund balance at the same level as 2018/19. This also recognises that the Council's Reserves Policy provides further robustness and resilience if the Council faces significant budget pressures and the Council's General Fund needs to be supplemented as a result.

- 6.6 Given recent financial issues at other Local Authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) have issued a Resilience Index that Authorities can use to assess their resilience relative to other similar Authorities. This considers a number of resilience indicators to assess the robustness of an Authorities financial position and their ability to mitigate the financial impact of local and national changes. As part of the Risk Assessment, the Borough Treasurer has considered the CIPFA Resilience Indicators and the Council's resilience over the medium term period.

7. FUTURE YEARS 2020/21 to 2022/23

- 7.1 The updated MTFP forecasts for 2019/20 to 2022/23 are shown in Appendix 6. This illustrates a balanced budget position for the Council in 2019/20 and reflects the changes to the MTFP as a result. The Council will have a saving requirement of £10.123m in 2020/21 rising to £32.690m in 2022/23. This highlights the scale of the challenge facing the Council in the medium term when considered against the significant budget reductions delivered by the Council since 2011/12.
- 7.2 Beyond 2019/20 there is little clarity on the future Local Government funding regime. Government consultations on the various aspects of the ongoing Fairer Funding review and future Business Rates Retention are helpful and inform the Council's medium term financial planning. However this will be intrinsically linked to the Government's forthcoming 2019 Spending Review. The quantum, timing and period the spending review will cover is unknown and as a result making future planning and decision making difficult.
- 7.3 The Cabinet remains committed to its MTFP Strategy and the transformational change needed working across Council Services and with the wider Stockport Partnership to ensure the Council continues to move towards being self-sufficient in terms of its funding. The MTFP forecasts highlight the Council's increasing dependence on locally raised income through Council Tax, Business Rates and increased fees and charges to fund the costs of essential services to residents. The Council's MTFP must continue to focus on growing local tax taxbases and designing service delivery models on a more commercial basis where appropriate to do so in order to generate this income.
- 7.4 The Cabinet will continue to focus on the Council's savings requirement over the medium term period through reducing costs whilst focusing on the priorities set out in our Council Plan, and achieving the desired outcomes for Stockport residents. As outlined earlier, the Cabinet introduced its medium term strategy in August 2018 as a means of framing budget decisions facing the Council over the next four years. The proposals and decisions presented within this report form the first phase of this strategy. As the Cabinet progresses into developing the next phase of delivering change it will continue to use the medium term strategy as the lens through which future services are shaped this includes:

- Considering the best approach to providing and commissioning services in new ways;
- Developing innovative solutions to improve citizen experiences;
- Extending the 'Balancing the Cost of Services' approach to more services;
- Optimising processes and service delivery; and
- Systematically looking for opportunities to build resilience and independence both for our communities but also in our services.

7.5 Key to the delivery of this will be the ongoing work with Stockport's communities, partners, elected members and employees across the organisation to shape priorities (through the refresh of the Borough Plan) and future ways of working.

8. CAPITAL PROGRAMME

Capital Strategy

8.1 CIPFA published a revised Prudential Code in December 2017 requiring Local Authorities to produce a Capital Strategy each year with effect from the 1 April 2019. The Capital Strategy sets out the long-term context in which capital expenditure and investment decisions are being made and gives due consideration to both risk and reward, and the impact on the achievement of priority outcomes.

8.2 The Capital Strategy (presented elsewhere on this agenda) outlines the planned programme of expenditure and financing, allowing member engagement, risk management and governance. It has regard to the Council's wider strategic framework, including alignment with priorities set out in the Council Plan, but also taking a long-term view of capital investment, including debt, borrowing and Treasury Management.

8.3 CIPFA's Prudential Code requires the Council to set a capital programme for the forthcoming financial year and at least the following two financial years. The Capital Strategy underpins the Council's capital investment plans, and includes a key objective to deliver an annual capital programme.

Capital Expenditure

8.4 Continuing with the trend of the last few years, the Council has substantial capital investment plans for the Borough helping to regenerate the economy, create jobs and develop strong communities. Future capital investment plans are extensive and varied.

8.5 The 2019/20 Capital Programme includes schemes and resources for financial years 2019/20, 2020/21 and 2021/22. In addition, information about approved schemes that span beyond the three years is also included. The 2019/20 three-year capital programme only contains schemes where funding is confirmed, including approved prudential borrowing schemes.

8.6 The Capital Programme has been set to support the delivery of outcomes and outputs associated with the priorities contained in the Council Plan. The Cabinet will need to keep under review the allocation of the Council's capital resources to ensure they fully underpin the achievement of current and new priorities over the financial planning horizon.

- 8.7 The 2018/19 Capital Programme set out in the Corporate Performance and Resources Final Update report (elsewhere on the agenda) is the basis for the Cabinet's proposed capital programme for 2019/20.
- 8.8 The 2019/20 three-year capital programme is £280.719m in total. The following table sets out the proposed 2019/20 to 2021/22 capital programme by portfolio and includes schemes that span beyond 2021/22.

Portfolio	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 Onwards £000
Adult Social Care	620	0	0	0
Children and Family Services	24	0	0	0
Communities and Housing	47,315	20,002	17,133	53,885
Economy and Regeneration	62,042	31,603	30,508	6,496
Education	29,992	784	0	0
Reform and Governance	24,762	7,899	8,035	846
TOTAL	164,755	60,288	55,676	61,227

- 8.9 As part of the 2018/19 budget setting process, the capital programme for 2019/20 was set at £138.158m. The 2019/20 programme has increased significantly through additional funding allocations and the rephasing of schemes from 2018/19 or later years and now stands at £164.755m. Further details of these changes by portfolio are set out in the table below:

Portfolio	Approved Programme Feb-2018 £000	New and amended Schemes £000	Re-phasing and Virements £000	Proposed 2019/20 Programme £000
Adult Social Care	0	0	620	620
Children and Family Services	0	0	24	24
Communities and Housing	56,143	479	(9,307)	47,315
Economy and Regeneration	53,573	17,067	(8,598)	62,042
Education	25,000	296	4,696	29,992
Reform and Governance	3,442	2,974	18,346	24,762
TOTAL	138,158	20,816	5,781	164,755

- 8.10 A number of new schemes and additional funding have been added to the 2019/20 Capital Programme since it was originally approved in February 2018. A total of £20.816m in new and additional funding has been added to the 2019/20 Programme, including:

- £1.417m in loans to Stockport Homes for the Affordable Homes schemes (Communities and Housing);
- £2.793m capital grant funding for the Roscoe Roundabout scheme (Economy and Regeneration);
- £13.919m directly funded borrowing for Stockport Exchange Phase 3 (Economy and Regeneration); and

- £3.049m unsupported borrowing for Asset Management Plan schemes (Reform and Governance).

