

PART B - RESPONDING TO OUR MEDIUM TERM FINANCIAL PLAN

Report of the Council Leader and Cabinet Member for Commissioning, Resources and Governance

1. SUMMARY / MATTER FOR CONSIDERATION

- 1.1 Within this report we outline our approach to responding to the opportunities, challenges and uncertainty outlined within the review of the medium term financial plan. Whilst our ambition remains on delivering impactful and outcomes-focused transformational change for communities and businesses across Stockport, we know that in order to do this we need a resilient budget to enable us to face and respond to the unprecedented uncertainty ahead.
- 1.2 This report builds on previous updates to scrutiny and cabinet providing the latest considerations on how we intend to balance immediate financial and demand challenges to enable longer term transformation.

2. CONTEXT

- 2.1 Over the past seven months we have witnessed the inspirational response of local communities, businesses and partners across Stockport in the face of unprecedented challenges - affecting all facets of peoples lives. We know that for many in our communities this period has also been a time of struggle and that whilst coming together as a community, many have been apart from loved ones experiencing difficult circumstances.
- 2.2 The landscape ahead for local public services has never been more complex and uncertain. Be it the ongoing response to the coronavirus pandemic¹, to the fast approaching end of the Brexit transition period, global economic crisis, the effects of climate change and exacerbated inequalities. This is within the context of the current lack of clarity regarding medium term local government financing – including the unresolved challenge of adult social care financing which we have highlighted in previous reports.
- 2.3 It is within this context that we shape our response to the medium term financial plan. We have previously shared assessments of the unprecedented financial impact of COVID-19 on the Council in 2020/21², the latest review of our medium term financial plan is presented elsewhere on this agenda within which it identifies a budget gap of £23.3m. Our budget pressures have been exacerbated through:

¹ COVID-19 Financial Impact, Stockport Corporate Resource Management and Governance (CRMG) Scrutiny Committee, 9th June 2020 <http://democracy.stockport.gov.uk/documents/s174377/COVID-19.pdf> (a copy of this report was shared with all scrutiny committees and was tailored to reflect the scope of that committee); Quarter 1 Budget Monitoring Report, Stockport Cabinet Meeting, 28th July 2020 (subsequently shared at CRMG scrutiny committee on 22nd September 2020 <http://democracy.stockport.gov.uk/ieDecisionDetails.aspx?Id=4558>

² Stockport Corporate Resource Management and Governance (CRMG) Scrutiny Committee, 14th July 2020, <http://democracy.stockport.gov.uk/documents/s176222/COVID19%20Financial%20Impact%20and%20Response%20Update%20-%20CRMG%20140720v3%20incl%20Appendix.pdf>

- **Loss of sales, fees and charges** – such as the running of fewer events such as weddings and a loss in parking revenue resulting from the reduced footfall and long periods of closure across the retail and hospitality sectors;
- **Collection fund income losses** – as a result of the reduction of our council tax base,
- **Increased demand and spend in response to COVID-19** including increased costs of service provision across social care and preventative services.
- The **loss of key commercial income and other contributors to our budget** including the Manchester Airport dividend and commercial investment income losses linked to the Investment and Development Account.

2.4 We need to think and respond differently to; address the significant financial challenges and prepare for the complex challenges faced by the Council but also to seize the unique opportunity to change and keep those things that we have and should do differently to improve outcomes for our Borough. Most crucially this will build on the joint working and collaboration that has been prominent throughout the response to COVID-19.

3. WE CAME TOGETHER, LETS STAY TOGETHER: OUR STRATEGY FOR THE FUTURE

3.1 Following the initial response to COVID-19, there was a clear push from local businesses and communities to build on the collaboration and community spirit experienced during lockdown to galvanise Stockport coming together to get behind local businesses as they reopened, and to continue to get involved and support their local communities and neighbours as [One Stockport](#).

3.2 One Stockport is a developing movement, set around core values and a shared mission and is shaping our strategy for the future. It is being led and shaped by the community and supported by all public sector partners.

3.3 Aligned to this, we are reshaping how we work, developing our new narrative for the Council, reflecting the aspirations of One Stockport and responding to the ambitions and expectations of our communities, partners and workforce. We know we need to be radical, brave and ambitious – reimagining what we do, how we do it and being clear on why we are doing it, putting local people and businesses at the heart of our new way of working at all times. We have developed four unifying themes, designing new ways of working for the modern, person centred and ambitious organisation we strive to be:

We are a Council that is **Built around our Communities**

We are a Council that **maximises the opportunities of Digital**

We are a Council that **values Partnerships and Collaboration**

We are a Council that **cares about our staff and engages them in the future**

Above everything we are **ONE STOCKPORT**

3.4 These themes shape how we will work and are unpinned by our developing transformation programme. This includes our existing programmes of change, which have been pivotal to our response to COVID-19:

