



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

Corporate Performance & Resources

Third Quarter Update Report 2019/20



www.stockport.gov.uk

Date	27 Jan 2020	Version	1.1	Approved by	EW
------	-------------	---------	-----	-------------	----

LEADER'S INTRODUCTION



I'm pleased to introduce the Third Quarter Update Report for 2019/20, which will be the last report before May's local elections. It's also the first report of 2020, so I'd like to wish everyone a belated happy and healthy New Year.

The report highlights a number of major achievements and areas of progress at the end of last year, and looks ahead to exciting times for Stockport in 2020. I'd like to extend my thanks to the many Stockport residents, schools, businesses, partners and community groups who have made such a valuable contribution to our borough during 2019. The Council always appreciates resident's feedback and I encourage residents to engage with us in developing our exciting long-term ambitions for Stockport which will take shape over 2020.



It has been a long held ambition of the Council to bring the Metrolink network to Stockport, and the recent announcement brings us a step closer to making Stockport, already one of the best connected towns in the north, even better connected. This is a really proud moment for me, and I am delighted that we can now move forward quickly with this. It is at the heart of our Mayoral Development Corporation plans for the Town Centre. These set out our ambition to build 3,500 new homes and create 5,500 jobs, with a focus on public transport, community and culture.

I'm absolutely committed to working with our partners and external organisations to find sustainable solutions to the issue of climate change, which could not be more apparent in the light of recent flooding. We are being proactive in our attempts to become more sustainable such as our LED streetlight replacement and tree planting programmes which are well underway, but we can still do so much more. That's why we've recently established a Climate Emergency Task Group, focusing on how the Council can reduce its carbon emissions. It's also imperative we continue to prioritise sustainable transport. Bringing Metrolink to Stockport will complement new walking and cycling routes, along with supporting GM proposals on bus reform, helping make Stockport a more environmentally healthy and desirable place to live.

Our Town Centre was recently recognised through the Purple Flag award, and increasing numbers of people visiting the Market Place is evidence that our interventions are already paying off, and that Stockport can continue to buck national trends.

We have seen a number of our services and facilities awarded the status of good and/or outstanding by our external regulators, and will continue to rise to the challenge where our services need to improve, for example with significant progress being made to services for young people with additional needs. The Council has been recognised for the pace of improvement and the way residents are at the heart of our service delivery.

In 2020 we will continue to serve our residents and work hard to ensure local people thrive in an inclusive and sustainable Stockport. We will continue to support our residents when they need us and protect our most vulnerable people. This ranges from ensuring our children are ready for school, with the recent Early Years peer review, to making our neighbourhoods 'Age Friendly' with recent recognition from the GM Mayor's Age-Friendly Challenge. Our Stockport Local Fund goes from strength to strength, with over a quarter of a million pounds awarded to great community ideas that help build resilient, active and caring communities.

We will continue to be ambitious, with the new building at Stockport Exchange due to open soon, bringing new businesses and jobs to the Borough. We will have developed more online services to match the expectations of our residents, designing services around their lives. Our neighbourhood offer will be more relevant and we will work more closely with residents to help them live their best life in a thriving neighbourhood.

In order for us to direct the necessary resources for the maximum impact, strong financial, personnel and performance management is critical. Our latest budget proposals are being finalised, following an extensive period of consultation and engagement, which will continue to provide solid financial foundations for us to realise our ambitions for the borough. Performance is also encouraging, with 90% of our key measures forecast to be on or close to targets for the year, delivering our priorities and better outcomes for Stockport.

I am looking forward to working with you all at the start of this new decade and together I know we can meet the challenges and opportunities this year will bring.

Cllr Elise Wilson,
Leader of the Council (Policy, Finance and Devolution)

This report provides an overview of progress towards delivering the Council Plan 2019/20 Outcomes including a high-level overview of the activity, performance and spend contributing to this.

The Portfolio Performance and Resource Reports contain a more detailed report on performance and finance, focussing on highlights and exceptions, in relation to the priorities and responsibilities of the seven Cabinet Portfolios. These Portfolio Reports can be accessed by following the links to the five Scrutiny Committees below:

Scrutiny Committee	Date	2019/20 Portfolio Reports
Adult Social Care and Health	14 January	Adult Care and Health
Communities and Housing	20 January	Sustainable Stockport Inclusive Neighbourhoods
CRMG	21 January	Resources, Commissioning and Governance Citizen Focus and Engagement
Children and Families	22 January	Children, Family Services and Education
Economy and Regeneration	23 January	Economy and Regeneration

Forecast Budget Position 2019/20

	Revenue Budget £000	Forecast £000	(Surplus)/ Deficit £000	Reserves and Balances	Balance at 31/12/19 £000
Cash Limits	182,135	182,431	296	<u>Non-Ring fenced:</u>	
Non-Cash Limits	58,385	57,123	(1,262)	General Fund Balances	9,200
Total	240,520	239,554	(966)	Earmarked Reserves	66,825
				<u>Ring fenced:</u>	
2019/20 Capital Programme (£000)			114,182	DSG and School Reserves	2,280
2020/21 Capital Programme (£000)			170,203	HRA Reserves	3,037
2021/22 Capital Programme (£000)			85,974	Total Reserves and Balances	81,342

EXECUTIVE SUMMARY



Delivering our shared outcomes for Stockport

The Third Update Report brings together highlights and exceptions in delivering the shared outcomes and priorities within the Council Plan and Portfolio Agreements since the Mid-Year Report. A brief summary is provided below under each of the five shared outcomes.

People will be able to make positive choices and be independent

Addressing health inequalities remains a focus, whilst assuring quality provision for the people who rely on health and social care services. There are a number of specific work programmes where interventions are helping to tackle local challenges. These include developing a recovery plan to improve take-up rates for breast screening, along with an all-agency action plan for the Tobacco Alliance to help people quit smoking, with a similar model being developed to focus on alcohol related harm.

Significant work is underway on the refresh of the Joint Strategic Needs Assessment (JSNA) which will help shape and advise the future direction of public health services and the commissioning model over the forthcoming years. Performance on flu vaccinations is encouraging, with the campaign continuing to the end of January. Following a delay to vaccines for some cohorts, Public Health are working closely with GP Practices to increase take-up rates and it is expected that Stockport will again record some of the highest vaccination rates in the country.

Four Stockport neighbourhoods have received the GM Mayor's award for the Age Friendly Challenge. Alongside this, two areas will now represent Stockport in the GM Ageing in Place project. This is a great opportunity to develop the 'team around the place' model in partnership with local older people in these neighbourhoods to define what matters to them as they get older in a community.

School Readiness is critical for all children and there are several activities taking place to support improvements. An Early Years Peer Review took place at the end of October to evaluate the sector in Stockport, especially focussed on Speech, Language and Communication and provided insight for further improvements. It was very complimentary about the existing services.