8.11 There has been a net total of £5.781m in funds rephased to the 2019/20 Capital Programme since approved in February 2018. Schemes where significant funds have been re-phased to or from the 2019/20 Capital Programme include:

- £0.571m Department of Health capital grant funding to be allocated to schemes during 2019/20 (Adult Social Care);
- £1.538m towards HRA New Build Schemes (Communities and Housing);
- £16.013m in loans to Stockport Homes for the Affordable Homes schemes re-phased to later years beyond the 2019/20 three-year programme (Communities and Housing);
- £2.821m Disabled Facilities Grant (Communities and Housing);
- £0.532m capital receipts and external contributions for Strategic Housing Renewal schemes (Communities and Housing);
- £1.300m directly funded borrowing for the Street Lighting Investment Programme (Communities and Housing);
- £11.846m in grant funding for the SEMMMS A6 to Manchester Airport Relief Road re-phased to later years beyond the 2019/20 three-year programme (Economy and Regeneration);
- £2.962m of grant funding for the Town Centre Access Plan re-phased to 2020/21 (Economy and Regeneration);
- £2.780m of grant funding for the Town Centre Structures Merseyway (Economy and Regeneration);
- £0.378m grant funding and directly funded borrowing towards the Roscoe Roundabout scheme (Economy and Regeneration);
- £0.619m directly funded borrowing for Aurora Stockport (Economy and Regeneration);
- £0.793m directly funded borrowing for Redrock (Economy and Regeneration);
- £0.691m directly funded borrowing for Stockport Exchange Phase 3 (Economy and Regeneration);
- £0.850m capital receipts for Tatton Cinema (Economy and Regeneration);
- £4.319m of grant funding for schemes within the Primary Sector (Education);
- £5.695m directly funded borrowing for the Asset Management Plan (Reform and Governance);
- £9.513m directly funded borrowing for Borough Care (Reform and Governance); and,
- £3.138m for the Reprovision of the Dialstone Facility (Reform and Governance).

8.12 **Portfolio Programmes**

The following paragraphs give a brief overview of significant schemes in the Portfolio programmes for 2019/20.

8.13 **Adult Social Care**

Adult Social Care has £0.620m of funding for the 2019/20 Capital Programme. This is largely made up of Department of Health grant funding available for allocation to priorities.

8.14 **Communities and Housing**

The Communities and Housing Portfolio has a large capital programme with total

funding of £84.450m (£47.315m in 2019/20).

HRA capital schemes for General Works and New Build continue to make up a large proportion of the programme, with funding of £17.121m for General Schemes and £1.538m for the New Build programme.

There is a large rolling loan facility of £77m available to Stockport Homes for the delivery of affordable homes. This has provided a total Council investment of circa £109m including the repayment of around £32m relating to shared ownership properties. As at 31 March 2019, it is forecast that loans equating to £43m will have been drawn down leaving £34m remaining, which will be allocated to the following schemes: Booth Street, Edgeley; Torkington Lodge, Hazel Grove; Hempshaw Lane, Offerton; Hopes Carr Phase Three; Stockholm Road, Adswood; Melford Road, Hazel Grove; and Andrew Street, Compstall. There is £18.842m in the 2019/20 Capital Programme and funding will be brought into the programme as schemes develop.

There is £2.821m grant funding for Disabled Facilities Grant schemes in 2019/20. The grant is to help meet the cost of adapting a property where a disabled person lives. Demand for the grant fluctuates throughout the year but there has been steady growth in demand in recent years. Officers are continuing to work on identifying innovative and effective ways to commit funding to suitable projects.

The Street Lighting Investment Programme aims to deliver an improved street lighting offer utilising LED lanterns and other street lighting improvements in order to reduce energy consumption and carbon emissions. This is year two of a three-year scheme. The scheme is funded by directly funded borrowing, with £6.183m planned expenditure for 2019/20 and £5.374m in 2020/21.

8.15 Economy and Regeneration

This Portfolio has the largest capital programme for 2019/20, with £62.042m in funding for schemes.

Highways make up a large proportion of the Portfolio's capital programme for 2019/20, with a planned expenditure of £39.232m. Within Highways there are three major on-going schemes, SEMMMS A6 to Manchester Airport Relief Road, Highways Investment Programme and Town Centre Access Plan. These are long-term schemes and span beyond the proposed 2019/20 programme.

The SEMMMS A6 to Manchester Relief Road scheme is grant funded from Transport for Greater Manchester. Stockport's share of the total spend to date (forecast to the end of 2018/19) is £118.387m and there is £4.548m planned expenditure during 2019/20. The A6 to Manchester Airport Relief Road opened to traffic in October 2018 and progress is continuing with complementary measures for Hawk Green, Hazel Grove, Bramhall and Heald Green due to be constructed.

2019/20 will be year six of a nine-year delivery plan for the Highways Investment Programme. This programme aims to maintain and improve transport networks. The total value of the scheme is £100.165m, and total spend, including forecast figures to the end of 2018/19, is £55.310m. The scheme is largely funded by corporate unsupported borrowing supported by £8m capital grant funding from Greater Manchester LTP3. There is a planned expenditure of £12.932m in 2019/20. The project is progressing well with preventative footway and carriageway work, which

started early in 2018/19, continues to be on course to be delivered within the original timescales. 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 scheme is grant funded from the Greater Manchester Growth Plan. Total spend to date on this scheme, including the forecast to the end of 2018/19, is £59.579m. The planned capital expenditure for 2019/20 is £8.725m. Major highways improvements works at St Mary's Way and Great Egerton Street were completed during the year. Progress is continuing on a number of key highways improvement schemes, including works in connection with Travis Brow, Hollywood Way Junction 1, Brighton Road/Didsbury Road, King Street West Gyratory and Woodbank Park.

Other significant highways schemes in the 2019/20 Capital Programme include:

- LTP and SEMMMS Integrated Transport has grant funding of £1.056m in 2019/20. This is grant funding from Greater Manchester Local Transport Plan 3 and aims to improve transport networks and facilities.
- Town Centre Structures includes £4.120m for continuing structural works at Merseyway.
- Section 278 schemes estimates £2m in funding from developers as part of planning consent.
- Roscoe Roundabout has £3.171m of grant funding from Department for Transport National Productivity Investment Fund to continue the improvements to the M60 Junction 2 (Roscoe's) roundabout, Manchester Road/High Street junction (Cheadle), and paths in Abney Park 2019/20.

