

2020/21 QUARTER 3 BUDGET MONITORING UPDATE

Report of the Deputy Chief Executive, Corporate Director – Corporate and Support Services and Cabinet Member for Resources, Commissioning & Governance.

1. INTRODUCTION AND BACKGROUND

- 1.1 The purpose of the report is to provide a summary of the Quarter 3 revenue forecast outturn including an update on the Dedicated Schools Grant, Housing Revenue Account (HRA), Collection Fund and updates to the Capital Programme.
- 1.2 Please note the forecasts prepared for this report were pre-dominantly made prior to the announcement of tier 4 restrictions and subsequent third national lockdown by Government. The potential financial impact from this latest lockdown have not been considered and therefore the forecasts are subject to potential change and will be reported in the Quarter 4 2020/21 outturn report.
- 1.3 However, as demonstrated within this report and throughout the year the financial management and standing of the Council remain resilient and robust. The forecasts contained within this report, where appropriate and necessary, have been used to update the medium term financial plan that is considered elsewhere on the Cabinet agenda.

2. REVENUE BUDGET

- 2.1 This section of the report sets out the Quarter 3 Revenue forecast outturn position. It includes:
 - Details of the revenue budget adjustments made during the quarter;
 - A summary of the revenue budget and forecast outturn position for the Council;
 - Details of the revenue forecast outturn 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 2020.

Revenue Budget Adjustments

- 2.2 The following table summarises the changes to the revenue budget that have arisen during the third quarter of 2020/21.

2020/21 Revised Budget as at 31 December 2020

| | Approved Budget £000 | Revised Budget 31/12/20 £000 | Increase (Reduction) £000 |
|-----------------|-------------------------|------------------------------------|---------------------------------|
| Cash Limits | 190,081 | 191,189 | 1,108 |
| Non-Cash Limits | 57,764 | 56,656 | (1,108) |
| Total | 247,845 | 247,845 | 0 |

2.3 The table reflects the movement of budgets of £1.108m from Non-Cash Limit to Cash Limit and largely relates to the allocation of corporate contingency budget allocated during the quarter. This includes:

- SEN Transport £0.900m – funding of in-year cost pressure as the service continues to adapt to meet demand and ensure the service is provided in a Covid-19 secure way. The allocation of this funding will be reviewed during 2021/22 as action is taken by the service such as new system for route planning and new procurement framework are implemented to manage demand and costs; and
- Adult Social Care £0.200m – approved funding of Adult Social Care inflationary cost pressures as part of the 2020/21 Budget to fund cost linked to price inflation as they are incurred during the year.

2.4 A breakdown of the virements during the quarter are shown in the table below. The revised budget by Portfolio is shown in Appendix 1.

Virements Presented for Approval by Cabinet

| Item | Type* | Amount £000 | From | To | P/T** |
|--------------------------|-------|----------------|------|-----|-------|
| Contingency allocations | V | 1,100 | NCL | VAR | P/T |
| Referral & Info Officers | BR | 159 | CFE | ACH | P |
| Restructure of Staff | BR | 32 | RCG | IN | P |
| Align insurance Savings | V | 8 | NCL | RCG | P |
| Self-Scanning | BR | 3 | CFE | RCG | P |

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

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

** P = Permanent and T = Temporary

2020/21 Quarter 3 Revenue Forecast Outturn Position

2.5 The Quarter 3 forecast outturn position for Cash Limit and Non-Cash Limit budgets is a deficit of £24.765m. This deficit is directly linked to cost pressures and income losses as a result of the pandemic. The deficit is mainly offset by Covid-19 related grants received from Government totalling £24.421m, reducing the Council's revenue budget deficit to £0.344m as set out in the table below:

