

RESPONDING TO OUR MEDIUM TERM FINANCIAL PLAN

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

1. SUMMARY / MATTER FOR CONSIDERATION

- 1.1 Within this report we outline the latest update on our approach to responding to the unprecedented uncertainty outlined within the medium-term financial plan (MTFP) update presented to the Cabinet meeting in October¹. We have previously stated that our ambition remains on delivering impactful and outcomes-focussed transformational change for communities and businesses across Stockport. This remains our commitment and outlined within this latest update is further detail of how we will seek to ensure a resilient budget which supports the Borough's recovery from the significant financial impact of the pandemic and enables us to deliver our longer-term ambitions.
- 1.2 Specifically, this report includes a series of proposals outlined in Section 5 to support the balancing on the Council's 2021/22 Budget. These proposals were presented to all Scrutiny Committees at the December meetings to ensure an open and transparent consultation and scrutiny process.

2. CONTEXT

- 2.1 During 2020 we have witnessed the inspirational response of local communities, businesses and partners across Stockport in the face of unprecedented challenges - affecting all facets of people's 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 We have previously stated that the financial landscape ahead for local public services has never been more uncertain, volatile and inherent with risk. This remains the case. The ongoing lack of clarity regarding medium term Local Government financing, including the unresolved challenge of adult social care financing, coupled with the ongoing response to the coronavirus pandemic², imminent end of the Brexit transition period, global economic crisis, the effects of climate change and exacerbated inequalities make for a period of significant uncertainty, risk and complexity.
- 2.3 It is within this context that we are shaping our response to the MTFP. We have previously shared how we are reshaping how we work, developing our new

¹ Medium Term Financial Plan update 6th October 2020

<http://democracy.stockport.gov.uk/documents/s179569/PART%20A%20-%20MTFP%20Update.pdf>

² 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>)

narrative for the Council, reflecting the aspirations of One Stockport and responding to the ambitions and expectations of our communities, partners and workforce³. We know we need to be radical 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. A resilient budget that supports and leads Stockport's Covid-19 recovery is key to ensuring our ability to deliver an aspirational and hopeful future for our Borough.

3. DEVELOPMENTS SINCE THE OCTOBER MTFP UPDATE

3.1 We have previously shared our assessments of the unprecedented financial impact of Covid-19 on the Council in 2020/21⁴. The last review of our MTFP was presented in October⁵ and identified a budget gap of £23.3m in 2021/22 rising to £34.8m in 2022/23. Our budget pressures have been exacerbated by the financial scarring impact of the pandemic through:

- **Loss of sales, fees and charges income** – as a result of running 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 impact on in-year collection rates and increase local support and reliefs as residents and businesses recover from the financial impact of the pandemic;
- **Increased demand and spend in response to Covid-19** including increased costs of service provision across social care and preventative services; and
- **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.

Updating the MTFP Forecasts and Assumptions

3.2 Finance Officers continue to work with colleagues across the Council to understand the financial scarring impacts of the pandemic. This includes the impact of Tier restrictions, national lockdowns and the roll out of vaccinations. In addition, any further budget pressures and available resources that were not considered in the October MTFP Update have been identified through the budget monitoring cycles. Given the uncertainty, volatility and risks of the financial landscape, the MTFP forecasts and assumptions will be continually checked and updated as part of the 2021/22 budget setting process to ensure they remain robust and minimise the impact of risks materialising. This includes:

³ Medium Term Financial Plan update 6th October 2020

<http://democracy.stockport.gov.uk/documents/s179569/PART%20A%20-%20MTFP%20Update.pdf>

⁴ 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>

⁵ Medium Term Financial Plan update 6th October 2020

<http://democracy.stockport.gov.uk/documents/s179569/PART%20A%20-%20MTFP%20Update.pdf>

- Continuing review of the Covid-19 financial scarring impacts and further announcements made by Government including the recovery of sales, fees and charges income losses and commercial income losses;
- A further review of the expenditure and demand pressures relating to all Cash Limit budgets including Children's and Adults Social Care;
- A review of additional expenditure pressures linked to inflationary increases impacting on Totally Local Company;
- A review of additional expenditure pressures particularly relating to inflationary cost increases in the Council's external supply chain;
- Further dialogue with providers of adult care relating to care package fees to understand step change increases to the fees expected by providers in 2021/22;
- Further analysis of the in-year position on the Collection Fund including the 100% Business Rates Retention Pilot to assess the ongoing impact of the pandemic on Council Tax and Business Rates income and the impact this will have on the Council's 2021/22 Budget and MTFP;
- Continuing to monitor the Government announcements in relation to the ongoing negotiations for a Brexit trade deal between the UK and the EU prior to 31 December to understand the financial impact this will have on the Council; and
- The announcement made in the Local Government Finance Settlement expected to be announced by Government in mid-December.