The School Improvement Team have completed the "One Voice" conversations with individual primary schools so that head teachers and governing bodies are given a statement about their performance thus providing the basis of development(s) in the coming school year. This has become even more important with changes in the Ofsted framework that started in September.

People who need support will get it

Despite continuing financial uncertainty and the wait for clarity on long-term social care policy directives, high quality support and interventions are being delivered. Development of a neighbourhood focused delivery model is being supported by the Health and Social Care Partnership Locality Plan which was signed off by the Health and Wellbeing Board in November. This defines the direction of travel for the partnership, reinforces the primary care focus and our aim to support people as close to home as possible. The new ASC operating model will underpin this local delivery and will include all key partners in both the statutory and voluntary sectors within the context of Greater Manchester working.

The All Age Strategy is a bold and ambitious piece of work, which will have a significant impact of how people are supported in the future across the borough, introducing new models of care, new technologies and a modernised workforce.

The number of Looked after Children is always a high priority, and the latest increase would appear to be a seasonal factor. The numbers of children on a Child Protection Plan has continued to decrease despite a spike earlier in 2019. The launch of the GM Care Leavers Charter in November is a major step forward giving an entitlement to five important areas. The Charter was launched at Manchester University with care leavers, local authorities and voluntary organisations in attendance.

Progress continues at a pace with the improvements planned following the SEND Written Statement of Action through several working groups involving parents and consultation with young people. In December the second progress review with the DfE and NHS England took place and demonstrated the progress. Meanwhile, the Youth Offending Service was awarded Quality Lead status in SEND in November.

Stockport will benefit from a thriving economy

Stockport's economy continues to go from strength-to-strength, with major transport links on the doorstep, coupled with the 'buzz' within the borough through the work on Stockport Exchange, the Mayoral Development Corporation and the Marketplace, help make Stockport town centre an attractive place for internationally renowned companies and their employees to now be based. BASF UK are the latest company to locate to Stockport Exchange 2, which will be their new UK headquarters.

Stockport is beginning to realise its vast potential – and the rewards are beginning to be realised not only for the Council, but for local residents. Indeed, footfall is still increasing around the Marketplace year-on-year, which shows the Council's interventions are having the desired effect. Whilst the target for office, retail and industrial space let or sold is very ambitious, it is hoped that deals can be done for Redrock, the former M&S building, the former BHS building and more space within Stockport Exchange 2 before the end of March.

Unemployment figures have been impacted by Universal Credit, with more people being classified as being fit for work. There continues to be a focus on helping people access local employment opportunities through the work of the Stockport Work & Skills Board.

The number of independent businesses within Stockport town centre continues to grow, with further developments around the Underbanks and the Marketplace. Support for District Centres will also support the creation of more independent businesses across Stockport, as well as providing job opportunities for local people to access a growing Stockport economy.

Stockport will be a place people want to live

Good progress is continuing this quarter in building more affordable homes, with those in Woodford nearing completion, although this may not be until the next financial year. Work has started on a Viaduct development at Booth Street that will provide 47 homes, all at social rent. The Brinnington Regeneration Initiative won the Royal Town Planning Institute Regeneration Award in October and also of the 98 homes sold within 12 months, 87 went to first-time buyers.

Whilst the number of properties empty for 24 months has gone up, the overall number has come down. There are many and varied reasons why properties remain empty – probate, covenants, refurbishment, unable to sell etc. – and the Housing Standards Team continues to make progress in bringing these properties back into use. The Council put additional resources and facilities in place before Christmas to ensure, as far as possible, anyone rough sleeping would be offered

accommodation and support, resulting in five placements. Further plans are in place to help engage with the core of entrenched rough sleepers.

Fly-tipping remains a problem, and a number of prosecutions and fines have been issued. It is costly for the Council to remove, and every effort is made to trace and prosecute those responsible. On a positive note, work on bulb planting and more environmentally friendly approaches to landscaping have continued, along with further investment in new play areas. New or refurbished facilities have recently opened in Gatley, Heaton Norris and Bruntwood Park. A new Climate Emergency Task Group has been established, focusing on how the Council can become carbon neutral, with members and officers undertaking Carbon Literacy training. Meanwhile, the LED lighting programme is continuing which is expected to reduce CO2 emissions, reduce fuel use, reduce maintenance and give better lighting throughout Stockport.

Improving and promoting public transport is a key part of this approach, with the Council recently submitting a response to the GM proposals on bus reform. Funding for Cheadle through the Towns Fund is also being directed towards improving public transport in the area, whilst a GM project is continuing to look at how to make the best of Stockport's local rail stations to benefit communities and improve access. Promoting walking and cycling is another area where Stockport is taking the lead across GM, and there is strong support from residents and local groups to build this into major schemes.

Communities in Stockport will be safe and resilient

Enabling all Stockport's communities to benefit from the Borough's growing prosperity remains an overarching priority for the Council. Important progress has been made towards achieving these priorities, with a very significant increase in the number of applications to the Stockport Local Fund during Q3. This reflects increased publicity and support for the application process. Work is now in progress to monitor the development of those projects funded in the first phase, which will help to evaluate the outcomes of the Fund and inform further development of the scheme.

A further highlight is the success of the Adult Education Service and employment support services, particularly in providing support for vulnerable adults and those living in the Borough's priority areas. The Adult Education Service achieved a 100% retention rate during Q3 and saw a further increase in the number of learners from priority areas.

In relation to community safety, there continues to be issues with the availability of data following the roll out of new GMP systems. However indications from the most recent GMCA Police and Community Safety Surveys indicate that Stockport is amongst the 'best performing' districts in Greater Manchester in relation to many of the issues considered.

The Social Value portal, set up via the STAR Alliance, is beginning to provide positive benefits for local communities, along with the companies winning contracts. Engagement with residents, businesses and stakeholders about our new Borough Plan has recently begun, initially focusing on engaging with young people about the sort of Stockport they want to see.

Financial summary

The GM business rates pilot continues to support the MTFP, and whilst Council Tax and Business Rate collection has been impacted by recent turnover of staff, more cash is being collected overall.

The revenue budget forecast at Q3 is £239.554m, representing a surplus of £0.966m. This was again largely due to the Non-Cash Limits surplus detailed in Section 3 of the report. Cash-Limits Budgets are forecasting a slightly reduced deficit of £0.296m, with the deficit in Adults & Health continuing to be offset by surpluses in the Inclusive Neighbourhoods and Citizen Focus Portfolios. Reserves and balances stand at £81.342m, whilst the three-year Capital Programme stands at £370.359m.