2020/21 Forecast Revenue Outturn as at 31 December 2020

| Portfolio | Original Budget £000 | Revised Budget £000 | Forecast Outturn £000 | (Surplus)/ Deficit £000 |
|--|-------------------------|------------------------|--------------------------|-------------------------------|
| Adult Care and Health | 93,798 | 95,628 | 100,715 | 5,087 |
| Children, Family Services and Education | 40,994 | 42,480 | 44,536 | 2,056 |
| Citizen Focus and Engagement | 4,780 | 4,834 | 5,548 | 714 |
| Economy and Regeneration | 1,904 | 2,065 | 2,383 | 318 |
| Inclusive Neighbourhoods | 403 | 673 | 653 | (20) |
| Resources, Commissioning and Governance | 22,612 | 24,119 | 31,261 | 7,142 |
| Sustainable Stockport | 20,820 | 21,390 | 25,394 | 4,004 |
| Total Cash Limits | 185,311 | 191,189 | 210,490 | 19,301 |
| Pay Inflation | 2,939 | 0 | 0 | 0 |
| Pensions - Superannuation and Auto Enrolment | 192 | 122 | 0 | (122) |
| Inflation - Price and National Living Wage | 3,753 | 1,230 | 498 | (732) |
| Apprenticeship Levy | 400 | 400 | 407 | 7 |
| Other Non-Cash Limits | 54,798 | 54,904 | 61,215 | 6,311 |
| Total Non-Cash Limits | 62,082 | 56,656 | 62,120 | 5,464 |
| Total | 247,393 | 247,845 | 272,610 | 24,765 |
| Financed by | | | | |
| Council Tax | 148,217 | 148,217 | 148,217 | 0 |
| Adult Social Care Precept | 14,501 | 14,501 | 14,501 | 0 |
| Business Rates | 76,294 | 76,294 | 76,294 | 0 |
| Business Rates Tariff | (17,230) | (16,778) | (16,778) | 0 |
| Business Rates Section 31 Grants | 12,956 | 12,956 | 12,956 | 0 |
| New Homes Bonus | 1,390 | 1,390 | 1,390 | 0 |
| Better Care Fund Allocation | 6,333 | 6,333 | 6,333 | 0 |
| Social Care Grant | 7,015 | 7,015 | 7,015 | 0 |
| Covid-19 Grant | 0 | 0 | 24,421 | 24,421 |
| Collection Fund Balance Distribution | 1,285 | 1,285 | 1,285 | 0 |
| Appropriation from Reserves | 216 | 216 | 216 | 0 |
| Appropriation to Reserves | (3,584) | (3,584) | (3,584) | 0 |
| | 247,393 | 247,845 | 272,100 | 24,255 |
| | 0 | 0 | 344 | 344 |

2.6 As previously reported, it is important to note that the position above does not include the impact of Council Tax and Business Rates income losses as these are accounted for in the Collection Fund. The Quarter 3 Collection Fund forecast is set out at paragraphs 2.17 to 2.22. It is noted that the Collection Fund deficit will not impact the Council's General Fund until 2021/22, 2022/23 and 2023/24. As part of Covid-19 support, Government has allowed Collection Fund deficits to be spread over 3 financial years to smooth the impact on the General Fund rather than incurring the full deficit in 2021/22.

2.7 The position includes £24.421m of Government support funding that is held corporately within the revenue financing section. This is made up of:

- Four tranches of unringfenced Covid-19 support funding totalling of £22.391m;
- Sales, fees and charges income loss compensation claim of £1.397m relating to income losses for the period April 2020 and July 2020. A further claim has been

made in relation to income losses for the period August 2020 to November 2020 (awaiting Government approval);

- New Burdens Grants relating to the additional costs of administering support payment schemes to individuals and business on behalf of Government totalling £0.320m;
- Compliance and enforcement grant funding of £0.147m; and
- £0.166m of funding to support residents who are classed as clinically extremely vulnerable.