2020 Spending Review

- 3.3 The 2020 Spending Review was announced by Government on 25 November and dominated by the ongoing costs of the national response to the Covid-19 pandemic. Government has spent £280bn in its response to the pandemic since March, with a further £55bn forecast to be spent in 2021/22. The funding is targeted at controlling and suppressing the virus, increasing support to public services and supporting jobs and businesses.
- 3.4 The Covid-19 pandemic has posed an unprecedented challenge to the UK economy. The Office for Budget Responsibility (OBR) forecasts of the UK economic outlook announced by Government illustrated this:
- The UK economy has contracted by 11.3% compared to previous forecasts of 2020/21 GDP (forecast prior to the pandemic). The economy is expected to recover from 2021/22 but is not expected to be back to pre-Covid-19 levels until Quarter 4 of 2022. The Covid-19 scarring impact on the UK economy is that the UK economy is expected to be 3% smaller in 2025 than previous forecasts
 - The OBR expects the unemployment levels to peak in Quarter 2 2021/22 at 7.5% - 2.6m people unemployed. The unemployment rate is expected to reduce each year after, reaching 4.4% by the end of 2024.
 - Public Sector Net Borrowing (PSNB) has increased to £394bn (19% of GDP) in 2020/21 – the highest level of borrowing in peacetime history. It is forecast that PSNB will reduce to £100bn by 2023/24.
 - Underlying debt – after removing the temporary effect of the Bank of England's asset purchases – is forecast to be 91.9% of GDP this year. Underlying debt is forecast to continue to rise in every year, reaching 97.5% of GDP in 2025/26.

3.5 Within the 2020 Spending Review, Government highlighted its three priorities to support the recovery of the UK economy for the coming year and over the medium term period:

- Government's response to the Covid-19 pandemic;
- Investing in the UK's recovery; and
- Delivering on promises to the British people.

3.6 The following key announcements were made affecting the Council's 2021/22 Budget and MTFP (all subject to confirmation in the Local Government Finance Settlement expected to be announced in mid-December):

Public Sector Pay Award - Government announced its approach to Public Sector pay in 2021/22 linked to the impact of the pandemic on private sector pay and ensuring those on the lowest incomes are supported – 'targeting resources at those who need it most.' This includes:

- Confirmed pay rises for Nurses, Doctors and other NHS staff;
- Confirmed pay rise freeze in the rest of the public sector;
- To protect public sector staff on low income (less than £24k) a guarantee of a pay rise of at least £250 was announced; and
- An increase to the NLW of 2.2% to £8.91 per hour was announced.

Whilst it is recognised that Local Government pay awards are negotiated separately from those of Government Departments, it is expected that pay increases will be frozen for the majority of Local Government employees in 2021/22.

Covid-19 Support – £3bn in additional support to be provided to Local Authorities to support their response and recovery from the financial scarring impacts in 2021/22. It is noted that the Council figures detailed above are indicative only and subject to the funding allocation methodologies being confirmed by Government. This support includes:

- Providing an additional £1.55bn of grant funding to Local Authorities to meet additional expenditure pressures as a result of Covid-19. Based on previous support funding allocations, the Council would expect to receive 0.486% of funding equating to a support funding allocation of circa £7.533m.
- Providing Local Authorities with £670m of additional grant funding to compensate for loss of Council Tax income due to the increased help/demand for support from households with the affordability of Council Tax payments.
- Providing an estimated £762m to compensate Local Authorities for 75% of irrecoverable loss of Council Tax and Business Rates revenues in 2020/21 that would otherwise need to be funded through Local Authority budgets in 2021/22 and later years. At Quarter 2 the Council forecast a Collection Fund deficit of £7.5m (an updated Collection Fund forecast outturn position is presented elsewhere on this agenda) which would be spread over the next three financial years 2021/22 to 2023/24 i.e. £2.5m per year. Based on this forecast the Council would expect to receive circa £1.8m allocation of support funding in 2021/22. Further detail on the Government's definition of what is considered an 'irrecoverable loss' is yet to be confirmed and may alter the expected support funding allocation.

- Extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021.