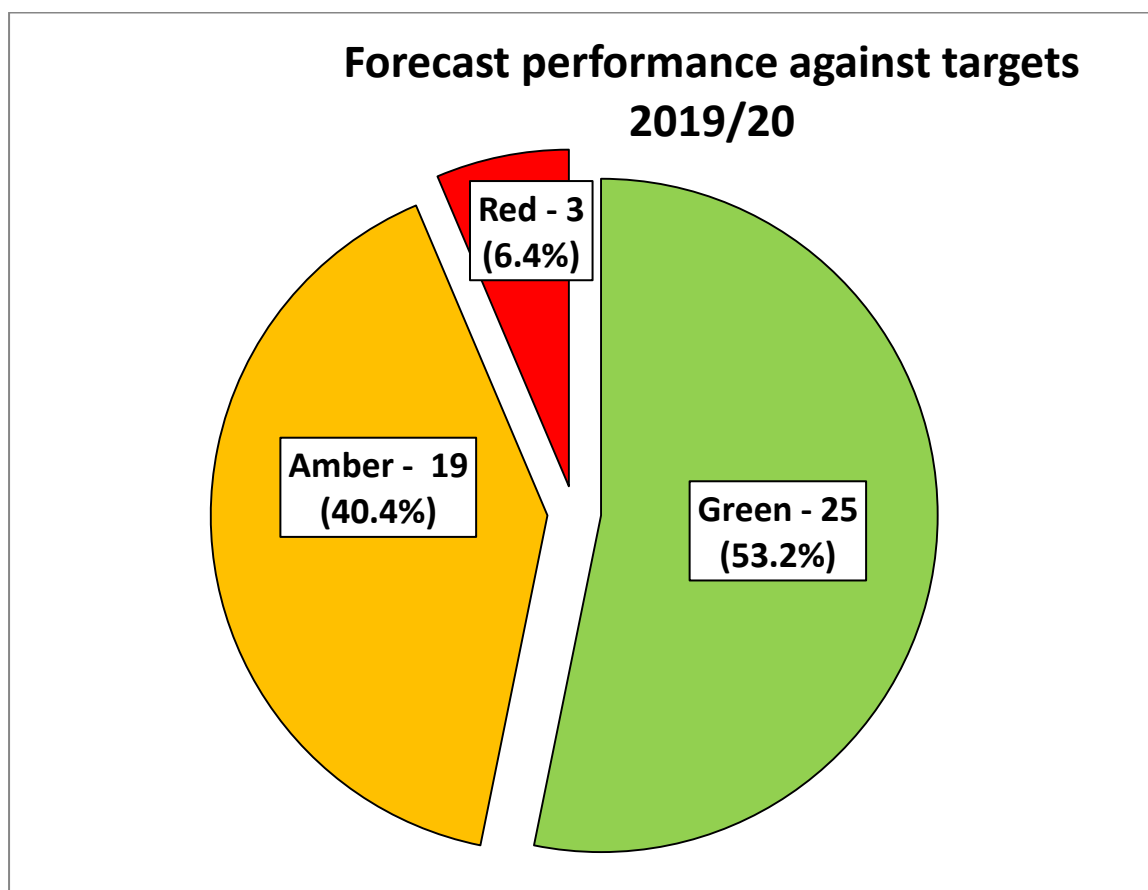
1. CORPORATE PERFORMANCE OVERVIEW AND ANALYSIS



This is an exception-based report, including only measures from the corporate suite where new data is available since the Mid-Year Report. As a consequence, the overall picture on performance can't be directly compared, but there are some underlying trends from these 49 measures which are highlighted below, and detailed in Appendix 1.

There are just 8 measures from the GM Strategy reported this time, as the vast majority of these are only updated on an annual basis. The full set, including Stockport data up to October 2019, were reported to Cabinet and Scrutiny in the last cycle – the full report is [available here](#).

Around 94% of the measures reported are forecasting to be on target (Green) or within an acceptable range (Amber) for the year. Whilst there are a higher proportion of 'Amber' measures than at Mid-Year, this is largely due to the exclusion of annual measures rather than any significant deterioration in performance. The underlying trend is for around two-thirds of the full set of measures to be on or ahead of target at year-end, and this will be included within the analysis for the Annual Report.



There are three measures rated as 'Red' which are forecast to be significantly off-target. This is the same as reported at Mid-Year, with all three at Q3 within the Economy & Regeneration Portfolio. All are also forecast to get worse compared to 2018/19, and relate to;

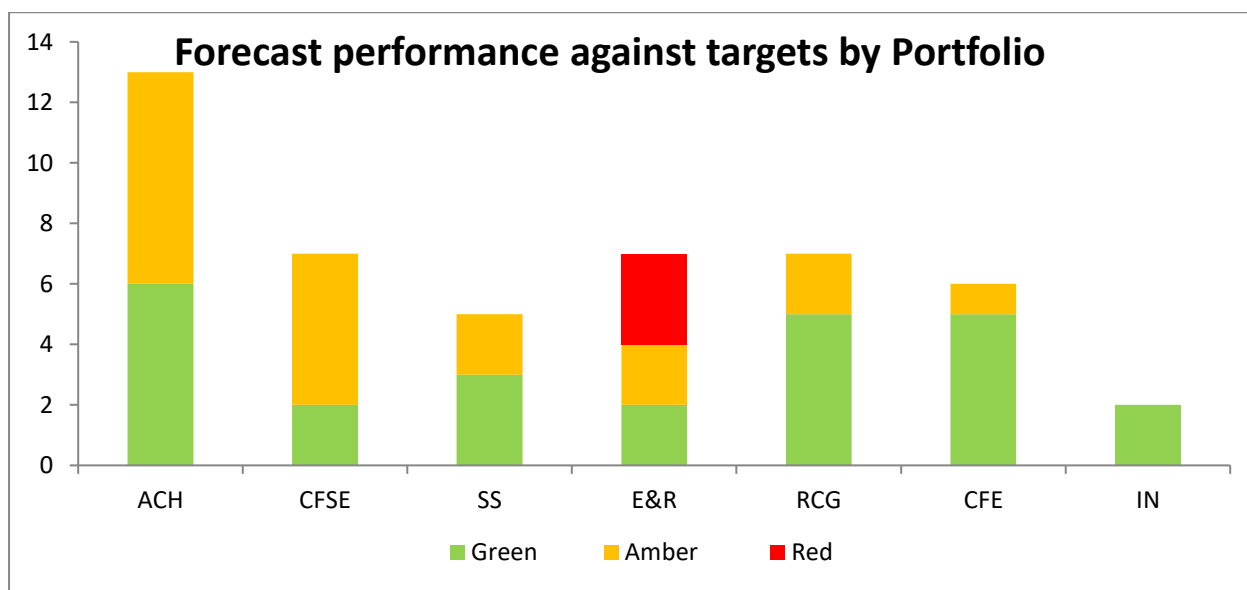
- Higher youth unemployment (18-24 years)
- Higher overall unemployment (16-64 years)
- Less commercial space let or sold to new occupiers in Stockport Town Centre

Full commentary on these measures can be found within the Portfolio Report, which can be accessed via the link on p3. Whilst unemployment in Stockport remains comparatively low, the claimant count has increased due partly to the impact of Universal Credit, with more people assessed as being able to work than under the previous Employment Support Allowance. There are currently 870 18 to 24 year olds and 4,880 working age people unemployed in Stockport.