- 2.8 Costs in relation to this funding are included within the relevant Cash Limit forecasts. Finance Officers will be working with colleagues to determine the correct accounting treatment for this grant funding aligned to the relevant accounting standard as part of the 2020/21 outturn reporting. This may result in grants currently shown as revenue financing being allocated to the relevant Cash Limit budgets. Known ringfenced grants such as the Infection Control Grant and the Track and Trace Grant have been allocated to the relevant Portfolio Cash Limit Budget within the forecast above and are therefore included within the Council's overall resource base.
- 2.9 With further claims for Sales, Fees and Charges income loss compensation to be made and confirmed by Government and potential for further grant funding to be received from Government in-year, this could result in a positive outturn position i.e. surplus balance. However, it is noted that the forecast includes £2.355m of one-off resources relating to the GMCA return of waste reserve which have helped to balance the in-year position. In addition, the unprecedented uncertainty, volatility and risk within the financial landscape the position at Quarter 3 means the forecast are subject to change – favourable and adverse. As stated above, the position doesn't reflect the financial impact of the tier 4 restrictions and subsequent national lockdown announced at the end of December. Finance Officers will continue to monitor the position as part of the 2020/21 outturn and to inform the Council's 2021/22 budget setting process.
- 2.10 As part of the national response to the pandemic, the Council has received a £4.066m funding allocation from the Government's Contain Outbreak Management Fund. The funding has been allocated by Government for each period of restriction (tier restrictions and national lockdown) up to the end of December at different per head rates for each level of restriction. It is noted that the funding allocations were due to be reviewed by Government in January with the possibility of further funding allocations to cover periods of restrictions to the end of March.
- 2.11 The conditions on the use of the funding provide flexibility aligned to the overarching principle that the funding should be used to support the Council's outbreak management action and response. This can cover areas such as engagement, compliance and enforcement, pandemic response, public health response and elements of infection control and support to vulnerable individuals not already funded by other specific Covid-19 support grant funding. It is expected that any unallocated balance of the funding can be carried forward and used in 2021/22 aligned to the funding conditions, but this has yet to be confirmed by Government.
- 2.12 Three broad areas of investment have been identified where the funding can be used to maximise its use to fund in-year costs, as well as additional investment in

2021/22 to enhance the Council's outbreak management action and response. The three areas identified aligned to the funding conditions are:

- Immediate cost of response (interventions, test & trace and backfilling to support additional capacity requirements) - £1.755m;
- Investment linked to Adult Social Care Care Management Providers (detailed in 2021/22 Provider fee setting report) - £1m; and
- Investment requirement for identified vulnerable groups/inequalities - £1.311m.

2.13 The above investments will continue to be reviewed and finalised dependent upon the duration of restrictions and the expected gradual lifting of these and the continuation of funding allocations as a result. Where funding is used to support the Council's 2020/21 financial position – funding costs already incurred and included in the forecasts above – the forecast outturn position presented in this report will improve. As stated above this will be managed as part of the 2020/21 outturn and to inform the Council's 2021/22 budget setting process.

Cash Limit Portfolios

2.14 Cash Limit Portfolios are projecting an overall deficit of £19.301m, a reduction of £0.208m from Quarter 2. Highlights of the significant changes from the Quarter 2 forecast are set out below:

Resources, Commissioning and Governance £0.420m increase in pressure:

There has been an increase to the Resources, Commissioning and Governance forecast largely as a result of increased technology costs.

Inclusive Neighbourhoods £0.130m increase in pressure:

The forecast has been lowered by £0.130m on the assumption that elements of the Stockport Local Fund grant awards will be funded from Portfolio resources rather than earmarked reserves.

Sustainable Stockport £0.577m reduction in pressure:

The forecast deficit relates to Covid-19 associated costs and lost income, most significantly in the areas of Leisure and Parking. The change since Quarter 2 reflects an increase in expected income from Parking and other services and also less lost income in Leisure that forecasted previously.

Children, Family Services and Education Portfolio £0.110m reduction in pressure:

The reduction to the Quarter 2 forecast is due to the allocation of corporate contingency budget of £0.900m to address the budget pressure within SEN Transport reported which has seen a large increase in demand and travel costs during the year particularly as the service responds to Covid-19.

