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METROPOLITAN BOROUGH COUNCIL

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Corporate Performance and Resources Mid-Year Report 2021/22



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ONESTOCKPORT

Date	29 Nov 2021	Version	1.1 (Cabinet)	Approved by	EW / TM
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INTRODUCTION

I'm pleased to present the Mid-Year Corporate Report, setting out progress in delivering the Council's priorities and spending plans to the end of September.

Whilst Stockport is starting to recover from the impacts of the pandemic, the Council still faces a very hard future with more difficult decisions and choices to be made.

Looking at the next financial year, the Council's saving requirement is approx. £20M with an estimated £30M for the following two years. We've already identified around £10M in savings for next year, but still need to consider how we achieve the remaining £10M needed to deliver a balanced budget.



We recognise that the past 18 months have been difficult for local residents and businesses with many having to make big changes – and sacrifices - to adapt. In order to continue delivering on our priorities for Stockport, working with partners is essential – which is why we formally launched our ONE Stockport Borough Plan in the summer. In some cases, we are looking with partners for different arrangements both to provide services and perhaps how and where they are provided.

The report also sets out some of our many achievements over the last 6 months, with many more underway as we start to build back better and fairer. Stockport is changing, with work commencing on the new transport interchange and soon to begin on Weir Mill. We are working with our health partners to respond to the increasing pressures on health and care services. Our new joint Health and Care Plan has a strong focus on prevention and early help, and we continue to work closely with GPs and hospitals to support people in their own homes.

We are strengthening our relationship with our local voluntary and community groups, for example through the Community Champions Programme. With COP 26 and climate change in the news, we also held our first Stockport CAN (Climate Action Now) Summit in early November which was attended by over 200 delegates, including representatives from 27 schools.

We will continue to build on this progress when we set out the Council's priorities for 2022/23 alongside our budget in February next year, and I hope to update you further in our Third Quarter Update Report in early March.

Cllr Elise Wilson, Leader of the Council



1. EXECUTIVE SUMMARY

This report provides an overview of progress towards delivering the Council Plan 2021/22 Outcomes, along with the additional priorities set out in the Portfolio Agreements for 2021/22, which were considered by Scrutiny Committees and approved by Cabinet in June. It includes a high-level overview of the activity, performance and spend contributing to meeting these priorities.

The Corporate Report continues to be considered at the same Scrutiny Cycle as the Portfolio Reports, improving timeliness and reducing duplication. Portfolio Performance Dashboards are also published with the Mid-Year Reports and these can be accessed via the Portfolio Reports, with links below.

Performance analysis in Section 2 on of this report is based on the corporate suite of measures, which are set out within the Performance Dashboard – accessible [via this link](#).

The Portfolio Performance and Resource Reports contain a more detailed report on performance and finance, focusing on highlights and exceptions, in relation to the priorities and responsibilities of the seven Cabinet Portfolios. These Portfolio Reports can be accessed by following the links to the five Scrutiny Committees below:

Scrutiny Committee	Date	2021/22 Portfolio Reports
Communities and Housing	22 Nov	Sustainable Stockport Inclusive Neighbourhoods
CRMG	23 Nov	Resources, Commissioning and Governance Citizen Focus and Engagement Corporate Report
Children and Families	24 Nov	Children, Family Services and Education
Adult Social Care and Health	25 Nov	Adult Care and Health
Economy and Regeneration	25 Nov	Economy and Regeneration

Revenue Budget Forecast Position 2021/22

	Revenue Budget £000	Out-Turn £000	(Surplus)/ Deficit £000	Reserves and Balances	Balance at 30/09/21 £000
Cash Limits	196,921	196,921	0	<u>Non-Ring fenced:</u>	
Non-Cash Limits	76,087	72,047	(4,040)	General Fund Balances	15,183
Total	273,008	268,968	(4,040)	Earmarked Reserves	85,716
				<u>Ring fenced:</u>	
2021/22 Capital Programme (£000)			147,114	DSG and School Reserves	1,264
2022/23 Capital Programme (£000)			151,057	HRA Reserves	3,052
2023/24 Capital Programme (£000)			51,101	Total Reserves and Balances	105,215

Delivering our Shared Outcomes for Stockport

The Mid-Year Report brings together a summary of key achievements in delivering the shared outcomes and priorities within the Council Plan and Portfolio Agreements during the first half of the 2021/22 financial year, with a particular emphasis on the second quarter of the year (July to September) including any key areas of progress in October. A brief summary is provided below under each of the four shared outcomes from the 2021/22 Council Plan.

