

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: Medium Term Financial Plan - Financial Landscape and Forecasts 2021/22 to 2022/23

Report to: Cabinet Meeting

Date: 9 February 2021

Report of: (a) Corporate Director - Corporate and Support Services

Key Decision: (b)

Forward Plan

General Exception

☐

Special Urgency

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(Mark with a Y
if applicable)

Summary:

Updates to the MTFP have been presented to Cabinet throughout the year as the Council responds and recovers from the financial impact of Covid-19. As well as the local response, these updates have considered the announcements including the Provisional Local Government Finance Settlement (PLGFS) and further Covid-19 tier restrictions and subsequent national lockdown. Each update has retested the underpinning MTFP assumptions and forecasts and where appropriate revised them to ensure the Council's 2021/22 and MTFP is robust and resilient. This report builds on those updates considering any further national and local changes impacting on the 2021/22 Budget and MTFP with a particular focus of the financial scarring impact assumptions linked to Covid-19 and the expected gradual lifting of restrictions meaning the recovery from these will be slower.

The report presents the Council's MTFP for the two financial years prior to it being recommended for approval at the Full Council meeting on 25 February 2021. Given the uncertainty, volatility and risk of the current financial landscape, the MTFP presented in this report has not been extended beyond 2022/23. The MTFP will continue to be updated regularly during 2021/22 and is an iterative process. This process of continually retesting the MTFP forecasts and assumptions is even more important given the need for the ongoing assessment of the financial impact of Covid-19 and a reflection of the national response to the pandemic and national economic crisis. Future iterations of the MTFP will also need to consider Government's budget announcement in March, the proposed spending review in the summer and the uncertainty about Local Government financing reforms.

This report needs to be read in conjunction with reports that have been presented to previous Cabinet meetings and those elsewhere on this agenda including:

- MTFP Update – initial update setting out the forecast financial scarring impacts of the pandemic (presented to the Cabinet meeting on 6 October 2020);
- MTFP Cabinet Response: Responding to our Medium Term Financial Plan setting out the Cabinet's initial response to the financial impact of the pandemic to deliver a resilient budget that enables transformation of services to continue to meet the needs and aspirations for Stockport (presented to the Cabinet meeting on 6 October 2020);

- MTFP Cabinet Response: Responding to our Medium Term Financial Plan

setting out the Cabinet's response to the updated MTFP following the Government's 2020 Spending Review and proposed saving proposals as part of setting a balanced 2021/22 Budget (presented to the Cabinet meeting on 22 December 2020);

- Stockport Billing Area – 2021/22 Council Tax Taxbase and Non Domestic Rates Forecast (presented to the Cabinet meeting on 22 December 2020);
- The 2020/21 Quarter 3 Budget Monitoring Update presented elsewhere of this agenda;
- The Council's 2021/22 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy presented elsewhere on this agenda; and
- The Council's 2021/22 Capital Strategy and Capital Programme presented elsewhere on this agenda.

Comments/Views of the Cabinet Member: (c)

During 2020 we have witnessed the inspirational response of local communities, businesses and partners across Stockport in the face of unprecedented challenges of a global pandemic - 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.

The financial impact of the pandemic has been unprecedented, with the financial scarring impacts being evident in 2021/22 and beyond as restrictions are gradually lifted and the pace of recovery slowed whilst the national vaccination programme is rolled out. The financial landscape ahead for local public services has never been more uncertain, volatile and inherent with risk. It is within this context that we are shaping our response to the MTFP. Key to this is a resilient and stable budget that supports and leads Stockport's Covid-19 recovery. The stability and resilience of the financial platform in 2021/22 will ensure our ability to deliver an aspirational and hopeful future for our Borough through the delivery of the ambitions and priorities set out in our Council Plan and Borough Plan, and to deliver the transformative change needed.

It is testament to the past work of this Council, Members and Officers alike, that whilst facing significant financial challenges we are in a robust and resilient financial position (as demonstrated by the financial updates during the year) which provides the platform for a hopeful and ambitious future for Stockport; one that protects service provision, provides additional support to protecting and recovering the Stockport economy, supports residents, maintains and develops the sense of community we have seen in response to the pandemic.

The Cabinet is recommended to:

- Note the details of the 2021/22 Provisional Local Government Finance Settlement and the expected date of the announcement of the Final Local Government Finance Settlement;
- Note, and comment upon as appropriate, the financial forecasts for 2021/22 to 2022/23;
- Note and approve the indicative budget adjustments since the MTFP Update presented to the Cabinet meeting on 22 December 2020 resulting in savings requirement of £7.551m in 2021/22;
- Approve the allocation of £5.511m of the corporate contingency budgets to Cash Limit budgets as part of the budget setting process as set out in paragraphs 3.4

- to 3.6;
- Note the Section 151 Officer recommendation to increase the Council's General Fund Balance by £4.983m in 2021/22 aligned to his risk assessment of the budget and the adequacy of reserves and balances to support the 2021/22 Budget; and
 - Take the necessary steps to propose a final balanced 2021/22 Budget including the proposed Council Tax increase to be recommended for approval at the Council meeting on 25 February 2021.

Relevant Scrutiny Committee (if decision called in): **(e)**
Corporate, Resource Management & Governance

Background Papers (if report for publication): **(f)**

Contact person for accessing
background papers and discussing the report

Officer: Jonathan Davies
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'Urgent Business': **(g)**

No (Please circle)

Certification (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor _____ and the Chief Executive/Monitoring Officer/ Borough Treasurer for the decision to be treated as 'urgent business' was obtained on /will be obtained before the decision is implemented.