- Our **ambitious regeneration**³ programme and town centre masterplan is more important than ever as we think about economic recovery and resilience;
- Our **Stockport Family**⁴ approach, SEND transformation and team around the school model has been accelerated and will be key moving forward as we continue to support children, young people and families as education establishments reopen and adjust to living with covid;
- Our **Adult Social Care operating model**⁵ with its focus on neighbourhoods, prevention and care provider relationships has been key to our response and will continue to be so in the ongoing pandemic response and preparation for winter flu season;
- Our Stockport **Climate Action Now**⁶ strategy can build on the behaviour change we have seen in our communities, supporting active and healthy travel;
- Our ambition to become a radical **digital borough**⁷ has been supercharged through flexible and home working at pace and scale and the expansion of our digital inclusion response. We will build on this within our digital strategy to address the digital divide and ensure Stockport gets the most out of the opportunities presented by the third industrial age.

3.5 Along with continuing to progress these programmes we will also be focussing on working with local communities, businesses, our workforce and partners to put our emerging narrative into action:

- **Built Around Communities** –
 - Connecting neighbourhood working – joining up public services further to improve the experiences and outcomes of those who need our support.

³ Stockport Change Here <https://www.stockportchangehere.org/>

⁴ Children and Families Scrutiny Committee, 18th December 2019
<http://democracy.stockport.gov.uk/documents/b82173/Agenda%20Item%204%20-%20Medium%20Term%20Financial%20Planning%20-%20Budget%20Choices%202021%2018th-Dec-2019%2018.00%20Childr.pdf?T=9>

⁵ <http://democracy.stockport.gov.uk/documents/s179039/Portfolio%20Performance%20and%20Resources%20-%20ACH%20Draft%20Portfolio%20Agreement%202021.pdf>

⁶ Stockport Full Council, 17th September 2020 <http://democracy.stockport.gov.uk/mgConvert2PDF.aspx?ID=178598>;
<http://democracy.stockport.gov.uk/mgConvert2PDF.aspx?ID=178599>

⁷ <https://www.digitalstockport.info/>

- Working with our Voluntary Community and Social Enterprise (VCSE) sector to ensure it is resilient and connected – investing in innovation and great community ideas to tackle Stockport’s priorities.
- Reimagining our spaces and places for the future such as through the design of One Stockport hubs.
- **Digital** – develop and launch our new digital strategy that will be driven by a newly formed Digital Board to continue its ambition to be a radically digital council.
- **Partnerships and Collaboration** – with a focus on supporting the One Stockport movement and Borough Plan development we will develop a shared set of priorities for the Borough.
- **Cares about our staff and engages them in the future** – support and empower our workforce through the five pillars of our People Strategy:
 - We trust each other
 - We support each other
 - We value each other
 - We develop each other
 - We want you to join us

3.6 We will be continuing to work with partners and colleagues to develop our transformation plans to support longer term recovery from COVID-19 and identify opportunities to build back better. We know there are significant challenges ahead but by harnessing our collective experiences and spirit of collaboration, together we can make Stockport stronger.

4. ENABLING TRANSFORMATION, BUT DELIVERING A RESILIENT BUDGET

4.1 In order to deliver transformative change we need a robust and resilient budget. As we have already outlined, local government budgets are facing significant pressures from the impact of coronavirus. These circumstances require critical review of all our services and bold decisions to ensure we are resilient and able to best meet the needs and aspirations for Stockport.

4.2 Working with neighbours across Greater Manchester we have collectively identified opportunities for financial returns to local authorities, in recognition of a reprioritisation of some Greater Manchester schemes funded by business rates. This will contribute in part to the in-year budget gap we are experiencing. There are continuing to be discussed but we are working closely with the GMCA and other neighbouring authorities to ensure Stockport benefits from any redistribution of resources. This partnership working has also extended to our recent Comprehensive Spending Review submission for Greater Manchester, which identifies a series of asks of Government. Stockport’s submission in particular seeks

support to establish a Local Investment Framework with agreement to ringfence local taxation receipts in the Mayoral Development Corporation area and kick start infrastructure investment. This sits alongside creating a new Community Anchors investment fund working through schools. We will continue to work closely with our Greater Manchester neighbours on these areas and monitor closely further opportunities to identify resources to contribute towards a resilient budget.

4.3 Over the coming weeks and months we will also be reviewing our budget in light of the 'COVID-19 scarring' identified in the Borough Treasurer's report and our developing transformation programme to identify a series of MTFP proposals which will deliver a balanced and resilient budget for the coming year. Our wider transformation proposals and development of the boroughwide One Stockport strategy will be developing alongside these to ensure the MTFP remains robust and resilient to support our medium to longer term ambitions. Applying the lens outlined previously within our medium term strategy⁸, we will critically review all budgets and programmes to identify savings proposals from:

- **Areas from our transformation programmes that can be accelerated** – delivering quick wins and paving the way for further transformation.
- Services or functions which have and will continue to experience prolonged **income loss and activity reduction** as a result of COVID-19.
- Services or functions which have experienced **changes in demand and which need to be redesigned to respond to new expectations and levels of demand** as a result of COVID-19.
- **Opportunities for cross organisational budget management measures**, such as rigorous approach to vacancy management.