The forecast for new commercial lettings was also reported as being off-target at Mid-Year. The latest forecast, although below target, remains at a similar level to 2018/19 and reflects the challenges faced across the retail sector. A number of new office lettings and relocations, along with new occupiers at Stockport Exchange, should bring the full year figure closer to the target.

The other two 'Red' measures at Mid-Year were for alcohol-related hospital admissions and early years attainment of pupils eligible for free school meals. There has been a significant reduction in alcohol-related admissions, with a number of new interventions in place for Q2, and this is now expected to achieve the full-year target. The early years measure is reported annually, so has been excluded from this report.

Other measures forecasting significant improvement include; more adult social care facilities being highly rated by CQC; a higher successful completion rate for drug treatment; fewer children running away from home; less residual household waste generated; and more people visiting Stockport's museums.



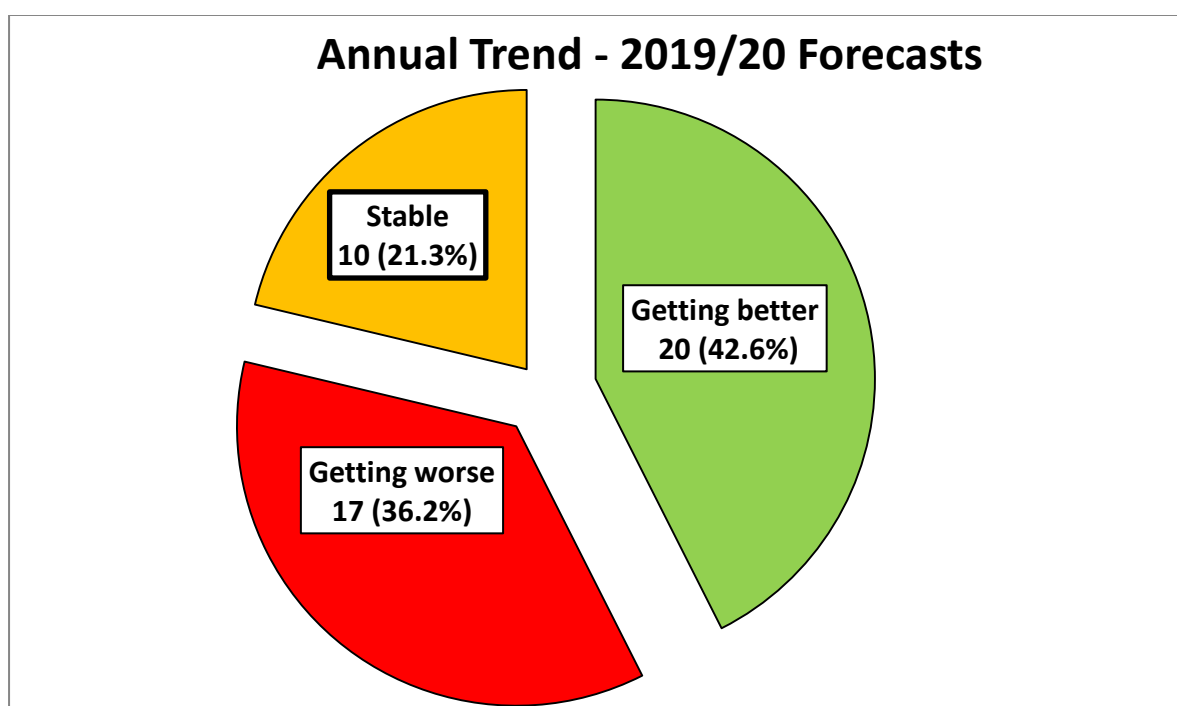
There are also 11 measures which are rated as 'Amber' but where performance is forecast to be lower than 2018/19. These relate to;

- Fewer adults with mental health problems in paid employment (ACH)
- More permanent admissions of older people into residential or nursing care (ACH)
- Fewer older people still at home 91 days after hospital discharge (ACH)
- Fewer adults who are active or fairly active (ACH and SS)
- More new mothers smoking at delivery (CFSE)
- More young offenders re-offending (CFSE)
- Fewer affordable homes delivered (SS)
- More people being accepted as homeless (SS)
- Lower occupation levels at the business incubator (E&R)
- Lower increase in footfall in the market area (E&R)
- Longer times to process Council Tax Support claims (RCG)

Again, detailed commentary on all the above is provided in the Portfolio Reports. Looking at the data in Appendix 1, the majority of these reflect relatively minor changes combined with challenging targets in areas where Stockport is already performing well above the regional and national average. For example, the percentage of people who exercise for 30 minutes or more per week remains within the same statistical range and significantly above the GM average, whilst footfall in the Market Area has continued to increase, but at a slightly lower rate than last year.

All these issues have been highlighted with the respective service areas and are being closely monitored. There is some concern around performance on permanent admissions (ACH), although the latter have been relatively stable since the summer but continue to reflect high demand and demographic pressures in adult social care.

The latest picture on the level of improvement shows 64% of the newly-reported measures are forecast to get better or remain stable, with 36% forecast to get worse. There are a higher proportion of 'stable' measures (21.3%) due to the introduction of a 1% 'tolerance range'. This helps provide a less volatile picture, with very small changes in performance not altering the overall trend.



Development of Portfolio Dashboards during Q4 will continue to improve analysis and insight across the full suite of measures. This is being supported by a series of Performance Spotlights for the Corporate Leadership Team, enabling a better understanding at a senior level of the key factors behind specific performance trends, alongside the key improvement projects and activities.

2. CONTEXT AND CHALLENGES



The Portfolio Reports provide details of the projects, programmes and wider context, challenges and risk impacting delivery of the Portfolio Priorities and the five shared Outcomes of the Council Plan 2019/20. Additional information and links are outlined below.

2.1 Corporate Risks

The Risk Management Framework and Strategy strengthens the process for identifying, managing and controlling both current and emerging corporate risks facing the Council and the relationship between these types of risk and operation type risks (for example, portfolio and project risk).

The most recent review of the Corporate Risk Register (CRR) was reported to Audit Committee in November 2019 and [can be found here](#). Whilst there were no major changes to the register since the July update, current risks facing the Council around flooding, climate change and air quality will be considered for inclusion in the next update, and cross-referenced to Civil Resilience Plans.

As reported previously, regarding preparation for the UK's departure from the European Union, the Brexit Advisory Group has started to meet weekly in January and monitor the local implications of the rapidly changing national landscape. The current Corporate Risk Register includes a risk around Supplier and Partner Risk, and the contingency plans referenced include those relating to Brexit. Officers believe any other risks relating to this event are adequately covered by the other thematic risks in the Register but as more details around the exit arrangements emerge, officers will monitor and update as required.