There is £22.810m in the 2019/20 Programme relating to non-highways and this is largely made up of the following schemes:

- £14.610m directly funded borrowing for Stockport Exchange Phase 3. This is a significant scheme incorporating the demolition of Cineworld, office building and neighbouring public realm. The contractor, GMI, started on site in November 2018 and completion is expected in early 2020.
- £3.500m directly funded borrowing towards Merseyway Redevelopment, for which a delivery strategy is currently being worked on.
- £2.296m for the on-going Markets and Underbanks regeneration scheme.

8.16 Education

The Education Portfolio has a capital programme of £29.992m for 2019/20. The Primary Sector makes up £4.606m of this Portfolio's 2019/20 capital programme. At its meeting on 3 October 2017, Cabinet approved a significant School Capital Strategy Investment of £25m to address both the requirement of the provision of basic need school places across the borough and the on-going priority condition and maintenance schemes across primary and secondary schools. The 2019/20 programme includes £10.129m Basic Needs Grant in grant funding to be allocated and £14.590m prudential borrowing for the School Capital Strategy Investment. The £14.590m is initially being funded by corporate unsupported borrowing and will be repaid as annual condition and maintenance grants are received and applied.

8.17 Reform and Governance

This Portfolio has a total of £24.762m in the 2019/20 Capital Programme. There are three large capital schemes within the 2019/20 Programme, Asset Management Plan (£8.744m), the Re-provision of the Dialstone Facility (£3.063m) and Borough Care (£12.955m). Borough Care is a large scheme with a total of £27.349m in the three-year capital programme for the development and refurbishment of care homes. The scheme has undergone a full review during the past 12 months and a comprehensive assessment of the re-defined programme is underway. The new proposals will be presented to Scrutiny and Cabinet for consideration in spring 2019 and the funding and phasing of the scheme will be reviewed following this.

A report is being presented to Cabinet, which is elsewhere on the agenda, regarding a proposed equity investment in Manchester Airport Group (MAG). As a shareholder of MAG, the Council, along with the other nine GM authority shareholders, are being asked to invest to fund the development of a new on-site, multi-storey car park at Manchester Airport. The required investment would be funded by directly funded borrowing, and will help provide additional car parking provision to ensure future growth. The 2019/20 Capital Programme only includes schemes where funding has been approved so this scheme is not included in the figures set out in this report. The scheme will be added to the 2019/20 Capital Programme following approval.

- 8.18 The 2019/20 to 2021/22 Capital Programme is set out in detail by Portfolio at Appendix 7.

Capital Resources

- 8.19 The resources available to fund the 2019/20 three-year Capital Programme are set out in the table below. In addition, resources approved for schemes that span beyond 2020/21 are included.

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	41,864	12,669	18,715	833
Directly Funded Borrowing	65,998	20,302	11,043	27,775
Unsupported Borrowing	35,273	12,978	12,403	5,743
Capital Receipts	4,995	0	893	551
External Contributions	842	85	0	23
Commutated Sums	2,152	2,000	0	0
Revenue Contributions (RCCO)	1,733	0	0	272
HRA funding from MRR	11,898	12,254	12,622	26,030
TOTAL	164,755	60,288	55,676	61,227

- 8.20 Prudential borrowing (directly funded and unsupported borrowing) makes up the large proportion (56.3%) of the resources funding the three year Capital Programme. Prudential borrowing must be sustainable and affordable and should only be used when a demonstrable benefit can be gained from the investment. Prudential borrowing could be seen as a substitute for reductions in other resources and the Council will continue to manage borrowing within the boundaries of the Prudential Code.

- 8.21 Government grant funding traditionally makes up a large part of the funding of the three year Capital Programme and 26.1% of the proposed three year programme is funded by grants. Greater Manchester Combined Authority (TfGM) grant funding for the SEMMMS A6 to Manchester Airport Relief Road and Town Centre Access Plan form the largest proportion (54.2%) of the grant funding in the three year programme.
- 8.22 The borrowing costs for directly funded borrowing (DFB) schemes are met from repayments from Portfolio Cash Limit budgets or by annual repayments where the scheme is external to the Council. The DFB schemes in the 2019/20 three-year Capital Programme are set out in the table below.

Scheme	2019/20 £000	2020/21 £000	2021/22 £000
<u>Communities and Housing:</u>			
HRA General Schemes	5,073	2,334	4,471
HRA New Builds	1,082	0	0
Affordable Homes	18,842	0	0
Street Lighting Investment Programme	6,183	5,374	0
Electric Vehicles	72	0	0
<u>Economy and Regeneration:</u>			
Stockport Exchange Phase 3	14,610	665	0
Redrock Development	793	0	0
Aurora Stockport	619	0	0
Markets and Underbanks	2,265	2,000	0
Merseyway Redevelopment	3,500	3,000	0
<u>Reform and Governance:</u>			
Asset Management Plan	4	0	0
Borough Care	12,955	6,929	6,572
TOTAL	65,998	20,302	11,043

- 8.23 The borrowing costs for unsupported borrowing (USB) schemes are met corporately and allowed for within the MTFP process. Significant USB schemes in the 2019/20 three-year Capital Programme include:
- £11.649m in 2019/20, £11.718m in 2020/21 and £11.793m in 2021/22 for the Highways Investment Programme (Economy and Regeneration);
 - £0.250m in 2019/20 and 2020/21 towards Highways Drainage (Economy and Regeneration);
 - £14.590m in 2019/20 for the recently approved School Capital Strategy Investment; and
 - £8.544m in 2019/20, £0.970m in 2020/21 and £0.570m in 2021/22 towards the Asset Management Plan (Reform and Governance).
- 8.24 There is one small recurrent USB scheme in the programme, this was approved a number of years ago, it is on-going in nature and will continue to be provided for in the Capital Programme until a decision is taken otherwise. This scheme is £0.040m for Schemes in Parks in the Communities and Housing Portfolio.
- 8.25 There is £5.888m of funding for schemes to be provided by capital receipts in the 2019/20 Programme and £3.063m of this is attributable to the re-provision of the

Dialstone Facility, which has been rephased from 2018/19. The Council has a number of assets in its disposal schedule and non-ringfenced capital receipts may be allocated to specific schemes or used to finance prudential borrowing schemes. At present, there is no corporate target for receipts funding but details of surplus property, including their marketing, are reviewed by Corporate Leadership Team.

- 8.26 There is a total of £38.507m in the three-year Programme of funding being provided from revenue, i.e. revenue contributions to capital outlay (RCCO) and HRA funding from the Major Repairs Reserve (MRR). Most of this, £36.924m is attributable to the HRA Capital Programme, with MRR providing £36.774m of this. The HRA is required to charge depreciation on its assets; this is an actual charge and is credited to the MRR. The funds in the MRR can then be used to lower the HRA Capital Financing Requirement or invest in capital expenditure.