This is largely offset by increased pressures within Children and Family Services which has revised the forecast deficit upwards by £0.789m. The increased variation relates to:

- Children Looked After (CLA):
 - There has been a net increase of three External Residential Placements with a net cost of £0.242m; and,

- An increase in Internal Foster care of 10 new placements since Quarter 2 that has had an adverse forecast outturn estimate of £0.222m.
- Children with Disabilities (CWD) – There has been an increase in the estimated forecast outturn position of £0.185m resulting from new packages being established within the quarter and changes in funding responsibility;
- Internal Children’s Homes – The forecast has been updated to reflect additional costs related to the establishment of additional capacity at Broadfields and protection of staffing ratios at the home. These costs increase the net position in this budget area by £0.114m however it should be recognised that this is significantly less than would have been incurred if an external placement was required; and,
- Fostering staffing - The forecast includes additional expenditure of £0.128m related to in year increases in foster care placements and the need to employ short term agency staff.

Non-Cash Limit

- 2.15 The overall Non-Cash Limit forecast outturn is a deficit of £5.464m, a reduction of £0.449m from Quarter 2. The reduction relates to earmarked corporate contingency for identified inflationary cost pressures relating to Adult Social Care and Street Lighting at the start of the financial year being reduced as in year monitoring forecasts reflect the costs are no longer expected to be incurred in-year.

Dedicated Schools Grant (DSG)

- 2.16 The Quarter 3 forecast for DSG is a deficit of £1.871m, an increase of £0.473m from Quarter 2. The deficit largely relates to ongoing increases in Education Health Care Plans (EHCP) costs in mainstream schools and additional high cost external placements.
- 2.17 The Council carried forward a £1.302m DSG deficit from 2019/20 which, as illustrated below, will be added to this year’s DSG deficit. A formal budget recovery plan has not been constructed at this point due to the DSG Review not coming to any firm conclusions or recommendations until June 2021 so as not to pre-judge the consultation process.
- 2.18 The table below provides an update of the deficit position, the 2021/22 draft budget and the outcomes of the 2021/22 0.5% transfer from schools’ block approved at the recent Schools’ Forum meeting held 10 December 2020.

| | £000 | £000 |
|--|-------|----------------|
| 2019/20 DSG Deficit carried forward | | 1,302 |
| 2020/21 DSG in-year deficit forecast at Quarter 3 | | 1,871 |
| Total Cumulative DSG deficit at 31 March 2021 | | 3,173 |
| | | |
| 2021/22 Higher Needs Block Budget Earmarked Funds | (589) | |
| 2021/22 Schools Block Transfer | (944) | |
| 2021/22 Central Schools Block Adjustment | 100 | |
| Total earmarked funds for DSG deficit at 1 April 2021 | | (1,433) |
| Revised cumulative DSG Deficit at 1 April 2021 | | 1,740 |

Housing Revenue Account

- 2.19 The HRA is forecasting a surplus of £0.093m for the year (see appendix 2), an increase of £0.081m from Quarter 2. There are some gains noted within the forecast including lower interest, bad debt and depreciation costs, along with higher rental income being forecasted due to better than budgeted voids and lower Right To Buy (RTB) numbers expected.
- 2.20 The favourable variances are offsetting some of the adverse areas of expenditure being realised as a result of Covid-19 such as a lower rental income from new build due to the later than budgeted completion of the Hexham Close site and lower income from RHI due to some sites temporarily closing. A higher than budgeted brought forward balance from 2019-20 is being ring-fenced for Project Phoenix, the establishment of a Head of Building Safety and associated support costs.

Collection Fund

- 2.21 The forecast outturn position for the collection fund is a deficit of £6.980m consisting of a £5.309m deficit on Council Tax and a £1.671m deficit on Business Rates (taking account of the additional Section 31 grants related to the national response to Covid-19 impact on Council Tax taxpayers and businesses). The Council's share of this deficit is £6.164m made up of £4.510m deficit on Council Tax and £1.654m deficit on Business Rates. As part of Covid-19 support, Government has allowed Collection Fund deficits to be spread over 3 financial years 2021/22, 2022/23 and 2023/24 to smooth the impact on the General Fund rather than incurring the full deficit in 2021/22.