2.2 Corporate Complaints

There were 121 complaints received in Quarter 3, compared with 132 in Quarter 2. The percentage of Stage 1 and 2 Corporate Complaints upheld has reduced since Q2, and is now on target. A response has been provided to 93% of Stage 1 complaints within the target time of 20 days so far this year, with 77% of more complex Stage 2 complaints receiving a response in this time.

2.3 Greater Manchester Strategy

The six-monthly update on the [Greater Manchester Strategy Dashboard and Implementation Plan](#) was published in November and considered by CRMG Scrutiny in December and Cabinet in January. This included additional analysis of the measures available at a Stockport level, and those with new data since the previous update are included in Appendix 1.

3. FINANCIAL OVERVIEW AND ANALYSIS

REVENUE BUDGET



3.1 Revenue Budget

This section of the report sets out the 2019/20 revenue forecast outturn position. It includes:

- A summary of the revenue budget and forecast outturn position for the Council as at Quarter 3;
- Details of the revenue forecast position with regard to Cash Limit budgets, Non-Cash Limit budget, Dedicated Schools Grant (DSG), the Housing Revenue Account (HRA) and Collection Fund; and
- An update on Reserves and Balances as at 31 December 2019 at Appendix 4.

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.

2019/20 Revised Budget as at 31 December 2019

	Approved Budget £000	Revised Budget 30/09/19 £000	Increase (Reduction) £000
Cash Limits	181,264	182,135	871
Non-Cash Limits	59,256	58,385	(871)
Total	240,520	240,520	0

3.2.2 The table reflects the movement of budgets of £0.871m from Non-Cash Limit to Cash Limit and relates to Corporate Contingency budget allocated during the quarter. The permanent allocation of £0.471m relates to Street Lighting energy price inflation (£0.239m) and Extra Care Housing within Adult Care (£0.232m). There is a temporary allocation for 2019/20 only of £0.400m to fund the Reform Programme support work.

3.2.3 A breakdown of the Quarter 3 budget virements are 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**
Contingency allocations	BR	471	NCL	VAR	P
Contingency allocations	BR	400	NCL	RC&G	T
Transport Re-alignment	BR	102	SS	E&R	P
Adult Education Re-alignment	BR	50	IN	RC&G	P
Support Staff	V	12	CF&E	RC&G	P
STaR Savings - bulk waste	BR	3	SS	RC&G	P
Xerox Printing Machines	V	2	CF&E	RC&G	P

* V=Virement meaning the transfer of budget from one service area to another

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

** P = Permanent and T = Temporary

= Revenue Budget Control Total

3.3 2019/20 Revenue Forecast

3.3.1 The overall forecast outturn position for the Council's revenue budget is a surplus of £0.966m. The surplus will be included alongside other one-off resources which are available to support the Council's 2020/21 Budget, MTFP and/or investment decisions.

3.3.2 A summary position for each Portfolio is set out in the table below:

2019/20 Forecast Outturn as at 31 December 2019

Portfolio	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
Cash Limits				
Adult Care and Health	89,436	90,168	90,665	497
Children, Family Services and Education	39,600	39,499	39,499	0
Citizen Focus and Engagement	5,369	5,350	5,303	(47)
Economy and Regeneration	1,842	1,944	1,944	0
Inclusive Neighbourhoods	453	403	249	(154)
Resources, Commissioning and Governance	21,606	22,721	22,721	0
Sustainable Stockport	21,824	22,050	22,050	0
Total (Cash Limits)	180,130	182,135	182,431	296
Superannuation (Auto-Enrolment)	310	310	241	(69)
Price Inflation/National Living Wage	2,529	602	602	0
Apprenticeship Levy	400	400	364	(36)
Stockport Together Risk Contingency	2,723	2,723	2,723	0
Brexit Risk Contingency	543	543	543	0
Other Non-Cash Limits	53,885	53,807	52,650	(1,157)
Total (Non-Cash Limits)	60,390	58,385	57,123	(1,262)
Total (Cash & Non-Cash Limits)	240,520	240,520	239,554	(966)

Cash Limit Portfolios

3.3.3 Cash Limit Portfolios are forecasting an overall deficit of £0.296m (£0.331m at Quarter 2). Adult Care and Health Portfolio is projecting a £0.497m deficit which is offset by forecast surpluses in Inclusive Neighbourhoods Portfolio (£0.154m) and Citizen Focus and Engagement Portfolio (£0.047m). Updates for each Portfolio for Quarter 3 can be found in the respective Portfolio Performance and Resources Reports on the relevant scrutiny committee meeting agendas or by using the hyperlinks in the table above.

Adult Care and Health

- 3.3.4 The Adult Care and Health Portfolio is reporting a £0.497m deficit against a budget of £90.168m in 2019/20, which is 0.55% of the net Cash Limit budget. There has been a slight reduction in the forecast deficit since Quarter 2 of £0.068m.
- 3.3.5 A forecasted deficit within Neighbourhoods non-residential care of £1.867m due to increased demand is being offset by higher additional income than anticipated at budget setting for deferred debt receipts of £0.607m and non-residential income of £1.025m. Expenditure and income budgets will be realigned as part of 2020/21 budget setting.
- 3.3.6 The Mental Health service is forecasting a surplus position. This is predominantly within care management services of £0.223m and in year staffing vacancies of £0.082m.
- 3.3.7 There continues to be financial pressures within the Equipment Service of £0.170m, due to increased demand for services and costs aligned to clients who have been discharged from hospital.
- 3.3.8 Learning Disabilities (LD) Internal Tenancies are forecasting a £0.094m deficit due to increased staffing hours required to support complex individuals. In addition there continues to be externally commissioned services supporting internal tenancy provision at a forecasted cost of £0.307m.
- 3.3.9 The remaining LD care management services are forecasting a deficit of £0.620m due to demand for services and the increased complexity of individuals. There are also commissioning challenges with regards to availability of provision within the external market, which can increase an individual's package costs, depending on the specialist care requirements.
- 3.3.10 The forecasted LD deficit is part offset by an anticipated over achievement of external income of £0.249m. The balance of £0.144m is predominantly due to in year staffing vacancies aligned to recruitment within Council services and recharges from health partners.
- 3.3.11 There continues to be in year vacancies within the REaCH service with an anticipated surplus of £0.257m reported, aligned to recruitment in conjunction with the developing new operating model.
- 3.3.12 The Public Health service is reporting a breakeven position at Quarter 3. It is anticipated that £0.237m of the Public Health reserve, totalling £0.826m, will be drawn down in 2019/20.
- 3.3.13 The reduction in the need to draw down the planned £0.385m from reserves is due to a forecast surplus in staffing of £0.091m, due to vacant posts earlier in the year and staffing changes, £0.043m of programme budgets not now expected to spend in Healthcare and Older People and a forecast surplus in the Sexual Health service of £0.014m.
- 3.3.14 At Quarter 1 a budget of £5.238m was transferred to the Children, Family Services & Education Portfolio. This included a £0.300m savings target related to the Stockport NHS Foundation Trust (FT) contract for School Nursing, Health Visitors and the Family Nurse Partnership for 2019/20. The FT have confirmed that this savings target has been achieved in 2019/20 but non-recurrently. However, there is still a possible pressure of £0.056m, relating to an uplift to the contract, which may require a further call on the Public Health reserve.