Local Authority Core Settlement – Local Authority Core Spending Power comparable to the current year, increases by £2.2bn predominantly due to permitted Council Tax rises, additional social care grant funding and inflationary increases in the Revenue Support Grant (RSG). It is noted that the Council figures detailed below are indicative only and subject to the funding allocation methodologies being confirmed in the Local Government Finance Settlement.

Additional Funding:

- £300m of additional grant funding for adult and children's social care was announced. The Council would expect to receive a 0.5% allocation based on the Adult Social Care Relative Needs Formulae (RNF). However, the allocation is likely to be adjusted by the Local Authorities ability to raise Adult Social Care Precept. Dependent upon the Government's approach to the equalisation of funding allocation across Authorities, the funding allocation for the Council could range between circa £0.8m - £1.5m.
- This is in addition to the £1bn announced in the 2019 Spending Review that is being maintained and the continuation of other social care grants. The continuation of these grants in 2021/22 is already assumed in the Council's MTFP.
- Confirmation the RSG will increase in line with inflation. As part of the 100% Business Rates Pilot, the Council has forgone the receipt of RSG. However, this will impact on the setting of the Council's 2021/22 Business Rates baselines and thus what Business Rates income can be budgeted for on a 50% retention basis.
- Confirmation that New Homes Bonus (NHB) will continue for a further year with no new legacy payments in 2021/22. Based on the Council's 2021/22 Council Tax base calculation, it is unlikely the current year housing growth will meet the threshold set by Government to receive additional NHB funding in 2021/22.
- It is thought that NHB overall funding will be less and may be used to fund the additional social care grant announced. Any surplus funds (balance remaining) will be recycled into Local Authorities.

Council Tax Referendum Limits:

- Local Authorities will have the flexibility to increase the Adult Social Care Precept by 3%. This equates to £1bn of additional funding for social care in 2021/22 (including the £300m grant funding detailed above). This funding is intended to *'support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19'*. In addition, Local Authorities will also have the flexibility to increase the general element of Council Tax in 2021/22 by 2%.
- A total Council Tax increase (before Greater Manchester Police and Crime Commissioner and Greater Manchester Mayoral including Fire Services precepts) of 4.99% is allowable in 2021/22. A maximum increase in Council Tax would raise an additional circa £8m of Council Tax income. The Ministry for Housing, Communities and Local Government (MHCLG) have confirmed that there is flexibility to defer elements of the Adult Social Care Precept for a year to 2022/23.

- MHCLG will set out full details of the Council Tax referendum principles and Adult Social Care Precept flexibility as part of the consultation on the detailed methodology for the 2021/22 Local Government Finance Settlement.

Business Rates:

- Government will publish a final report setting out the full conclusions on Business Rates reform in spring 2021.
- Confirmation was given that the Business Rates multiplier will be frozen in 2021/22 – the multiplier normally increases by the confirmed September inflation rate. Local Authorities will be fully compensated for the Business Rates income loss as a result of the freeze.
- Linked to the already announced delay of the Fairer Funding Formula and Business Rates Retention reforms, and the continued focus on the response to and recovery from the pandemic Government has decided not to proceed with a reset of Business Rates baselines in 2021/22. The existing 100% Business Rates Pilots will also be maintained for a further year. This will mean the Greater Manchester 100% Business Rates Retention Pilot will continue in 2021/22.

Other Announcements:

- Government will consult on reforms to the NHB shortly, with a view to implementing reform in 2022/23.
- Confirmed ending the use of the PWLB for investment property bought primarily for yield, which presents a risk for both national and local taxpayers. The Government will cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate.
- A £2.2bn increase in the schools budget was announced which equates to a 2% (at least) per pupil increase as part of the Government's commitment to increase schools budget by £7.1bn by 2022/23 (compared to 2019/20 funding levels).
- £254m of additional resource funding to support rough sleepers and those at risk of homelessness during Covid-19, including £103m announced earlier this year for accommodation and substance misuse support.
- Following the Government's Spending Review announcement, MHCLG provided further clarity/additional detail including announcements on policies and programmes relevant to Local Authorities.

Brexit Negotiations

- 3.7 Negotiations on a future trade deal between the UK and the EU are ongoing but remain uncertain in terms of the likely outcome and the resulting impact on the national economy and Government's future spending plans. Members are reminded that the Council's 2019/20 Budget included a one-off Brexit risk contingency of £0.543m. In addition, the Council has received a total of £0.315m of Government grants to support its local response to the impact of Brexit. These monies are being held in earmarked reserves to mitigate any financial risk that may arise.
- 3.8 The Council is continuing to consider and prepare for all forms of Brexit and the potential financial impact exacerbated by the pandemic. However, whilst the outcome of the Government's negotiations with the EU remain uncertain it is difficult to assess what the likely financial impact will be both nationally and locally.