People will be able to make positive choices and be independent and those who need support will get it

The focus on prevention and early intervention across children's and adults' services continues. A Week of Action was held in May to publicise the aims of the Start Well Strategy, whilst an Inclusion Strategy is currently being developed across education services. A cohort of schools is involved in the Local Matters Programme with the University of Manchester and, following the successful Werneth and Brinnington pilots, the locality approach to Early Help across education, health and social care teams is being rolled out in Edgeley. Latest data from the Ministry of Justice shows continued reductions in the number of young people entering the criminal justice system; the youth re-offending rate; and the number of young people who receive a custodial sentence.

Stockport was part of a North West bid to the DfE Regional Recovery and Building Back Better Fund with proposals for regional collaboration and innovation. Over £5m has been secured across GM to roll out Family Drug and Alcohol Courts, setting up a Family Hub, expanding the COMMA programme to safeguard infants and continuing the Achieving Change Together pilot in schools to support children at risk of exclusion and exploitation.

The ONE Stockport Health and Care Plan was signed off by Health & Wellbeing Board in October. This all-age plan is closely linked to the 'Healthy and Happy' priority within the Borough Plan, with a strong focus on early help and tackling inequalities. It also sets out the landscape around the forthcoming Integrated Care System from March 2022. A Joint Commissioning Framework for residential and nursing care across social care and health was agreed recently, whilst the Discharge to Assess (D2A) model is being embedded across services ahead of the winter period, ensuring care and support is available to allow people to be discharged from hospital and remain in their own homes.

This is a key element of the 'Home First' ethos, supported by a strength and asset-based approach across Adult Social Care. The reablement (REach) service and new 'Enhanced Front Door' team play a vital role in managing demand. Engagement with REach service users is helping to identify improvements, whilst a feedback report on strength-based practice is informing the roll-out of this approach. Recommissioning of preventative services by Public Health is underway, including sexual health, behaviour change and substance misuse. The development at St Thomas' Gardens aims to create an inter-generational community as part of the Prospectus for All-Age Living along with tech-enabled care. This was the focus for an entry shortlisted for the innovation category at the recent LGC Awards, along with the No Wrong Door project in children's services which was also shortlisted.

A Joint Strategic Needs Assessment (JSNA) is being carried out into mental health and wellbeing and will inform the development of a partnership strategy due to be published in the new year. The Active Communities Strategy is being refreshed for 2022, whilst a number of programmes under Stockport Moving Together are helping people to stay active and healthy. The GM Clean Air Plan was approved in July, ahead of the introduction of a GM Clean Air Zone in May 2022. The flu vaccination programme has started, alongside the Covid booster vaccination, with the infection control team supporting measures to reduce the spread of infection, access to testing and the roll-out of the wider Covid vaccination programme to 12-15 year olds. Covid recovery plans are in place across services, and this is led by the new Thriving Communities Programme, alongside the Community Champions programme (see below).

Stockport will benefit from a thriving economy

Work to has continued to support businesses to deal with the effects of, and recover from, the pandemic. The Economic Resilience Forum has assisted in the creation and promotion of the discretionary Covid business grant schemes administered by the Council with £10.8 million of grant support being provided to over 2,000 businesses. Progress with the Mayoral Development Corporation over recent months has included approval of the Weir Mill scheme, with construction due to start in February 2022; engagement on the Interchange Public Park during the summer, with onsite work now underway; work to create a new neighbourhood in Town Centre West continues at pace; whilst planning consent was granted for Phase 4 of Stockport Exchange.