Children, Family Services and Education

- 3.3.15 The Portfolio is reporting a balanced position as at Quarter 3 against a budget of £39.158m in 2019/20.
- 3.3.16 The Children and Family's service is forecasting a breakeven position as at Quarter 3. Additional funding for demand pressures of £3.117m was allocated at budget setting through the MTFP. This has addressed all areas of overspending in 2018/19 for which demand pressures funding was requested. The external placements budgets for Looked After Children (LAC) was allocated £1.827m of the demand pressures funding. LAC placements budgets are forecasting a surplus of £0.830m at Quarter 3 comprising of a surplus of £0.413m on external provision and £0.417m on internal provision (£0.219m on internal foster care and £0.198m on staying put placements).
- 3.3.17 A report will shortly be presented to the Senior Management Team (SMT) in relation to the appointment of a further 3 Mockingbird Foster carers. This along with the recruitment of more foster carers willing to take more complex and challenging young people is essential to the service continuing to manage the CLA cohort within budget. Therefore the forecast underspend on Internal Foster care provision is not expected to repeat in 2020/21.
- 3.3.18 There has been an on-going forecast surplus on Staying Put due to the continued receipt of grant funding and the increase to the cash limit budget through the MTFP process on the expectation that the grant funding would cease. Therefore, the budget will be reduced by £0.050m in 2020/21 as part of the £0.458m saving target.
- 3.3.19 Non LAC budgets are also reporting a surplus of £0.022m at Quarter 3 comprising of deficits of £0.018m on Special Guardianship Orders, an area of overspend in 2018/19 which has received £0.292m of the demand pressure funding mentioned above, and surpluses of £0.113m on Adoption Allowances, £0.070m on Residence Orders/Child Arrangement Orders and £0.057m on Supported Lodgings. There is also a one off deficit in year of £0.200m in relation to back pay to re-align SGO and Fostering payment rates following advice from legal in response to case law examples.
- 3.3.20 There are continued pressures in the Children with Disabilities (CWD) service of £0.372m in respect of respite care support packages and a further £0.100m in relation to the CWD Social Work staffing team due to agency cover for long term sickness of two members of staff. Finance are working closely with Service Leads to consider options for the development of internal provision and a business case will be brought to SMT when all options have been explored. We are also working closely with the Service Lead to assist with the challenge to the CCG in relation to requests for joint funding.
- 3.3.21 There is a continued deficit on LAC maintenance payments of £0.100m including £0.015m in support to families with no recourse to public funds. The expenditure in this area has increased in recent years and in direct correlation with the increase in numbers of looked after children.
- 3.3.22 A review of CLA maintenance payments similar to that which was carried out in relation to section 17 payments has now concluded and the policy and scheme of delegation for this area of spend is currently being updated. The updated guidance will be issued to staff shortly following which the spend in this area will be closely monitored before any increase to the budget is requested.
- 3.3.23 There is a further deficit of £0.079m relating to the Children and Family Worker (CFW) Team. The CFW posts were subject to job evaluation during 2016/17 following which the grade was amended from scale 5 to S01 representing a significant increase in expenditure

across the team of 17 FTE staff. A business case was completed in 2017/18 to re-structure the service to bring it back into budget. However, this has involved the changing of job descriptions and the re-evaluation of posts. Effected staff will remain on salary protection until September 2021. The forecast deficit at Quarter 3 is un-changed.

3.3.24 The Regional Adoption Agency (Adoption Counts) has a forecast deficit of £0.060m as at Quarter 3. The RAA was formed of Stockport, Trafford, Cheshire East, Salford and Manchester's Adoption Services and has been in place since July 2017 and is funded by contributions from all 5 partners. Stockport's contribution to the RAA is budgeted within the Stockport Fostering and Adoption line and is £0.483m in 2019/20 with the overall budget totalling £4.179m. The RAA is currently forecasting an overall deficit on the current year budget of £0.520m which comprises a deficit of £0.630m in relation to Inter Agency adoption offset by a surplus of £0.110m on staffing. The deficit will be met by the partner authorities calculated on the same basis as the 2019/20 contributions in line with the partnership agreement. Stockport's share of this deficit equates to £0.060m. The reported deficit is un-changed since Quarter 2.

3.3.25 There are further deficits in both the First Response team and Fostering team of £0.053m and £0.041m respectively related to the use of agency staff to cover both long term sickness absence and maternity leave. Both are business critical, front line services and as such cannot hold vacancies to balance the position.

Inclusive Neighbourhoods

3.3.26 The Portfolio is forecasting a £0.154m surplus as at Quarter 3 against a budget of £0.403m in 2019/20 which is 38.2% of the resources available.

3.3.27 This reflects the current and anticipated activities and events the Neighbourhood Inclusion team feel are likely to be held in targeted neighbourhoods during 2019/20.

Non-Cash Limit

3.3.28 Non-Cash Limit budgets are forecasting a surplus of £1.262m. This is an increase of £0.596m from the Quarter 2 forecast. This is mainly due to the Manchester Airport Group interim dividend being declared in December which was £0.929m above budget. It is prudent not to forecast the interim dividend above budget until the formal notification has been issued as it is not guaranteed to be paid.

3.3.29 The increased surplus is partly offset by the allocation of corporate contingency budgets as described above (3.2.2). Corporate contingency budgets are set aside in the budget to meet anticipated but unknown costs that may be incurred during the year, for example costs linked to inflation and increases in demand. Some of these costs have now started to materialise during Quarter 3 and have therefore been allocated to address these budget pressures on a recurrent and non-recurrent basis.

3.4 Dedicated Schools Grant (DSG)

3.4.1 The Quarter 2 forecast for DSG is a £0.695m deficit which is largely assigned to ongoing pressures relating to SEND demand within the high needs block and a technical adjustment to the DSG allocation relating to the import/export adjustment which reflects actual high needs costs and where pupils are educated. The Quarter 3 forecast for DSG is a £1.310m deficit (before adjustments) which is largely assigned to further pressures relating to SEND demand within the high needs block; a technical funding (£0.272m) reduction relating to high needs import/export adjustment and "one-off" redundancy costs (£0.099m) relating to service re-design. This is based on all current known placement costs for the new academic year commencing September 2019 as reviewed at end of November 2019.