On this basis no further monies have been set aside within the MTFP for Brexit at this point. This will be kept under review as part of the Council's 2021/22 budget setting process.

3.9 The table below shows the Council's updated medium term financial position since the position presented to the Cabinet meeting in October including:

- Forecasts of the financial impact of the announcements made in the 2020 Spending Review;
- Updates to the Covid-19 financial scarring impacts since October following Government announcements about further support funding, national lockdowns and Tier restrictions and emerging vaccines; and
- Updates following the Quarter 2 budget monitoring process.

Table 1 – MTFP Update Following 2020 Spending Review

	2021/22 £000	2022/23 £000
Cumulative Savings Requirement as at October	23,341	34,825
Adjustment to Covid-19 Financial Scarring Impacts		
Increase Costs of Service Provision/Commissioning due to Covid-19 - Temporary Fee Uplift to Support Financial Impact on Care Providers	(800)	(800)
Increase Costs of Service Provision/Commissioning due to Covid-19 - Support increase in NLW as part of the fee uplift	(500)	(1000)
Collection Fund Income Losses - Q2 Deficit Spreading	(896)	(896)
Collection Fund Income Losses – Forecast Taxbase Per CTB1 Subject to Approval	(200)	(200)
Sales, Fees and Charges Income Losses	TBC	TBC
Commercial Income Losses	TBC	TBC
MTFP Favourable Adjustments		
Better Care Fund Inflationary Uplift	(750)	(750)
Pay Inflation Freeze in 2021/22 – Contingency Budget Reduction	(2,417)	(2,417)
Waste Disposal Levy	(348)	(692)
MTFP Adverse Adjustments		
Demand Pressures including Children's and Education Investment, SEND	1,500	1,500
Microsoft Enterprise Agreement/Continuation of Netcall	290	310
2020 Spending Review Adjustments		
Covid-19 Support Funding*	(7,533)	0
Sales, Fees and Charges Income Loss Compensation*	(494)	0
Additional Social Care Grant*	(1,200)	(1,200)
75% Collection Fund Irrecoverable Losses Support*	(1,878)	(1,878)
Revised Cumulative Savings Requirement	8,115	26,802

**There is inherent risk in the forecasts - the funding allocation methodologies have not been confirmed by Government which could adversely impact on the assumed funding allocations shown above. Any reduction to these forecasts would need to be addressed i.e. through the use of reserves. It is expected that the funding allocation methodologies will be confirmed as part of the Local Government Finance Settlement expected to be announced in December.*

- 3.10 The announcements made in the 2020 Spending Review in terms of the continuation of Covid-19 support funding and additional social care grant are at the upper end of expectations. This will support the Council in setting a balanced budget in 2021/22 and provide further support and time to address the financial challenges beyond 2021/22. However, some caution is advised as detailed allocation methodology is still not available and as previously discussed the provider market response to additional funding may result in additional asks not recognised within the MTFP. The detail of allocation methodologies is expected to be provided as part of the Local Government Finance Settlement in December.
- 3.11 The final position on the Council's MTFP will be provided to Cabinet in February as part of the 2021/22 budget setting process. This will include the confirmed funding allocation announced in the Local Government Finance Settlement and ensure that the forecasts and assumptions that underpin the MTFP remain robust and resilient.

4. ENABLING TRANSFORMATION, BUT DELIVERING A RESILIENT BUDGET

- 4.1 We recognise that the legacy impact of the pandemic will extend into 2021/22 and beyond. This will require continuing resource planning and management due to the need to direct Officers away from the Council's 'business as usual' activities to ensure we continue to respond to the impact of Covid-19 and support the recovery process across the Borough. In order to deliver transformative change, we need a robust and resilient budget that provides a stable financial platform. As we have already outlined, Local Government budgets are facing significant pressures from the impact of Covid-19 and the likely future impact on Local Government from the economic and fiscal position of the Country.
- 4.2 These circumstances both national and local, will require future 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 as we recover over the medium term period. This will require difficult and challenging decisions with the potential to impact services. However, these decisions will be framed by our wider transformation proposals and development of the boroughwide One Stockport strategy ensuring the robustness of the MTFP to support our medium to longer term ambitions. On this basis, 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**; and
 - We are a Council that **Cares** about our **Staff and Engages** them in the future.
- 4.3 Building a stable financial platform in 2021/22 to support the development of the above over the medium term period is crucial to our approach. We will apply the lens outlined previously within our medium-term financial plan strategy⁶. We will