Prudential Indicators

- 8.27 The Prudential Code requires Local Authorities to set prudential indicators with respect to their Capital Programme and borrowing position to ensure that its capital plans are affordable, prudent and sustainable.
- 8.28 The Council is required to report on a number of prescribed prudential indicators to demonstrate that it is fulfilling these objectives. These indicators highlight how much of the Council's revenue budget or HRA budget is being committed to servicing the prudential borrowing, i.e. the Ratio of Capital Financing Costs to Net Revenue Stream.
- 8.29 As well as the regulatory indicators, the Council has developed a further set of local Prudential Indicators to support the scrutiny and monitoring of capital investment plans. These are included in the Capital Strategy, which can be found elsewhere on the agenda.
- 8.30 The prudential indicators, based on current commitments, existing plans and the proposals in the 2019/20 to 2021/22 Capital Programme are set out at Appendix 8 for approval.

9. CONCLUSIONS

- 9.1 This report sets out the Cabinet's response to the MTFP forecast for 2019/20. It proposes a balanced 2019/20 net revenue budget of £240.304m. In setting a balanced budget the Cabinet have used the £2.102m available resources identified in the Borough Treasurer's MTFP Update report as follows:

	£000
MTFP Update – Available Resources Identified	(2,102)
Impact of Change to Proposed Council Tax Increase	364
Saving Proposals Moved to 2020/21 Implementation	1,160
Saving Proposals No Longer Considered For Implementation Following Consultation	35
BREXIT Risk Contingency	543
Revised Available Resource Position	0

- 9.2 Proposing a Council Tax increase of 2.75% (1.75% General and 1% Adult Social Care Precept) has been done with careful consideration of the impact on Stockport residents balanced against the need to continue to deliver essential services to residents including the most vulnerable residents in the Borough.
- 9.3 Through delivering the 2019/20 Budget we have bridged the funding gap of £15.926m, adding to the significant savings already achieved by the Council since 2011/12. Work will continue on our MTFP Strategy building on the saving proposals identified to meet the Council's savings requirement over the medium term period. The Council remains focused on ensuring the Council is able to become self-sufficient in terms of its funding to ensure it is resilient, whilst delivering the desired outcomes for residents.
- 9.4 The Cabinet recognises that the MTFP forecasts and the setting of a balanced budget for the Council going forward will be increasingly challenging. The uncertainty about the future direction of Local Government funding makes this planning and decision making increasingly difficult. The skills and commitments of Members and Officers alike will help the Council meet this challenge.

10. RECOMMENDATIONS

10.1 It is recommended that the Council Meeting:

- Agree the Budget for 2019/20 described in the report and set out in Appendix 2 and 3;
- Note the risk assessment of the Budget at Appendix 5 and the report of the Borough Treasurer on the adequacy of proposed financial reserves and robustness of the estimates included at Appendix 5;
- Note and comment upon the financial forecasts for 2019/20 to 2022/23 (Appendix 6), and the key issues to be addressed in formulating a response to the future financial challenges facing the Council;
- Approve the 2019/20 to 2021/22 Capital Programme and the funding arrangements as described in the report and set out at Appendix 7;
- Approve the prudential indicators set out in Appendix 8; and
- Pass the appropriate Council Tax resolutions which produce a Council Tax increase of 2.75% (1.75% General increase and 1% Adult Social Care Precept increase) as illustrated in Appendix 9.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on Tel: 0161 218 1025 or by email on jonathan.davies@stockport.gov.uk

Appendix 1 – 2019/20 to 2022/23 MTFP – Changes to Forecast Savings Requirement 22 February 2018 to 21 February 2019

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Savings Requirement Approved on 22 February 2018	15,926	27,702	37,410	47,019
<u>MTFP Assumption Changes</u>				
Summer Review MTFP Assumption Changes - Favourable Adjustments	(7,113)	(6,991)	(6,916)	(7,520)
Summer Review MTFP Assumption Changes - Adverse Adjustments	5,011	4,452	5,512	7,266
Increase in Council Tax Taxbase - Favourable Adjustment	(1,983)	(1,983)	(1,983)	(1,983)
Business Rates Indexation Compensation Grant	720	0	0	0
Strategic Investment Income	(1,000)	(1,000)	(500)	0
GMCA Levy Adjustments	(233)	(246)	(250)	(252)
Transport Returned Reserves	(520)	0	0	0
<u>Budget/Settlement Changes</u>				
Social Care Grant	(2,192)	0	0	0
New Homes Bonus	(716)	(718)	(716)	(716)
Business Rates 2019/20 Multiplier Increase	(6)	0	0	0
<u>Additional Expenditure Pressures</u>				
Mayoral Development Company	500	500	500	500
Estates and Asset Management Review	143	143	143	143
Public Realm Waste	250	250	250	250
Social Care Grant Allocation - Adult Social Care Provider Fees	1,020	0	0	0
Social Care Grant Allocation - SEND Review Response	750	0	0	0
Social Care Grant Allocation - Children's Demand Pressures	422	0	0	0
Stockport Support Fund	175	175	175	175
Local Taxation Collection Digital By Design Saving	100	100	100	100
Brexit Risk Contingency	543	0	0	0
Stockport Together Risk Contingency	2,100	0	0	0
<u>Cabinet Proposals - Council Tax Proposals</u>				
Council Tax Increase - General 1.75%	(2,625)	(2,635)	(2,645)	(2,655)
Council Tax Increase - Adult Social Care Precept 1%	(1,500)	(1,506)	(1,511)	(1,517)
<u>Cabinet Savings - Thematic Proposals</u>				
Strategic Commissioning: Getting More Out of Our Spending	(4,545)	(5,705)	(5,705)	(5,705)
Improving Citizen Experience	(1,770)	(1,770)	(1,770)	(1,770)
Making Sure We Have the Right Property in the Right Places	(645)	(645)	(645)	(645)
Double Running Phasing of Saving Proposals	1,603	0	0	0
<u>One Off Resources</u>				
Appropriation From Double Running Investment Reserve - Phasing of Thematic Proposals*	(1,603)	0	0	0
Appropriation From Collection Fund Reserve - Summer Review Returned Business Rates	(512)	0	0	0
Appropriation From Collection Fund Reserve – Stockport Together Risk Contingency	(2,100)	0	0	0
Appropriation From Reserves - Indexation Compensation Grant	(720)	0	0	0
Appropriation To Reserves - Transport Returned Reserves	520	0	0	0
Revised Savings Requirement at 21 February 2019	0	10,123	21,449	32,690