- 3.4.2 The above position has scope to be reduced at year-end via combination of the following:
- Other unallocated DSG Reserves (£0.060m);
 - Underspend within the EY Block – current participation levels (summer and autumn 2019 are now fully known) and using previous trend data/analysis to project spring term levels, it is projected circa £0.350m surplus could be available for deployment (subject to confirmation at year-end); and
 - Corporate redundancy funding re the service re-design as outlined above (£0.099m)
- 3.4.3 The potential deployment of the above would reduce the final year-end position to an adjusted net £0.8m deficit. Any year-end deficit variance reported on the DSG would have to be:
- Carried forward to 2020/21;
 - Offset by deployment of other grant balances/reserves (if available); and/or
 - Investment of LA funds, if deemed appropriate by the Section 151 officer (subject to the outcome of the DSG consultation).

3.5 Housing Revenue Account (HRA)

- 3.5.1 The forecast HRA outturn position for 2019/20 as at Quarter 3 is for a surplus of £1.660m, which is £0.660m better than the minimum required balance. This is mainly due to the removal of £0.500m of voluntary debt repayments during the year.
- 3.5.2 This additional surplus will be carried forward to 2020/21 to support the forecasted deficit which has resulted from the additional interest costs arising from the increased borrowing for the installation of the sprinkler systems.
- 3.5.3 The 2019/20 position is showing a favourable variance on rental income due to void losses being lower than budgeted to the end of Quarter 3 (0.52% actual and 0.75% budgeted), and also due to lower than budgeted Right To Buy activity (44 actual and 68 budgeted). The Right to Buy forecast to the year-end has been reduced to 70 from the budgeted 90.

3.6 Collection Fund

- 3.6.1 The forecast outturn position on the Collection Fund is a surplus of £1.778m made up of a £0.557m surplus on Council Tax and £1.221m surplus on Business Rates. The Council's share of this surplus is £1.686m made up of a £0.477m surplus on Council Tax and a £1.209m surplus on Business Rates.

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(182,856)	(80,010)	(262,866)
Collection Fund Expenditure*	182,299	78,789	261,088
2018/19 (Surplus)/Deficit	(557)	(1,221)	(1,778)
Allocated to:			
Stockport Metropolitan Borough Council	(477)	(1,209)	(1,686)
Mayoral General including Fire Services Share	(22)	(12)	(35)
Mayoral Police and Crime Commissioner	(58)		(58)
	(557)	(1,221)	(1,778)

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

- 3.6.2 In line with the legislation that governs the Collection Fund Accounting, the forecast surplus for 2019/20 has been declared early January as part of the budget setting process and is to be distributed during 2020/21. Any change to this forecast position following the declaration will be distributed or recovered in 2021/22. The Quarter 3 position indicates that the surplus has increased by £0.574m.
- 3.6.3 The review of Council Tax accounts where a householder receives a 25% Single Person Discount has been completed and the impact on the expected outturn position is being carefully monitored and will be confirmed at outturn.
- 3.6.4 Business Rates is a complex and volatile tax which 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 is based on the Business Rates collection data as at Quarter 3 and has resulted in an increase to the forecasted surplus from the Quarter 2 position. This increase has originated from the Mercedes-Benz dealership Rateable Value assessment by the VOA which has recently been included on the valuation schedule.
- 3.6.5 2019/20 is the third 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 2019/20. Instead the Council will realise any benefit from the 2019/20 100% pilot a year in arrears.

3.7 Reserves and Balances

- 3.7.1 The table below shows the overall position on reserves at Quarter 3 and reflects the appropriations made during the third quarter of the year.

Reserves and Balances at 31 December 2019

	Balance as at 30/09/2019 £000	Transfers to / (from) Reserves £000	Balance as at 31/12/2019 £000
General Fund Balances	9,200	0	9,200
Total General Fund Balances	9,200	0	9,200
Reserve Linked to Budget	13,690	0	13,690
Strategic Priority Reserve	34,129	(1,587)	32,542
Budget Resilience Reserve	4,750	0	4,750
Corporate Reserves	16,592	(1,499)	15,093
Directorate Reserve	750	0	750
Total Earmarked Reserves	69,911	(3,086)	66,825
<u>Ringfenced</u>			
DSG and School Balances	2,074	206	2,280
HRA Balances	1,697	0	1,697
HRA Earmarked Reserves	1,340	0	1,340
Total Ringfenced Reserves	5,112	206	5,318
Total Reserves and Balances	84,222	(2,880)	81,342

- 3.7.2 During the quarter £3.086m was appropriated from Earmarked Reserves and relates to the planned use of reserves to finance the revenue agreed in the original budget set in February.
- 3.7.3 The balance of earmarked reserves at the end of Quarter 3 is £66.825m. The table at Appendix 4 provides the sum of earmarked reserve commitments as at Quarter 3 of £23.505m.

4. FINANCIAL OVERVIEW AND ANALYSIS

CAPITAL PROGRAMME



- 4.1 The Council's 2019/20 three year Capital Programme is £370.359m as at 31 December 2019, with planned expenditure of £114.182m in 2019/20.

2019/20 Three Year Capital Programme

Portfolio	2019/20 Programme £000	2020/21 Programme £000	2021/22 Programme £000	2020/21 Programme onwards £000
Adult Care and Health	433	625	0	0
Children, Family Services and Education	24	0	0	0
Economy and Regeneration	57,568	48,166	32,923	15,889
Resources, Commissioning and Governance	14,099	69,611	19,997	846
Sustainable Stockport	42,058	51,801	33,054	30,580
TOTAL	114,182	170,203	85,974	47,315

- 4.2 The table below provides the position of the 2019/20 Capital Programme as at Quarter 3. Details of the changes made to the Programme during Quarter 3 are set out at paragraphs 4.3 to 4.5. Updates for each Portfolio for Quarter 3 can be found in the respective Portfolio Performance and Resources Reports on the relevant scrutiny committee meeting agendas or by using the hyperlinks in the table above.

Portfolio	2019/20 Programme £000	Expenditure as at 31 Dec 2019 £000
Adult Care & Health	433	375
Children, Family Services & Education	24	0
Economy & Regeneration	57,568	34,710
Resources, Commissioning & Governance	14,099	6,209
Sustainable Stockport	42,058	24,592
TOTAL	114,182	65,886

- 4.3 There has been a net increase in the three-year programme of £14.262m since last reported as at 30 September 2019. The most significant changes include the following:
- £1m in loans to Totally Local Company for the Fleet Management Replacement Strategy has been added to the 2019/20 Capital Programme for vehicles that are due to be delivered in February 2020 (Resources, Commissioning and Governance);
 - £0.356m grant funding for the HRA New Build scheme in 2019/20 (Sustainable Stockport);
 - £2.117m in loans to Stockport Homes for Affordable Homes schemes in 2020/21 and a further £11.001m in 2021/22 (Sustainable Stockport);
 - £0.497m of external contributions and commuted sums for Schemes in Parks in 2020/21 (Sustainable Stockport); and,

- Offsetting the increase in the programme are two reductions in schemes, £0.507m in commuted sums for Section 278 Highways in 2019/20 and £0.344m grant funding for the Highways Mayoral Walking and Cycling Challenge Fund in 2021/22 (Economy and Regeneration).