| | Council Tax £000 | Business Rates £000 | Total £000 |
|--|---------------------------------|------------------------------------|-----------------------|
| Collection Fund Income | (184,894) | (37,832) | (222,726) |
| Collection Fund Expenditure* | 191,518 | 80,731 | 272,249 |
| 2020/21 (Surplus) | 6,624 | 42,899 | 49,523 |
| Additional Section 31 Grant** | (1,315) | (41,228) | (42,543) |
| | 5,309 | 1,671 | 6,980 |
| Allocated to: | | | |
| Stockport Metropolitan Borough Council | 4,510 | 1,654 | 6,164 |
| Greater Manchester Fire and Rescue Authority | 243 | 17 | 260 |
| Greater Manchester Police and Crime Commissioner | 556 | | 556 |
| | 5,309 | 1,671 | 6,980 |

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

**Compensatory Section 31 grants for the extension of 100% retail reliefs to retail, hospitality and leisure businesses; paid to the Council in 2020/21 to offset the Collection Fund deficit created by the reliefs given to business. The grant will be paid into the Council's General Fund in 2020/21 and will be held in reserves and released in line with the reimbursement of the Collection Fund deficit over 2021/22, 2022/23 and 2023/24.

- 2.22 The Quarter 3 position reflects a reduction in the deficit position of £0.335m from the position presented in the Council Tax Taxbase and Business Rates Forecast report presented to the Cabinet meeting on 22 December 2020. This mainly reflects the stabilising of the number of Local Council Tax Support reliefs been given to residents which are less than expected resulting in a revised forecast. It is recognised that the continuation of Government support schemes such as Furlough and Job Retention Schemes have impacted upon this and the risk remains that

claimant numbers will increase when these support schemes are removed by Government. This impact has been factored into the Council's 2021/22 budget setting process as part of the setting of the 2021/22 Council Tax Taxbase. In addition, the Provisional Local Government Finance Settlement confirmed that Billing Authorities will receive an allocation of the £670m Council Tax Support funding in 2021/22 in recognition of the lost income as a result of providing local Council Tax support to vulnerable households.

- 2.23 The Council Tax forecast position reflects the in-year allocation of £1.315m of the Council Tax Hardship Grant in line with the amended Collection Fund accounting requirements to smooth the Covid-19 impact. This offsets the element of the in-year deficit created by the loss of Council Tax income as a result of the support payments of up to £150 to working age Local Council Tax Support recipients as part of the Government's national response to the pandemic.
- 2.24 The Business Rates forecast position reflects the decision taken by the Government, in response to Covid-19, to increase the level of retail discount to 100% from April 2020 to temporarily support retail, hospitality and leisure businesses. However, it is noted that Government will fully reimburse Local Authorities for the impact of the increased and extended relief using a Section 31 (S31) grant. As at Quarter 3, the Council will receive £41.228m of S31 grant to compensate for the loss of Business Rates income as a result of the increased and extended relief. The legislation that governs Collection Fund accounting means the deficit created by these reliefs will not be realised until 2021/22. On this basis the S31 grant will need to be held in the Collection Fund reserves at the end of the financial year to support the funding of this element of the deficit reimbursement in 2021/22. Whilst not confirmed it is possible that further extended reliefs could be provided to businesses in 2021/22 as part of the Government's budget announcement in March.
- 2.25 Whilst the Collection Fund forecasts reflect the expected 2020/21 outturn position including the impact of bad debt provisions and Business Rates appeal provisions, the volatility and risk of adverse changes to the position at outturn remains. An example of this is the increasing number of Material Change in Circumstance (MCC) appeals by businesses against their rateable value assessment in light of the financial impact of the pandemic and continued restrictions and lockdown. A change in rateable values as a result of successful appeals will impact of the Council's collectible Business Rates and thus the 2020/21 outturn position.
- 2.26 The Council is continuing to monitor the impact of the Business Rates position alongside the other Greater Manchester Authorities on the 100% Business Rates Retention Pilot in 2020/21. Despite the in-year deficit position highlighted above, the Council still expects to benefit from the Pilot as a result of an increased retention of Business Rates growth achieved in previous financial years. Members are reminded that the Pilot benefit expected will not need to be shared with GMCA as agreed in previous financial years and can be retained in full by the Council to support the financial response to Covid-19. The expected benefit has been included in the MTFP Update presented to the Cabinet.