Meanwhile, occupancy levels of retail and other premises in Stockport Town Centre have been sustained throughout the pandemic. Following pandemic related delays, employment initiatives such as 'Steps to Work' and 'Stockport Jobs Match' are now developing well. Work is also ongoing between the Council's Directorates and STaR Procurement to set out how the Council develops its work on the Social Value agenda.

Stockport will be a place people want to live

Engagement continues on developing Stockport's Local Plan, along with a range of engagement activity over recent months on the Health and Care Plan and Stockroom. In total, over 5,000 responses were received to consultation and engagement activity that ended in Quarter 1 or Quarter 2. A range of activities to support our Climate Action Now CAN initiative are also underway, including embedding Environmental Impact Assessments (incorporating climate impact assessments) into council decision-making processes; initiatives to create low carbon and energy efficient homes and buildings; developing walking and cycling schemes and new and improved crossings; and organising the CAN Summit on 9th November. The Council was awarded a Public Sector Decarbonisation Scheme grant worth £5.6m to carry out decarbonisation across the civic complex, schools and leisure property.

All remaining libraries have been reopened over the summer and we have been moving back to a normal pattern of libraries events and activities. Since the easing of Covid restrictions, the Events team has received a huge amount of enquiries and bookings – particularly for weddings where there is pent up demand. The easing of restrictions however has also led to a significant increase in citizen demand for many services, resulting in increased calls to our contact centre, increased numbers of complaints across all areas and increased demand for registrar services.

The Pandemic Response Team operated through to late summer, when Covid restrictions were significantly eased. The team worked with local businesses, organisations and residents to support them with compliance with the restrictions. Overall, compliance levels were very good.

Following planning permission approval, good progress is being made on the Academy of Living Well, with work underway on developing the service delivery model and the internal design of the households, community space, and bistro, with input from key stakeholders, to ensure we deliver on the strategic ambition. Recycling and residual waste rates are now returning to pre-pandemic levels, whilst work is progressing to transfer services delivered by Life Leisure (trading as Stockport Sports Trust) into a new Stockport Active Community Interest Company (CIC).

Communities in Stockport will be safe and resilient

We continue to work with our VCFSE partners to build connected and inclusive communities. The ONE Stockport Local Fund will be re-launched in early 2022, whilst Sector Connector events have continued to build networks and increase capacity. Our Borough Plan is focused around addressing inequalities, and a framework is being developed across partner organisations for a Fair and Inclusive Stockport, informed by an Inequalities Summit planned for December.

The Stockport Community Champion programme, co-produced with VCFSE partners, has helped to support communities to improve health and wellbeing through funding a network of volunteers and community organisations. Meanwhile, the Stockport Volunteer Hub was launched in June to help match volunteers with opportunities in their local community. We are also continuing to support our Armed Forces community through a refreshed Covenant.

Work to strengthen financial resilience has included distribution of government grants to around 24,000 residents, with further work underway to support our most vulnerable households. Action on food poverty continues through the Food Network, co-ordinating providers to help meet increased demand in a sustainable way. Stockport Support Fund and Local Welfare Assistance teams have developed an enhanced support offer to households experiencing hardship due to the pandemic. Social value and corporate social responsibility are being promoted through STAR Procurement and across our VCFSE partners.

The ONE Neighbourhood partnership model and 'Team around the Place' approach have been utilised to establish a 'Team around the Hotel' to support 77 Afghan evacuees in Stockport. Work is also underway to develop the Safer Stockport Partnership's next three-year strategy with priorities identified by a range of partners and stakeholders, alongside political oversight.