4.4 Capital schemes are regularly reviewed and the Programme is adjusted accordingly. A total of £14.998 has been re-phased from the 2019/20 Programme largely to meet expenditure in 2020/21. The more significant schemes being re-phased from 2019/20 to 2020/21 include the following:

- £4.346m of grant funding for the SEMMMS A6 to Manchester Airport Relief Road has been re-phased, £1.700m to 2020/21 and £2.646m to 2022/23 onwards (Economy and Regeneration);
- £0.251m of grant funding for the Mayoral Walking and Cycling Challenge Fund (Economy and Regeneration);
- £1m in directly funded borrowing for Markets and Underbanks (Economy and Regeneration);
- £1.539m in Primary Sector Schools Estates schemes together with £0.557m Schools Capital Maintenance grant funding (Resources, Commissioning and Governance);
- Unsupported borrowing of £1.456m for Asset Management Plan schemes (Resources, Commissioning and Governance);
- £0.495m in capital receipts for the Reprovision of the Dialstone Facility (Resources, Commissioning and Governance); and,
- £3.304m in loans to Stockport Homes for Affordable Homes schemes (Sustainable Stockport).

4.5 Included in the re-phasing of schemes this quarter are two schemes that have been reviewed since the publication of the PPRRs. The figures in paragraph 4.1 include the following two changes:

- £1.867m of directly funded borrowing for the Manchester Airport Equity Investment has been re-phased to 2020/21 following a recent update on planned drawdown dates (Resources, Commissioning and Governance); and,
- £11.432m of directly funded borrowing for the Borough Care scheme is being re-phased from 2020/21 to 2021/22 following a review of planned expenditure for the next financial year (Resources, Commissioning and Governance).

- 4.6 The changes to the Capital Programme during Quarter 3 are set out by Portfolio in the table below.

Portfolio	Programme as at 30 Sep 2019 £000	Additional /Reduced Programme £000	Virement/ Re- phasing £000	Programme as at 31 Dec 2019 £000
2019/20				
Adult Care & Health	433	0	0	433
Children, Family Services & Education	24	0	0	24
Economy & Regeneration	63,424	(507)	(5,349)	57,568
Resources, Commissioning & Governance	19,243	1,051	(6,195)	14,099
Sustainable Stockport	45,065	447	(3,454)	42,058
Total	128,189	991	(14,998)	114,182
2020/21				
Adult Care & Health	625	0	0	625
Children, Family Services & Education	0	0	0	0
Economy & Regeneration	44,544	0	3,622	48,166
Resources, Commissioning & Governance	74,848	0	(5,237)	69,611
Sustainable Stockport	46,303	2,614	2,884	51,801
Total	166,320	2,614	1,269	170,203
2021/22				
Adult Care & Health	0	0	0	0
Children, Family Services & Education	0	0	0	0
Economy & Regeneration	33,616	(344)	(349)	32,923
Resources, Commissioning & Governance	8,565	0	11,432	19,997
Sustainable Stockport	22,053	11,001	0	33,054
Total	64,234	10,657	11,083	85,974

- 4.7 The following table sets out the resources available to fund the 2019/20 Capital Programme.

Resources	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 onwards £000
Capital Grants	33,772	44,369	17,918	9,436
Directly Funded Borrowing	48,002	53,533	39,267	4,430
Unsupported Borrowing	14,984	51,274	13,110	6,573
Capital Receipts	976	3,504	893	551
External Contributions	1,343	888	0	23
Commuted Sums	2,137	2,638	2,000	0
Revenue Contributions (RCCO)	1,070	1,743	164	272
HRA funding from MRR	11,898	12,254	12,622	26,030
TOTAL	114,182	170,203	85,974	47,315

4.8 Capital Prudential Indicators 2019/20

- 4.8.1 The prudential indicators for the Council's 2019/20 Capital Programme are set out below. These are split into General Fund (non-HRA) and HRA and compare the budgeted 2019/20 Capital Programme to the forecast outturn 2019/20 Programme at 31 December 2019.

Capital Expenditure	2019/20 Budget £000	2019/20 Forecast at 31 Dec £000
General Fund (non HRA)	146,096	91,307
HRA	18,659	22,875
Total	164,755	114,182

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

Capital Financing Requirement	2019/20 Budget £000	2019/20 Forecast at 31 Dec £000
General Fund (non HRA)	653,188	610,823
HRA	143,753	146,047
Total	796,941	756,870

- 4.8.3 The ratio of financing costs to net revenue stream is the percentage of the revenue budget set aside each year to service debt-financing costs. The tables below sets out these ratios for the General Fund and HRA. The General Fund Ratio to Net Revenue Stream indicator increase is largely due to the additional long term PWLB borrowing taken out this year and subsequent increase in borrowing costs.

General Fund	2019/20 Budget £000	2019/20 Forecast at 31 Dec £000
Total Financing Costs	20,300	21,487
Ratio to Net Revenue Stream	8.45%	9.05%

HRA	2019/20 Budget £000	2019/20 Forecast at 31 Dec £000
Total Financing Costs	5,727	5,673
Ratio to Net Revenue Stream	10.80%	10.72%

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) Approve the virements to the Revenue Budget set out in section 3.2;
- c) Note the Cash Limit and Non-Cash Limit forecast positions for 2019/20 as set out in section 3.3;
- d) Note the Dedicated Schools Grant, Housing Revenue Account and Collection Fund forecast positions as set out in sections 3.4, 3.5 and 3.6;
- e) Note the appropriations to/from reserves and balances as set out in section 3.7 and note the resulting reserves and balances position as at 31 December 2019;
- f) Note the position for the 2019/20 Capital Programme as set out in section 4;
- g) Note the re-phasing of capital schemes during the quarter as set out in 4.4;
- h) Approve the proposals for resourcing and additional resources required for the Capital Programme as set out in 4.6;
- i) Approve the 2019/20 forecast prudential indicators as set out in section 4.7; and
- j) Identify key areas for further investigation and responsibility for taking forward corrective action to address any existing or outturn issues or risks.

Appendices

- 1. 2019/20 Council Plan Measures (Forecast Data)
- 2. 2019/20 Forecast Budget as at 31 December 2019
- 3. 2019/20 Housing Revenue Account Forecast as at 31 December 2019
- 4. Reserves and Balances as at 31 December 2019