Appendix 2 – 2019/20 Proposed Revenue Budget

Portfolio	2019/20 Proposed Revenue Budget £000
Adult Social Care	79,471
Children and Family Services	30,902
Communities and Housing	22,153
Economy and Regeneration	2,133
Education	3,368
Health	15,664
Reform & Governance	26,603
Cash Limit	180,294
Superannuation (Auto-Enrolment)	310
Price Inflation/National Living Wage	2,529
Apprenticeship Levy	400
Stockport Together Risk Contingency	2,723
Brexit Risk Contingency	543
Non-Cash Limits	53,505
Total Net Expenditure	240,304
Business Rates - Stockport MBC Share	73,888
Business Rates - Tariff	(17,103)
Grants in Lieu of Business Rates	12,907
New Homes Bonus	1,791
Better Care Fund Allocation	6,333
Social Care Grant	2,192
Collection Fund Balance Distribution	1,362
Appropriation From Reserves - Indexation Compensation Grant	720
Appropriation From Reserves - Summer Review Returned Business Rates	512
Appropriation From Reserves - Stockport Together Risk	2,100
Appropriation To Reserves - Transport Returned Reserves	(520)
Proposed Council Tax Requirement	156,122
<i>Council Tax Requirement - Memorandum:</i>	
Adult Social Care Precept Element	11,207
Council Tax Requirement (Excluding Adult Social Care Precept)	144,915

Appendix 3 – 2019/20 Proposed Portfolio Cash Limit Budgets

	2018/19 Q3 Budget (2019/20 Starting Point)	2019/20 Contingency Allocations	2019/20 Indicative Adjustments*	2019/20 Proposed Savings	2019/20 Element of Savings Phased**	2019/20 Double Running Reserve**	2019/20 Proposed Revenue Budget
Portfolio	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	69,781	3,215	7,446	(971)	0	0	79,471
Children and Family Services	28,306	2,023	1,543	(970)	458	(458)	30,902
Communities and Housing	22,556	225	(103)	(525)	0	0	22,153
Economy and Regeneration	2,668	0	93	(628)	18	(18)	2,133
Education	3,144	0	922	(698)	275	(275)	3,368
Health	16,035	0	(371)	0	0	0	15,664
Reform and Governance	28,309	0	1,153	(2,859)	852	(852)	26,603
Cash Limit	170,799	5,463	10,683	(6,651)	1,603	(1,603)	180,294
Non Cash Limit	67,143	0	(6,824)	(309)	0	0	60,010
Total	237,942	5,463	3,859	(6,960)	1,603	(1,603)	240,304

*Indicative adjustments reflect previously agreed adjustments to the base Cash Limit and Non Cash Limit budgets.

**2019/20 phased saving proposals to be funded from the Double Running Investment Reserve, adjustments will be made to Cash Limit budgets

Appendix 3 (continued) – 2019/20 Proposed Directorate Cash Limit Budgets

Directorate	2018/19 Q3 Budget (2019/20 Starting Point) £000	2019/20 Contingency Allocations £000	2019/20 Indicative Adjustments* £000	2019/20 Proposed Savings £000	2019/20 Element of Savings Phased** £000	2019/20 Double Running Reserve** £000	2019/20 Proposed Revenue Budget £000
Corporate and Support							
Reform and Governance	28,309	0	1,153	(2,859)	852	(852)	26,603
	28,309	0	1,153	(2,859)	852	(852)	26,603
Services to People							
Adult Social Care	69,781	3,215	7,446	(971)	0	0	79,471
Children and Family Services	28,306	2,023	1,543	(970)	458	(458)	30,902
Education	3,245	0	922	(605)	275	(275)	3,562
Health	329	0	6	0	0	0	335
Health - Public Health	15,706	0	(377)	0	0	0	15,329
	117,367	5,238	9,540	(2,546)	733	(733)	129,599
Services to Place							
Communities and Housing	22,556	225	(103)	(525)	0	0	22,153
Economy and Regeneration	2,668	0	93	(628)	18	(18)	2,133
Education	(101)	0	0	(93)	0	0	(194)
	25,123	225	(10)	(1,246)	18	(18)	24,092
Cash Limit	170,799	5,463	10,683	(6,651)	1,603	(1,603)	180,294
Corporate and Support	(136)	0	(2,082)	(309)	0	0	(2,527)
Services to Place	42,386	0	577	0	0	0	42,963
Technical	24,893	0	(5,319)	0	0	0	19,574
Non Cash Limit	67,143	0	(6,824)	(309)	0	0	60,010
Total	237,942	5,463	3,859	(6,960)	1,603	(1,603)	240,304

*Indicative adjustments reflect previously agreed adjustments to the base Cash Limits and Non Cash Limits

**2019/20 phased saving proposals to be funded from the Double Running Investment Reserve, adjustments will be made to Cash Limit budgets

Appendix 4 – Estimate of 2019/20 Income Generated Through Fees and Charges

Service Area	Forecast Yield 2018/19 £000	Fees & Charges BTCOS* £000	Fees & Charges Other £000	Forecast Yield 2019/20 £000
Adult Social Care:				
Disabled Parking Blue Badges	48	0	0	48
Care Charges - Non Residential Services	5,308	46	368	5,722
Care Charges - Residential & Nursing Care	11,637	0	232	11,869
Adult Social Care Total	16,993	46	600	17,639
Communities and Housing:				
Network Assets:				
Vehicle & Footpath Crossings	150	10	0	160
Inspection Fees	105	0	0	105
Advertising	81	0	0	81
Permits for Skips, Scaffolding etc.	206	52	0	258
Engineering:				
External Engineering Work	0	5	0	5
Parks and Open Spaces:				
Allotments	18	0	0	18
Pitch Hire incl. Bowls and Golf	268	20	0	288
Parking and School Crossing:				
Car Parking	4,118	80	0	4,198
Country Park Car Parks	120	0	0	120
Public Protection:				
Burial/Cemetery Fees	743	92	0	835
Licensing - Taxis	311	28	0	339
Licensing - Animal, Public Entertainment & Gambling Fees	260	24	0	284
Pest Control & Hygiene Action Clean	249	8	0	257
Food & Safety	45	12	0	57
Housing Standards - including Land Searches	9	31	0	40
Annual Subsistence Fee for Pollution	12	0	0	12
Waste Services:				
Waste Services	462	25	0	487
Communities and Housing Total	7,157	387	0	7,544
Education:				
Learning and Employment:				
Adult Education	30	9	0	39
Music Centre	146	0	0	146
Education Total	176	9	0	185
Economy and Regeneration:				
Culture and Leisure:				
Art Gallery & Museums	455	0	0	455