Reserves and Balances

- 2.27 Reserve balances remain the same as reported at Quarter 2 with Earmarked Reserves held totalling £79.342m. Reserve commitments approved during the quarter totalled £0.279m and bring the total value of commitments to £53.260m.

Reserves and Balances at 31 December 2020

| | Balance as at 31/10/2020 £0 | Transfers to / (from) Reserves £0 | Balance as at 31/12/2020 £0 |
|------------------------------------|--------------------------------------|--|--------------------------------------|
| General Fund Balances | 10,200 | 0 | 10,200 |
| Total General Fund Balances | 10,200 | 0 | 10,200 |
| Reserve Linked to Budget | 13,315 | 0 | 13,315 |
| Strategic Priority Reserve | 37,318 | 0 | 37,318 |
| Budget Resilience Reserve | 3,980 | 0 | 3,980 |
| Corporate Reserves | 23,979 | 0 | 23,979 |
| Directorate Reserve | 750 | 0 | 750 |
| Total Earmarked Reserves | 79,342 | 0 | 79,342 |
| DSG and School Balances | 8,580 | 0 | 8,580 |
| HRA Balances | 2,123 | 0 | 2,123 |
| HRA Earmarked Reserves | 1,344 | 0 | 1,344 |
| Total Ring-fenced Reserves | 12,047 | 0 | 12,047 |
| Total Reserves and Balances | 101,589 | 0 | 101,589 |

Covid-19 Financial Impact

- 2.28 The Council continues to assess and refine the Covid-19 financial impact forecasts on a regular basis as part of the monthly financial impact return to Government; the latest iteration was submitted to Government on 11 December. Whilst the Quarter 3 forecast position presented in this report is based on the best available data and information of the expected financial impact of the pandemic, the financial landscape is increasingly uncertain, complex and volatile. As already stated above, the forecasts prepared for this report were made prior to the announcement of tier 4 restrictions and subsequent third national lockdown by Government. This presents an element of financial risk within the forecasts which will continue to be monitored closely during the final quarter.
- 2.29 The Council's current estimate of the cost and loss of income is circa £66.1m gross adverse financial impact. To date the Council has received £39.9m of Government support funding (including £16m relating to the funding of Infection Control, Track and Trace, Council Tax Hardship, Food Poverty and Essentials Support etc). Funding which is ringfenced for a specific purpose has been reflected in the Portfolio forecasts netting off related expenditure. The remaining balance £24.4m, largely the four tranches of the Government support funding and the income loss compensation, is being held in revenue financing (subject to review of accounting treatment at outturn) to support the Council's overall in-year deficit position.

2.30 The uncertainty, volatility and risk inherent in the financial landscape remains. As previously reported to Cabinet, the MTFP financial impact of the pandemic is significant and expected to be long lasting. Clearly this has been exacerbated by the tier 4 restrictions and subsequent national lockdown. In addition, the gradual release of restriction following the lockdown will result in a slower than expected recovery and longer lasting financial scarring impacts. The MTFP Update presented elsewhere on this agenda sets out how the underpinning MTFP forecasts and assumptions have been retested to reflect this and ensure they are set on a robust and resilient basis.