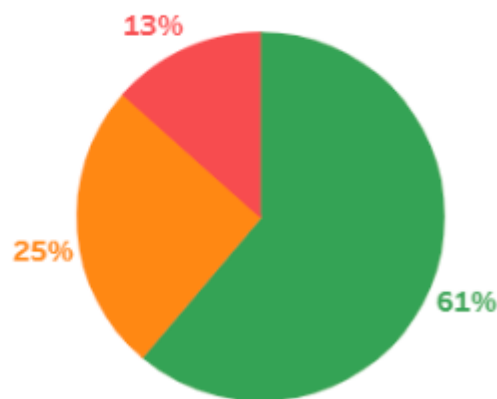
Our digital inclusion work goes from strength to strength and all three digital inclusion indicators are forecast to surpass this year's targets, with 15 additional organisations joining the Digiknow. Over 15,000 individuals have now been helped to get online or develop their digital skills since the Digiknow network was formed in 2018/19. Meanwhile, the GM Full Fibre Network programme is nearly completed in Stockport.

2. CORPORATE PERFORMANCE OVERVIEW AND ANALYSIS



Forecast data at Q2 for the 82 'Corporate Measures' across seven Portfolios shows that 61% of targeted measures (41) were forecast as being on or ahead of target and rated as 'Green'. A further 25% (17) were forecast as being within 5% of the target figure and rated as 'Amber'. Just 13% (9) were forecast to be significantly off-target (Red). This compares to final figures for 2020/21 of 51% Green, 35% Amber and 14% Red. These figures exclude 15 'contextual' measures which weren't targeted for 2021/22.

Performance Against Target (RAG Rating):



Two of the nine 'Red' rated measures – alcohol related hospital admissions and early years attainment for children on free school meals – have not been updated since the end of 2019, whilst the teenage conception measure is reported 18 months in arrears. This leaves six which are reported as being off-target as at the end of September 2021;

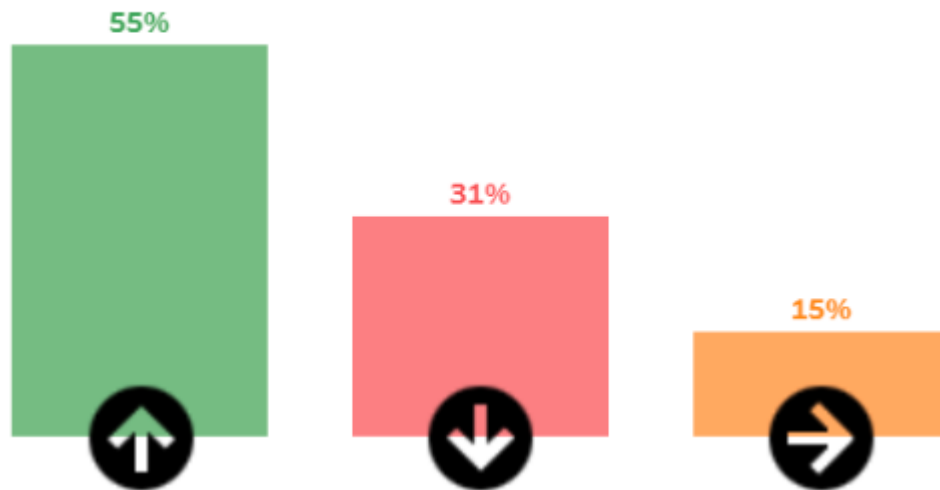
- The percentage of people accessing short-term social care services who no longer need long-term care has increased significantly since March but remains below the target figure (ACH).
- There has been an increase in the percentage of Stage 2 complaints upheld. This may be linked to a decrease in Stage 1 complaints upheld, and a review is being carried out following changes to complaints handling processes (CFE).
- The percentage of contacts made digitally has reduced. This is largely due to the 20/21 figure being inflated by a high number of visits to the web page to find bin collection days, following changes to the service due to Covid. The underlying trend on digital contacts remains positive (CFE).
- Museum visits are steadily increasing following re-opening, but due to Q1 being impacted by lock-down, visitor numbers will be lower than targeted. A Forward Plan for Museums and Galleries is being developed to re-engage residents (CFE).
- Whilst there has been an increase in apprenticeships for 16-18 year olds, this is still below the target figure as numbers begin to recover from the impact of the pandemic (CFSE).
- The reduction in continuing education learners from priority areas over the last academic year was also impacted by the pandemic, with most courses delivered online (IN).