Service Area	Forecast Yield 2018/19 £000	Fees & Charges BTCOS* £000	Fees & Charges Other £000	Forecast Yield 2019/20 £000
Growth:				
Filming External Locations	0	7	0	7
Town Centre Managed Sites	24	14	0	38
Business Advice & Guidance	0	2	0	2
Planning:				
Planning and Building Regulation	1,393	185	0	1,578
Economy and Regeneration Total	1,872	208	0	2,080
Reform and Governance:				
Libraries	100	0	0	100
Registrars	405	20	0	425
Events	498	30	0	528
Revenues and Benefits:				
Leisure Key	12	0	0	12
Estate and Asset Management:				
Stopford House car parking	4	0	0	4
Venue Management	126	0	0	126
Garages and Shop Rentals	702	0	0	702
Legal and Democratic Governance:				
Conveyancing Fees Local Land Charges	240	0	0	240
Reform and Governance Total	2,087	50	0	2,137
Total Income Estimate	28,285	700	600	29,585

* The 'Balancing the cost of services' (BTCOS) project will ensure that the balance between locally raised taxes and fees and charges are fully understood and balanced in line with Council priorities. This project combines the £0.700m identified from the fees and charges and shown above, with other savings made within Early Years (£0.120m), cost savings achieved by reducing the cost of collecting fees and improving the way people book community buildings using digital technology (£0.085m), and by expanding market share by increasing the sale of various CSS services (£0.100m).

Appendix 5 – Risk Assessment and Calculation of Minimum Level of General Fund Balances

Item	Budget Assumption £000/%	Possible Variance £000/%	Impact Cost/ (Benefit) £000
<u>Previous Financial Year</u>			
Variance between forecast & actual outturn	172,769	0.5%	864
<u>Potential Impact of 2018/19 Underlying Pressures</u>			
Adult Social Care Portfolio	7,711	1.0%	77
Children and Family Services Portfolio	2,375	1.0%	24
<u>Corporate Contingency</u>			
Price Inflation	3,992	5.0%	200
National Living Wage	2,000	5.0%	100
<u>Income</u>			
Yield from Sales, Fees and Charges	(29,585)	-2.0%	592
2019/20 Saving Proposals	(6,960)	-5.0%	346
<u>Demand/Demographics</u>			
Adult Social Care	67,017	4.0%	2,681
Children's Social Care	13,841	8.0%	1,107
Public Health	15,292	2.9%	450
Highway Maintenance	1,602	10.0%	160
Winter Maintenance - Severe Weather	399	10.0%	40
<u>Volumes</u>			
Waste Collection & Disposal	(Covered by Waste Strategy Reserve)		
<u>Capital Programme</u>			
Capital Receipts Not Realised/Re-Phased	5,369	134	134
Capital Financing Costs (Re-phasing)	3,015	(75)	(75)
Risk Assessment of Budget			6,700
Major Disaster/Emergency	7,500	33%	2,500
Minimum Level of General Fund Balances			9,200

Local Government Act 2003 – Section 25

Statement on the Adequacy of Proposed Financial Reserves and Robustness of the Estimates

Report of the Borough Treasurer

1 GENERAL FUND REVENUE BALANCES

- 1.1 A risk assessment of the Cabinet's budget proposals has concluded that the recommended minimum level of General Fund Balances for 2019/20 is £9.2m. The forecast outturn for 2018/19 anticipates General Balances as at 31 March 2019 will be in line with that requirement prior to taking account of any cash limit and non-cash limit surpluses.
- 1.2 The Council's reserves and balances are reviewed annually in line with the Medium Term Financial Plan, the Reserves Policy, best practice guidance on Local Authority Reserves and Balances, and as required by the Local Government Act 2003. Use of reserves and balances are monitored on a regular basis to identify and report any proposals which carry ongoing risks or financial implications.
- 1.3 The Borough Treasurer also has to consider the resilience of the Council and its ability to withstand and mitigate the impact of unknown costs as a result of local and national changes across the medium term period. Given recent financial issues at other Local Authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) have issued a Resilience Index that Authorities can use to assess their resilience relative to other similar Authorities. This considers a number of resilience indicators to assess the robustness of an Authorities financial position and their ability to mitigate the financial impact of local and national changes over the medium term period. The purpose is to provide Authorities with an early warning of resilience issues, so that action can be taken at a local level in a timely manner.
- 1.4 The resilience indicators used are:
- Reserves Depletion Over Time;
 - Level of Reserves;
 - Change in Reserves;
 - Unallocated Reserves;
 - Earmarked Reserves;
 - Change in Unallocated Reserves;
 - Change in Earmarked Reserves;
 - Council Budget Flexibility;
 - Children's Social Care Ratio;
 - Adult Social Care Ratio;
 - Grants to Expenditure Ratio;
 - Council Tax Requirement/Net Revenue Expenditure;
 - Retained Income from Rates Retention/Net Expenditure;
 - Children's Social Care Judgement; and
 - Auditors Value for Money Assessment.

Having reviewed the CIPFA Resilience Index, the Borough Treasurer is confident that the Council is in a robust and resilient position.

2 PROCESSES AND MONITORING

- 2.1 The Council is a relatively low spending organisation and has, for many years, operated within very tight financial constraints. Robust budget monitoring and a thorough budget process, in which all demand led and other pressures as well as realistic spending reductions are considered, allows the Council to operate with a relatively low level of General Fund Balances. The recommended minimum level of general balances is only adequate for the forthcoming financial year and for the financial planning period through the commitment of Corporate Directors and Cabinet Members to control spending.
- 2.2 Known and forecast increases in spending have been recognised by uplifts in cash limits and / or variations to spending plans, including contingencies. Similarly, opportunities to make reductions in spending at current service levels have also been reflected in the Budget. The proposals put forward by the Cabinet in response to identified budget pressures, and those relating to additional investment have been subject to detailed scrutiny and risk assessment. In particular, the balance struck between ongoing reductions in base budget allocations and the targeted investment of one-off resources has been taken into account.
- 2.3 As in previous years, it is imperative in 2019/20 that Portfolio Holders, the Cabinet and Scrutiny Committees critically review the regular monitoring statements to ensure that the reasons for any projected surpluses or deficits are properly identified and that resulting actions are implemented in a timely manner.

3 RISK ASSESSMENT

- 3.1 The 2018/19 projected outturn, the 2019/20 indicative budget and the Cabinet's proposed budget have all been examined and challenged to ensure that strategic, operational and financial risks have all been 'priced' into the estimates. The calculation of the recommended minimum level of General Fund Balances takes account of this as well as the key risks and uncertainties surrounding the budget estimates and proposals.
- 3.2 The recommended minimum level of general balances for 2019/20 is the same as the level established for 2018/19. This reflects the fact that risk levels surrounding this budget are considered to be broadly similar to the current year.
- 3.3 There is also continuing risk and volatility surrounding Council Tax and Business Rates revenues. This is due to factors including the localisation of Council Tax Support Schemes and Business Rates Retention. In the short-term, these risks are managed as part of the Council's Collection Fund arrangements and so are not reflected in the calculation of minimum general fund balances.