3. CAPITAL PROGRAMME

3.1 The Council's 2020/21 three-year Capital Programme is £360.618m as at the end of Quarter 3. There is planned expenditure of £121.481m in 2020/21. Details of changes made to the Programme during this quarter are set out in paragraphs 3.2 to 3.4 below:

2020/21 Three Year Capital Programme

| Expenditure as at 31 Dec 2020 £000 | Portfolio | 2020/21 Programme £000 | 2021/22 Programme £000 | 2022/23 Programme £000 | Programme 2023/24 Onwards £000 |
|------------------------------------|---|------------------------|------------------------|------------------------|--------------------------------|
| 90 | Adult Care and Health | 219 | 280 | 0 | 0 |
| 0 | Children, Family Services and Education | 24 | 0 | 0 | 0 |
| 27,528 | Economy and Regeneration | 49,668 | 50,102 | 27,147 | 14,603 |
| 25,145 | Resources, Commissioning and Governance | 34,211 | 50,671 | 3,023 | 36,178 |
| 29,475 | Sustainable Stockport | 45,359 | 59,165 | 40,749 | 62,478 |
| 82,238 | TOTAL | 129,481 | 160,218 | 70,919 | 113,259 |

3.2 There has been a net decrease in the 2020/21 three-year Capital Programme of £32.470m during Quarter 3 but this is largely due the re-phasing of schemes to later years and is within the Programme for 2023/24 Onwards. The most significant amendments to the 2020/21 three-year Capital Programme include the following:

- £0.400m reduction in External Contributions in Highways Section 278 and Section 106 schemes (Economy and Regeneration);
- £0.787m grant funding allocated to Primary Sector schemes in 2021/22 (Resources, Commissioning and Governance); and,
- £0.768m additional commuted sums for Schemes in Parks across the three-year Programme, £0.04m in 2020/21, £0.494m in 2021/22 and £0.270m in 2022/23 (Sustainable Stockport).

3.3 Capital schemes are regularly reviewed, and the programme is adjusted accordingly. A net total of £6.539m of funding has been re-phased from 2020/21 and £25.610m from 2021/22 to 2022/23 and to beyond the current three-year

Programme, i.e. 2023/24 Onwards. The more significant schemes being re-phased include the following:

- £0.969m of grant funding for the SEMMMS A6 to Manchester Airport Relief Road has been re-phased from 2021/22 to beyond the current three-year Capital Programme (Economy and Regeneration);
- £2.061m Poynton Relief Road grant funding has been brought forward from 2022/23 to meet progress being made on the scheme, £0.227m to 2020/21 and £1.834m to 2021/22 (Economy and Regeneration);
- £0.341m grant funding for the Mayoral Walking and Cycling Challenge Fund has been re-phased from 2020/21 to 2021/22 (Economy and Regeneration);
- A total of £0.501m grant funding has been re-phased from 2020/21 to 2021/22 for Highways schemes, LTP and SEMMMS Integrated Transport, District Centres and Road Safety Near Schools (Economy and Regeneration);
- Directly funded borrowing of £1.106m has been re-phased from 2020/21 to 2021/22 for the Regeneration schemes, Stockport Exchange Phase 3 and Redrock Development (Economy and Regeneration);
- £0.803m of directly funded borrowing in 2020/21 and £1.048m in 2021/22 for the Markets and Underbanks scheme has been re-phased to 2022/23 (Economy and Regeneration);
- £8.568m directly funded borrowing for Merseyway Development has been re-phased from 2021/22, £0.255m brought forward to meet expenditure in 2020/21 and the remaining £8.313m to 2022/23 (Economy and Regeneration);
- £0.483m RCCO has been brought forward from 2021/22 to meet expenditure in 2020/21 (Economy and Regeneration);
- £0.497m unsupported borrowing for Primary Sector schemes has been re-phased from 2020/21 to 2021/22 and has been combined with £4.745m of funding to be allocated held in 2021/22, which has now been allocated to Primary Sector schemes (Resources, Commissioning and Governance);
- £2.277m of unsupported borrowing for Asset Management Plan schemes has been re-phased from 2020/21 to 2021/22 (Resources, Commissioning and Governance);
- £1m of directly funded borrowing has been brought into the three-year Capital Programme from funding held for schemes 2023/24 onwards for the Totally Local Company Fleet Vehicle Loan Facility drawdowns made during the latest quarter (Resources, Commissioning and Governance);
- Directly funded borrowing of £2.056m in 2020/21, £17.487m in 2021/22 and £10.520m in 2022/23 for HRA New Build schemes has been re-phased to later years beyond the scope of the current Capital Programme, in line with the HRA Business Plan (Sustainable Stockport);
- £0.150m from 2020/21 and £2.137m from 2021/22 of Disabled Facilities Grant has been re-phased to 2022/23 (Sustainable Stockport); and
- £0.700m from 2020/21 and £1.460m from 2021/22 of directly funded borrowing for the Street Lighting Investment Programme has been re-phased to 2022/23 (Sustainable Stockport).