⁶ 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

critically review all budgets and programmes to identify savings proposals from. We need to be bold and it will inevitably mean making difficult decisions about the services we provide and how we provide them in the future. The Council will need to prioritise support for residents, businesses and the Stockport economy in order to respond to and recover from the pandemic during the next financial year, while noting the likely future financial challenges and ensuring a strong future for the Borough and improved outcomes for residents and communities. A stable financial platform for 2021/22 will ensure Council support is there to protect and recover the Stockport economy, maintain and develop the sense of community witnessed during the previous months and ensure support for the most vulnerable in Stockport.

4.4 In presenting the proposals outlined in Section 5, consideration has been given to:

- **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.

4.5 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 created by the pandemic, therefore it is not a decision that we will take lightly but will do so in terms of protecting service provision for those that need the Council's support the most. However, the significant financial pressures facing the Council, particularly relating to social care which is by far where most of the Council's spend is directed, continue to present a significant risk to the sustainability of our funding. In previous years' Local Government Finance Settlements, Government has been clear that it expects Local Government to use local taxation via the Adult Social Care Precept to address this challenging area of demand and cost. Despite this, we will consider carefully the need to ensure resiliently resourced services alongside any increased pressure on our residents from changes in local taxation.

4.6 The 2020 Spending Review confirmed Local Authorities will have the flexibility to increase the Adult Social Care Precept by 3% in 2021/22. The Government expect this flexibility to be used *to 'support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19'*. In addition, Local Authorities will also have the flexibility to increase the general element of Council Tax in 2021/22 by 2%. Therefore, a total Council Tax increase (before Greater Manchester precepts) of 4.99% is allowable in 2021/22.

1) <http://democracy.stockport.gov.uk/documents/s162773/PART%20B%20-%20MTFP%20Cabinet%20Overview%20Report.pdf>

- 4.7 MHCLG have confirmed that there is flexibility for Local Authorities to defer elements of the Adult Social Care Precept increase for a year to 2022/23. For example, an Authority could decide to increase their Adult Social Care Precept in 2021/22 by 2% and a further 1% increase in 2022/23. MHCLG will set out full details of the Council Tax referendum principles and Adult Social Care Precept flexibility as part of the consultation on the detailed methodology for the Local Government Finance Settlement. The table below provides an illustration of the additional Council Tax income generated at different levels of increase and the favourable adjustment this has on the Council's revised 2020/21 savings requirement.

Table 2 – Illustration of Council Tax Increase

	2021/22 Council Tax Income £000	2021/22 Savings Requirement £000
Council Tax Off	0	8,115
Council Tax On - 2%	3,244	4,871
Council Tax On - 3%	4,867	3,248
Council Tax On - 4%	6,489	1,626
Council Tax On - 4.99%	8,095	20

- 4.8 We 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 MTFP Strategy and transformation programme. 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 October MTFP Update.
- 4.9 The Cabinet also recognises that the use of reserves for positive investment can have a catalytic impact that will enable and sustain the Borough's response and recovery from Covid-19. Following the publication of the Local Government Finance Settlement that will confirm the resource position for the Council in December, the Cabinet is hopeful of bringing forward a number of positive investments funded from reserves in the view that it will provide additional Council support to protecting and recovering the Stockport economy, maintaining and developing the sense of community and providing further financial investment for the Council's Climate Action Strategy.
- 4.10 The Council's medium-term financial position 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, ongoing Brexit negotiations 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 our Greater Manchester neighbouring Authorities 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 recover and plan for the future.

5. OUR MEDIUM TERM FINANCIAL PLAN PROPOSALS

- 5.1 Since presenting the Council's MTFP Update to the Cabinet meeting in October, we have been developing a number of saving proposals in line with the framework identified above.
- 5.2 As we have highlighted, the Council must have a stable financial platform in 2021/22 to support the Borough's recovery and deliver our transformation plans to meet the financial challenges ahead. We have been clear in our approach to ensure the saving proposals identified do this. For this reason, our saving proposals have been identified on the basis that
- They are deliverable immediately on 1 April 2021 – they do not require support from reserves to support implementation;
 - Where possible they have minimal impact on front line service provision or that the impact can be managed as part of the future transformation programme; and
 - Importantly they are aligned to and not detrimental to the Council's ambitions and priorities.
- 5.3 An overview of the proposals per Portfolio are shown in the table below with further detail included in Appendix 1:

Table 3 – Summary of Saving Proposals by Portfolio

	Total £000
Adult Care and Health	504
Children, Family Services and Education	132
Citizen Focus and Engagement	194
Economy and Regeneration	50
Resources, Commissioning and Governance	502
Sustainable Stockport	70
Non-Cash Limit	30
Total	1,482

6. TAKING OUR PROPOSALS FORWARD

- 6.1 Over the coming months we will continue to develop these proposals in line with the framework set out in Section 4 of this report ahead of proposals being presented to Cabinet on 9 February 2021 as part of the Council's proposed

2021/22 Budget. We previously set out our commitment in our Cabinet MTFP response report in October to working closely with our partners including elected members, our workforce, trade unions and local people. The Cabinet has a strong commitment to designing services in a citizen focussed way and aligned with our One Stockport movement strives to put local people and businesses at the heart of our new way of working. We will gather feedback from a range of groups and individuals to help us to understand the impact of any decisions so that we can use this to inform our decision making both as part of the 2021/22 budget setting process and our future transformation programme.

7. RECOMMENDATIONS

7.1 Cabinet are recommended to:

- Note the details of the report including the announcements made by Government since October and in the 2020 Spending Review;
- Approve the update to the MTFP savings requirement following the 2020 Spending Review;
- Approve the saving proposals set out in Appendix 1 to support the balancing of the Council's 2021/22 Budget to provide a stable financial platform for the transformation programme linked to One Stockport needed to support the Council's recovery and address the medium term financial challenge;
- Note and comment upon as appropriate, the financial forecasts for 2020/21 to 2022/23, and the key issues to be addressed in formulating a response to the financial challenges facing the Council;
- Note that the forecasts and assumptions underpinning the MTFP will continue to be reviewed to ensure they remain robust and resilient as part of the Council's 2021/22 budget setting process. A further update of the Council's MTFP will be presented to Cabinet in February prior to the Budget Council meeting;
- Note the MTFP revised forecast cumulative savings requirement of £8.115m in 2021/22 rising to £26.802m in 2022/23; and
- Take the final steps necessary to propose a balanced budget for 2021/22 to the Budget Council meeting on 25 February 2021.

BACKGROUND PAPERS

There are none

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

Appendix 1 – 2021/22 Saving Proposals

Portfolio	Saving Description	Service Impact	Value £000
Adult Care & Health	Management of inflationary increases aligned to external contracts	Low	352
Adult Care & Health	Continued of minor contract reductions delivered in 2020/21, including IT software now managed through the new ASC case management system	Low	117
Adult Care & Health	Review of ASC non pay budgets aligned to compute hardware and other IT equipment.	Low	35
Adult Care & Health Total			504

Portfolio	Saving Description	Service Impact	Value £000
Citizen Focus & Engagement	Adjustment to budget in line with expected expenditure/income.	Low	50
Citizen Focus & Engagement	Management restructure across all Citizens Services budgets	Potential service provision reductions and changes to service delivery as a result	20
Citizen Focus & Engagement	Information Advice & Guidance: Removing duplication across a number of areas and creating a simpler and more streamlined approach for service users	Potential service provision reductions and changes to service delivery as a result	124
Citizen Focus & Engagement Total			194

Portfolio	Saving Description	Service Impact	Value £000
Children, Family Services & Education	Adjustment to budget in line with expected expenditure/income and vacancy management	Low	132
Children, Family Service & Education Total			132

Portfolio	Saving Description	Service Impact	Value £000
Economy &	Adjustment to budget - resource	Low	50

Regeneration	and vacancy management.		
Economy & Regeneration Total			50
Portfolio	Saving Description	Service Impact	Value £000
Resources, Commissioning & Governance	Adjustment to budget in line with expected expenditure/income.	Low	60
Resources, Commissioning & Governance	Contributions from a range of CSS services that will be achieved through vacancy management	Potential service provision reductions and changes to service delivery as a result	276
Resources, Commissioning & Governance	Savings from changes to contracts in various areas	Low	166
Resources Commissioning & Governance Total			502

Portfolio	Saving Description	Service Impact	Value £000
Sustainable Stockport	Adjustment to budget – resource and vacancy management plus additional commercial waste income.	Low	70
Sustainable Stockport Total			70

Portfolio	Saving Description	Service Impact	Value £000
Non-Cash Limit	Change from paying solicitors by the hour for insurance claims to fixed fee.	Low	30
Non-Cash Limit Total			30

Total			1,482
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