4 CONCLUSIONS

On the basis of the above-mentioned financial planning and monitoring processes together with the Resilience Indicators and risk assessment of the budget, the Borough Treasurer is able to report (in accordance with section 25 of the Local

Government Act 2003) that the estimates made for the purposes of the calculation of the budget are robust and the level of reserves and balances are adequate.

Appendix 6 – 2019/20 to 2022/23 Medium Term Financial Plan

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
<u>Resources</u>				
Stockport MBC Council Tax	144,915	145,456	145,997	146,537
Adult Social Care Precept	11,207	11,248	11,290	11,332
Business Rates - Stockport MBC Share	73,888	85,327	85,327	85,327
Business Rates - Tariff	(17,103)	0	0	0
Grants in lieu of Business Rates	12,907	0	0	0
Revenue Support Grant - Rolled in to 100% Business Rates Retention	0	0	0	0
Public Health Grant - Rolled in to 100% Business Rates Retention	0	0	0	0
New Homes Bonus Grant	1,791	855	823	716
Better Care Fund Allocation	6,333	0	0	0
Social Care Grant	2,192	0	0	0
Collection Fund 2018/19 Balance Distribution	1,362	0	0	0
	237,492	242,886	243,437	243,912
<u>Expenditure</u>				
Cash Limits	182,264	185,677	186,597	187,340
Pay	0	1,944	3,931	5,969
Pensions - Superannuation and Auto Enrolment	310	490	674	861
Inflation - Price and National Living Wage	2,529	8,173	12,626	17,237
Demand Pressures	0	2,000	4,000	6,000
Apprenticeship Levy	400	400	400	400
Stockport Together Risk Contingency	2,723	0	0	0
Brexit	543	0	0	0
Non-Cash Limits	53,505	54,325	56,658	58,795
	242,274	253,009	264,886	276,602
Cumulative Savings Requirement	4,782	10,123	21,449	32,690
Appropriation from Reserves - Double Running Adult Social Care Charging*	(367)	0	0	0
Appropriation From Double Running Investment Reserve - Phasing of Thematic Proposals*	(1,603)	0	0	0
Appropriation From Collection Fund Reserve - Summer Review Returned Business Rates	(512)	0	0	0
Appropriation From Collection Fund Reserve – Stockport Together Risk Contingency	(2,100)	0	0	0
Appropriation From Reserves - Indexation Compensation Grant	(720)	0	0	0
Appropriation To Reserves - Transport Returned Reserves	520	0	0	0
Revised Cumulative Savings Requirement	0	10,123	21,449	32,690

*Adjustment to Cash Limit budgets

Appendix 6 (continued) – 2019/20 to 2022/23 Medium Term Financial Plan Underlying Assumptions

<u>Assumptions</u>	2019/20	2020/21	2021/22	2022/23
SMBC Council Tax Increase	1.75%	0.00%	0.00%	0.00%
SMBC Council Tax Increase – Adult Social Care Precept	1.00%	0.00%	0.00%	0.00%
Pay Award	2.00%	2.00%	2.00%	2.00%
Employer's Pension Contribution	19.80%	20.00%	20.30%	20.50%
Employer's Pension Contribution - After Advance Payment of Pension	18.30%	20.00%	20.30%	20.50%
Waste Disposal Authority Levy	87.63%	1.82%	1.63%	1.63%
Combined Authority Transport Levy	-31.66%	1.00%	1.00%	1.00%

Appendix 7 – Capital Programme 2019/20 to 2021/22

Capital Programme 2019/20 to 2021/22 by Portfolio

	2019/20	2020/21	2021/22	2022/23 Onwards
Adult Social Care	£000	£000	£000	£000
Residential Care Sector Support	49	0	0	0
Grant allocations - Remaining Balance	571	0	0	0
TOTAL	620	0	0	0

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	620	0	0	0
TOTAL	620	0	0	0

	2019/20	2020/21	2021/22	2022/23 Onwards
Children and Family Services	£000	£000	£000	£000
Short breaks for disabled children	24	0	0	0
TOTAL	24	0	0	0

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	24	0	0	0
TOTAL	24	0	0	0

	2019/20	2020/21	2021/22	2022/23 Onwards
Communities and Housing	£000	£000	£000	£000
Housing				
HRA - general capital schemes	17,121	14,588	17,093	26,105
HRA - new builds	1,538	0	0	0
Affordable Homes (SHL)	18,842	0	0	27,700
Disabled Facilities Grant	2,821	0	0	0
Strategic Housing - Renewal	532	0	0	0
Housing sub-total	40,854	14,588	17,093	53,805
Other schemes				
Schemes in Parks	40	40	40	80
Street Lighting Investment Programme	6,183	5,374	0	0
Bellway Homes - Commuted Sum	152	0	0	0
Electric Vehicles	86	0	0	0
Other schemes sub-total	6,461	5,414	40	80
TOTAL	47,315	20,002	17,133	53,885

Resources	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 Onwards £000
Capital Grants	2,835	0	0	0
Directly Funded Borrowing	31,252	7,708	4,471	27,775
Unsupported Borrowing	40	40	40	80
Capital Receipts	784	0	0	0
External Contributions	204	0	0	0
Commuted Sums	152	0	0	0
Revenue Contributions (RCCO)	150	0	0	0
HRA funding from MRR	11,898	12,254	12,622	26,030
TOTAL	47,315	20,002	17,133	53,885

	2019/20	2020/21	2021/22	2022/23
Economy and Regeneration	£000	£000	£000	Onwards £000
Highways				
<u>Capital Asset Maintenance</u>				
Street Lighting	560	560	0	0
Highways Investment Programme	12,482	12,551	12,626	6,496
Highways Drainage	250	250	0	0
Highways Structures	688	788	0	0
Town Centre Structures Merseyway	4,120	0	0	0
Flood Risk Management	300	300	0	0
<u>Asset Development & Improvement Schemes</u>				
SEMMMS Relief Road	4,548	5,416	16,129	0
Town Centre Access Plan	8,725	3,155	1,753	0
Interchange Bridge	656	308	0	0
Roscoe Roundabout	3,171	0	0	0
LTP and SEMMMS Integrated Transport	1,056	30	0	0
District Centres	300	300	0	0
Road Safety Near Schools	100	100	0	0
Road Safety	50	50	0	0
Public Rights of Way	100	100	0	0
<u>Planning-related Schemes</u>				
Section 278 and Section 106 schemes	2,000	2,000	0	0
<u>Other Highway Programmes</u>				
Studies and Transport Minor Schemes	30	30	0	0
Air Quality Grant	96	0	0	0
Highways sub-total	39,232	25,938	30,508	6,496
Non-Highways				
Stockport Exchange (Phase 3)	14,610	665	0	0
Redrock Development Scheme	793	0	0	0
Aurora Stockport (formerly Gorsey Bank)	619	0	0	0
Markets and Underbanks	2,296	2,000	0	0
Brownfield Site Schemes	992	0	0	0
Merseyway Redevelopment	3,500	3,000	0	0
Non-highways sub-total	22,810	5,665	0	0
TOTAL	62,042	31,603	30,508	6,496

