

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: 2021/22 Cabinet Revenue Budget

Report to: Cabinet Meeting

Date: 9 February 2021

Report of: (a) Leader of the Council and Cabinet Member Resources, Commissioning and Governance

Key Decision: (b) Y

Forward Plan ☒ General Exception ☐ Special Urgency ☐ (Mark with a Y if applicable)

Summary:

The purpose of the report is to present the 2021/22 Cabinet Revenue Budget for approval. It also outlines the Council's financial outlook and significant challenges across the medium-term period 2021/22 to 2022/23 as our response and recovery from the pandemic continues. The report highlights the overarching priorities and desired outcomes upon which the Cabinet has based its budget proposals, and which form the basis of the updated Council Plan included elsewhere on this agenda.

This report needs to be considered in conjunction with the Deputy Chief Executive, Corporate Director – Corporate and Support Services Medium Term Financial Plan – Financial Landscape and Forecasts 2021/22 to 2022/23 report (MTFP Update report) presented elsewhere on this agenda. This report clearly sets out the forecasts and assumptions underpinning the Council's MTFP and the budget challenges facing the Council over the medium-term period. It highlights the unprecedented uncertainty, volatility and risk inherent within the financial landscape as the national and local economy recovers from the significant financial impact of Covid-19.

This report also takes account of other reports that have been presented to previous Cabinet meetings and those presented 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)

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. The expected gradual lifting of restrictions resulting in a slower recovery process will exacerbate this. For this reason, we have developed a 2021/22 Budget that is stable, robust and resilient, that protects services and provides a platform to enable transformation to address the financial challenge over the medium-term period. Building a stable financial platform in 2021/22 to support the delivery of our Borough Plan, and our priorities and ambitions for the Borough is crucial.

Enabling transformation will need bold and difficult decisions about the services we provide and how we provide them in the future, the Council will also need to prioritise support for residents, businesses and the Stockport economy in the next twelve months. Doing this will support the Borough to continue to respond and recover from the pandemic ensuring a strong future and improved outcomes for our 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 twelve months and ensure support for the most vulnerable in Stockport. We will then look to use this financial platform to deliver our transformation priorities and ambitions to address the medium-term financial challenge.

The Cabinet's saving proposals were presented to appropriate scrutiny committees during the December cycle of meetings prior to being approved at the Cabinet meeting on 22 December. An overview of the saving proposals totalling £1.482m by Portfolio are shown in the table below. The saving proposals are mainly delivered through internal efficiency from staffing and contractual changes, represent only 0.54% of the net expenditure requirement of the 2021/22 budget proposals and are not expected to have significant impact on services to our residents:

As part of our response to the MTFP, we have also carefully considered the role that local taxation should 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. It is not a decision that we have taken lightly but have had to balance this with the need to protect service provision for those that need the Council's support the most as we continue to recover and respond to the impact of the pandemic, and the need for essential services increases.

Our discussions have included careful consideration of:

- The impact the pandemic has had on our residents and the financial hardship it has created across the Borough and the role the Council's Local Council Tax Support Scheme and financial inclusion and resilience services will have to support these residents;
- Ensuring that our Council Tax Support Scheme remains robust to support those who do face financial difficulties;
- The significance of Council Tax and assumed increases as part of the Government's Local Authority funding assessment and other grant funding allocations;
- The need for the Council to become financially self-sufficient, as well as to reduce spending in the short-term;

- The impact of not increasing Council Tax and instead further cutting service budgets to balance the Council's budget over the medium term period;
- The need to find a sustainable funding solution for the provision of health and social care services to our most vulnerable residents; and
- The plans we have developed and continue to develop with Partners linked to our MTFP Strategy, to reform and integrate services in Stockport, and to ensure we are supporting people and communities as early as possible.

Following careful consideration of the above Cabinet is recommending for approval:

- A 2% General Council Tax increase in 2021/22;
- A 1.5% Adult Social Care Precept Council Tax increase in 2021/22; and,
- A further 1.5% increase in the Adult Social Care Precept in 2022/23 taking up the flexibility to defer an element of the increase set out in the PLGFS.

In doing this we are ensuring the Council's 2021/22 Budget and MTFP remains robust, resilient and stable to enable the transformation needed to respond to the financial challenge ahead. At the same time, we are also recognising the impact on residents and with the deferral of half of the social care precept increase to 2022/23 helping smooth the impact on Stockport Residents.

The Cabinet recognises that the use of available one-off resources and reserves for positive investment can have a catalytic impact that will enable and sustain the Borough's response and recovery from Covid-19. On this basis we have identified a number of positive investments aligned to our priorities and ambitions for the Borough.

Recommendation(s) of Cabinet Member: (d)

The Cabinet is recommended to ask the Council Meeting to:

- Approve the Budget for 2021/22 described in the report and set out in Appendix 2 and 3;
- Note the risk assessment of the 2021/22 Budget at Appendix 5 and the report of the Section 151 Officer on the adequacy of proposed financial reserves and robustness of the estimates included at Appendix 5;
- Approve the required increase to the Council's General Fund Balance to reflect the Section 151 Officer assessment of risks;
- Note, comment upon and approve the financial forecasts and assumptions for 2021/22 to 2022/23 at Appendix 6, and the key issues to be addressed in formulating a response to the future financial challenges facing the Council;
- Pass the appropriate Council Tax resolutions which produce a Council Tax increase of 3.5% in 2021/22 (2% General increase and 1.5% Adult Social Care Precept increase) as illustrated in Appendix 7; and
- Approve the commitment to increase the Adult Social Care Precept by a further 1.5% in 2022/23 by taking up the option to defer an element of the allowable increase in 2021/22 smoothed by the use of available one-off resources held in earmarked reserves.

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
Tel: 0161 218 1025

‘Urgent Business’: (g)

Yes/ 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.