4.4 We need to be bold and it will inevitably mean making difficult decisions about the services we provide. However, we must act now to meet the financial challenges and ensure a strong future for the borough and improved outcomes for residents and communities.

4.5 Alongside reviewing how we work, we will also explore the role that local taxation could play in addressing the financial challenge facing the Council. We know that many across our communities are experiencing significant challenges in light of the unprecedented circumstances, therefore it is not a decision that would be taken lightly. However, the significant financial pressures relating to social care, which is by far where most council spend is directed, continue to present a significant risk to

⁸ Growth and Reform Public Service Reform Framework, Stockport Cabinet meeting, 10th August 2018 (page 10) <http://democracy.stockport.gov.uk/documents/s143116/180814%20MTFP%20Cabinet%20Response%20FINAL.pdf> ; Our Medium Term Strategy and budget choices for 2020/21, Stockport Cabinet meeting, 3rd September 2019 (page 1) <http://democracy.stockport.gov.uk/documents/s162773/PART%20B%20-%20MTFP%20Cabinet%20Overview%20Report.pdf>

the sustainability of our funding, particularly in light of increasing demand for support resulting from COVID-19. Central Government has been clear that it expects local government to use local taxation in addressing this challenging area of demand. We will however balance carefully the need to ensure resiliently resourced services alongside any increased pressure on citizens from changes in local taxation.

4.6 We note that the Corporate Director – Corporate and Support Services has set out in his report the need to recognise that the use of earmarked reserves will be important in the Council’s wider COVID-19 strategy of response. We recognise the need to have the flexibility to use these resources (if needed in the absence of further Government COVID-19 funding support) to provide a temporary short-term mitigation and smoothing of the financial impact whilst we address additional costs and losses of income through our transformation programme and MTFP Strategy. However, we must also recognise the need to balance the use of reserves to support the Council’s COVID-19 response against the longer term impact this will have on our ambitions and priorities for the Borough, as well as the Council’s future financial resilience and robustness. A significant use of earmarked reserves to address the financial challenge will impact all of this, presenting an opportunity cost over the medium term period that we must consider. For this reason, we are supportive of placing a cap on the use of earmarked reserves to support the mitigation and smoothing of the COVID-19 financial scarring impacts set out in the Corporate Directors – Corporate and Support Services report.

4.7 The situation outlined within the review of the MTFP is inherently uncertain and volatile given so many factors of our planning are still unclear not least of all the pandemic response, global economic crisis and local government funding. We are following these developments closely and carefully. Sustainable medium to long term funding for Adult Social Care remains absolutely crucial if we are to truly address local public service sustainability. We will continue to work across local government, with the Local Government Association and with GM neighbours to call for clarity and a fair and realistic strategy for social care services. In the meantime the approach we have outlined will enable us to respond and flex to this ongoing uncertainty, this will involve bold and difficult decisions but this will be vital to giving our local communities and businesses much needed stability in the services and support they need as we all respond to and plan for the future.

5. TAKING OUR PLANS FORWARD

5.1 Over the course of the next few months we will be developing our MTFP proposals in line with the framework identified above. We know that these will involve difficult choices and careful balancing of the short and long term impacts of these decisions.

- 5.2 As such this process will run alongside the ongoing development of our council transformation programme, developing One Stockport movement and a new Borough Plan for 2021. Ensuring that our MTFP programme complements and enables the wider, longer term aspirations, we, with our partners and communities, collectively hold for Stockport.
- 5.3 We will also work closely with partners, elected members, our workforce, trade unions and local people. We will set out a clear and proportionate plan for this that enables us to reach across different experiences to understand the potential impact of our proposals and inform our decision-making process. In order to hear a range of voices and experiences we will connect with our existing networks and partnership forums (for example VCSE forum, Economic Resilience and other strategic partnerships) to test and align new approaches to service delivery as appropriate.
- 5.4 An update on our MTFP approach and the proposals that have been identified following the process outlined in section 4 will be presented to the next cycle of scrutiny committees (December 2020) for scrutiny comment and oversight. Subject to comment and any necessary consultation, proposals will accompany the Budget in the new year. Given the current uncertainty and volatility we will be carefully following the Government's response to public service funding, economic instability and pandemic response measures. These will of course inform our work over the coming months.

6. RECOMMENDATIONS

- 6.1 Cabinet are asked to...
- note the approach and endorse the proposed developments and next steps including agreeing to share with scrutiny for comment further detail on our MTFP programme;
 - support the ongoing development of our emerging Council narrative and transformation programme;

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Holly Rae on telephone number 07800 617 550 or alternatively email on holly.rae@stockport.gov.uk