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	23,550	11,970	18,715	833
Directly Funded Borrowing	21,787	5,665	0	0
Unsupported Borrowing	12,099	11,968	11,793	5,663
Capital Receipts	1,023	0	0	0
Commuted Sums	2,000	2,000	0	0
Revenue Contributions (RCCO)	1,583	0	0	0
TOTAL	62,042	31,603	30,508	6,496

	2019/20	2020/21	2021/22	2022/23 Onwards
Education	£000	£000	£000	£000
Primary Sector	4,606	784	0	0
Secondary Sector	272	0	0	0
Special Sector	395	0	0	0
Funding to be allocated	24,719	0	0	0
TOTAL	29,992	784	0	0

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	14,790	699	0	0
Unsupported Borrowing	14,590	0	0	0
External Contributions	612	85	0	0
TOTAL	29,992	784	0	0

	2019/20	2020/21	2021/22	2022/23 Onwards
Reform and Governance	£000	£000	£000	£000
Asset Management Plan	8,744	970	570	846
Reprovision of Dialstone Facility	3,063	0	0	0
Borough Care	12,955	6,929	7,465	0
TOTAL	24,762	7,899	8,035	846

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	45	0	0	0
Directly Funded Borrowing	12,959	6,929	6,572	0
Unsupported Borrowing	8,544	970	570	551
Capital Receipts	3,188	0	893	23
External Contributions	26	0	0	0
Revenue Contributions (RCCO)	0	0	0	272
TOTAL	24,762	7,899	8,035	846

Appendix 8 – Capital Prudential Indicators 2019/20 to 2021/22

CIPFA's revised Prudential Code published in December 2017 sets out the regulatory prudential indicators that authorities must report on each year. The prescribed prudential indicators are:

- Estimate of capital expenditure for the forthcoming year and at least the following two financial years;
- Estimate of capital financing requirement for the forthcoming year and at least the following two financial years; and
- Estimate of financing costs to net revenue stream for the forthcoming year and at least the following two financial years.

The Prudential Code also advises local authorities to develop their own local indicators as part of their Capital Strategy. The Council has developed a further set of local prudential indicators to support the scrutiny and monitoring of capital investment plans. These indicators provide further analysis of the capital financing requirement (CFR) and minimum revenue provision (MRP) and are reported in the 2019/20 Capital Strategy.

The capital prudential indicators for the Council's 2019/20 three-year capital programme are given below. Indicators are based on current commitments and existing plans in the 2018/19 – 2020/21 Capital Programme. Some of the approved schemes span beyond the 2019/20 three-year capital programme and the indicators for these are also included.

Capital Expenditure

The following table sets out the planned capital expenditure, split into General Fund (Non-HRA) and HRA, for each of the years in the proposed programme.

	2019/20	2020/21	2021/22	2022/23 Onwards
Capital Expenditure	£000	£000	£000	£000
General Fund (non HRA)	146,096	45,700	38,583	35,122
HRA	18,659	14,588	17,093	26,105
Total	164,755	60,288	55,676	61,227

The following tables set out the resources available for the capital programme highlighting the prudential borrowing required split into General Fund (i.e. Non-HRA) and HRA.

	2019/20	2020/21	2021/22	2022/23 Onwards
	General Fund £000	General Fund £000	General Fund £000	General Fund £000
Capital Expenditure				
Total Capital Expenditure	146,096	45,700	38,583	35,122
Financed By:				
Capital Grants	41,864	12,669	18,715	833
Capital Receipts	4,539	0	893	551
Capital Contributions	2,994	2,085	0	23
Revenue Contribution	1,583	0	0	272
Prudential Borrowing	95,116	30,946	18,975	33,443

	2019/20	2020/21	2021/22	2022/23 Onwards
	HRA £000	HRA £000	HRA £000	HRA £000
Capital Expenditure				
Total Capital Expenditure	18,659	14,588	17,093	26,105
Financed By:				
Capital Grants	0	0	0	0
Capital Receipts	456	0	0	0
Capital Contributions	0	0	0	0
Revenue Contribution	12,048	12,254	12,622	26,030
Prudential Borrowing	6,155	2,334	4,471	75

Capital Financing Requirement

This measures the Council's cumulative underlying need to borrow as a result of capital investment and is split into General Fund (Non-HRA) and HRA.

	2019/20	2020/21	2021/22	2022/23 Onwards
Capital Financing Requirement	£000	£000	£000	£000
General Fund (non HRA)	653,188	667,929	669,304	665,004
HRA	143,753	145,205	148,774	146,978
Total	796,941	813,134	818,078	811,982

The Capital Financing Requirement (CFR) for the General fund is increasing over the medium term reflecting the amount of prudential borrowing being used to support capital investment. Further analysis of the CFR is provided in the Capital Strategy.

Ratio of financing costs to net revenue stream

This is the percentage of the revenue budget set aside each year to service debt-financing costs.

	Forecast	Forecast	Forecast	Forecast
	2019/20	2020/21	2021/22	2022/23 Onwards
General Fund	£000	£000	£000	£000
Total Financing Costs	20,300	22,735	24,568	26,757
Ratio to Net Revenue Stream	8.45%	9.36%	10.09%	10.97%

The table below sets out the ratio of financing costs to net revenue stream for the HRA.

	2019/20	2020/21	2021/22	2022/23 Onwards
HRA	£000	£000	£000	£000
Total Financing Costs	5,727	5,870	5,912	5,989
Ratio to Net Revenue Stream	10.80%	10.83%	10.67%	10.33%

Appendix 9 – 2019/20 Proposed Council Tax Including Mayoral Precepts

	2019/20 Proposed
<u>Council Tax Requirement and Precepts</u>	£000
Stockport MBC Council Tax Requirement	156,122
Mayoral Police and Crime Commissioner Precept	[TBC]
Mayoral General Precept (including Fire Services)	[TBC]
	[TBC]
<u>Council Tax (Band D equivalent)</u>	£
Stockport MBC Services (2.75% Increase)	1,641.65
Mayoral Police and Crime Commissioner Precept	[TBC]
Mayoral General Precept (including Fire Services)	[TBC]
	[TBC]