3.4 The changes to the Capital Programme during Quarter 3 are set out by Portfolio in the table below:

| Portfolio | Programme as at 31 Oct 2020 £000 | Additional /Reduced Programme £000 | Virement/ Re-phasing £000 | Programme as at 31 Dec 2020 £000 |
|---|---|---|--------------------------------------|---|
| <u>2020/21</u> | | | | |
| Adult Care and Health | 219 | 0 | 0 | 219 |
| Children, Family Services and Education | 24 | 0 | 0 | 24 |
| Economy and Regeneration | 51,778 | (216) | (1,894) | 49,668 |
| Resources, Commissioning and Governance | 35,987 | (34) | (1,742) | 34,211 |
| Sustainable Stockport | 48,258 | 4 | (2,903) | 45,359 |
| Total | 136,266 | (246) | (6,539) | 129,481 |
| <u>2021/22</u> | | | | |
| Adult Care and Health | 280 | 0 | 0 | 280 |
| Children, Family Services and Education | 0 | 0 | 0 | 0 |
| Economy and Regeneration | 57,351 | 16 | (7,265) | 50,102 |
| Resources, Commissioning and Governance | 47,106 | 823 | 2,742 | 50,671 |
| Sustainable Stockport | 79,620 | 632 | (21,087) | 59,165 |
| Total | 184,357 | 1,471 | (25,610) | 160,218 |
| <u>2022/23</u> | | | | |
| Adult Care and Health | 0 | 0 | 0 | 0 |
| Children, Family Services and Education | 0 | 0 | 0 | 0 |
| Economy and Regeneration | 18,957 | 0 | 8,190 | 27,147 |
| Resources, Commissioning and Governance | 3,023 | 0 | 0 | 3,023 |
| Sustainable Stockport | 50,485 | 270 | (10,006) | 40,749 |
| Total | 72,465 | 270 | (1,816) | 70,919 |

3.5 The following table sets out the resources available to fund the 2020/21 Capital Programme:

| Resources | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 onwards £000 |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------|
| Capital Grants | 39,810 | 54,959 | 14,313 | 21,526 |
| Directly Funded Borrowing | 41,685 | 38,890 | 25,471 | 51,960 |
| Unsupported Borrowing | 29,704 | 45,437 | 9,014 | 3,120 |
| Capital Receipts | 179 | 3,611 | 3,591 | 11,128 |
| External Contributions | 672 | 1,197 | 23 | 0 |
| Commuted Sums | 1,209 | 2,044 | 1,470 | 0 |
| Revenue Contributions (RCCO) | 3,846 | 2,173 | 4,892 | 28 |
| HRA funding from MRR | 12,376 | 11,907 | 12,145 | 25,497 |
| TOTAL | 129,481 | 160,218 | 70,919 | 113,259 |

4. RECOMMENDATIONS

Cabinet is asked to:

- a) Approve the virements to the Revenue Budget;
- b) Note the Cash Limit and Non-Cash Limit forecast positions for 2020/21 as at Quarter 3;
- c) Note the HRA, DSG and Collection Fund forecast positions for 2020/21 as at Quarter 3;
- d) Note the latest position on the financial impact of Covid-19;
- e) Note the funding allocation from the Government's Contain Outbreak Management Fund and agree the identified investment areas;
- f) Note the forecast position for the 2020/21 Capital Programme; and
- g) Note the changes to the Capital Programme and re-phasing of schemes during Quarter 3.

BACKGROUND PAPERS

There are none

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