The measures on short-term services, museum visits and apprenticeships were also included in the nine 'Red' measures reported at the end of 2021/22. A number of these measures are reporting an improved position at Q2, including more clients with a learning disability living independently, more affordable housing and a reduction in residual household waste. Whilst some

targets have been adjusted to reflect the impact of Covid, the improved forecasts suggest that performance is stabilising across many key areas of performance. No new data has been published since 2019 in relation to education, including attainment, attendance and weight measurement due to Covid. It is expected to be autumn 2022 at the earliest before data for the current academic year is available.

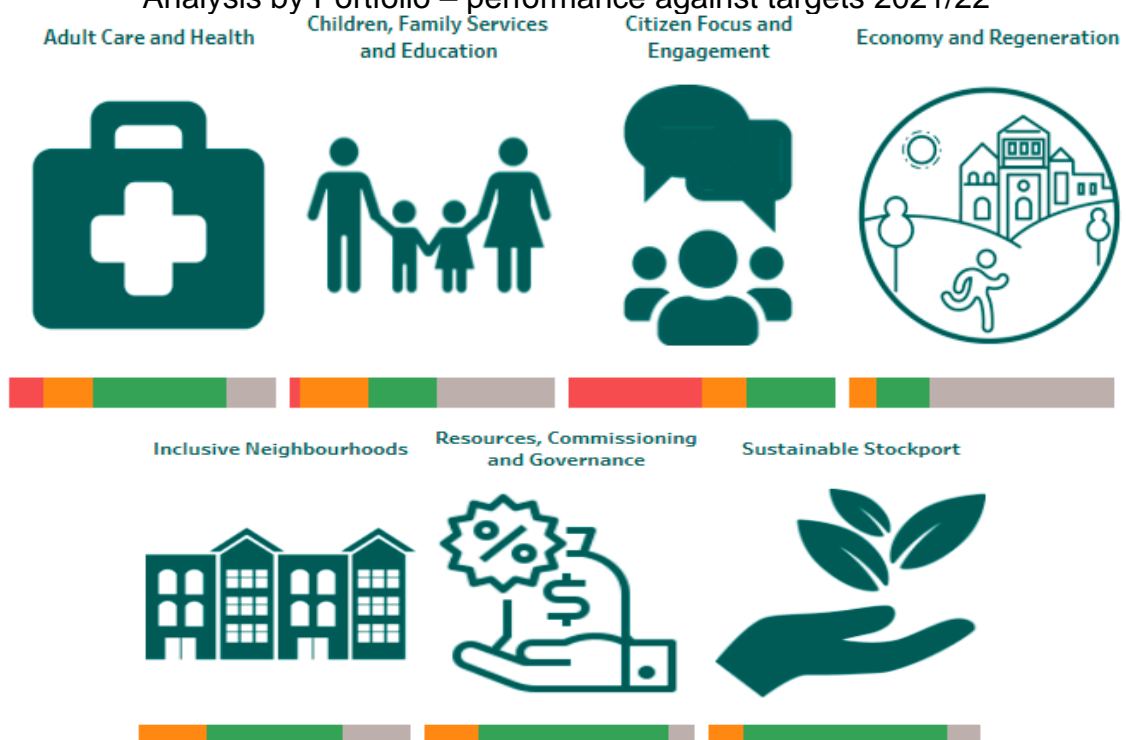
Of the 75 measures with an agreed polarity (ie aiming high or low), 55% (41) were forecast to improve since the previous period, with 15% (11) forecast as stable and 31% (23) forecast to deteriorate. This compares to 46%, 16% and 38% respectively reported at year-end 2020/21.

Performance Against Previous (Trajectory):



Of the 23 identified where performance was lower, just 4 were rated as 'Red' against targets – stage 2 complaints, digital contacts and continuing education are covered above, whilst work is underway to provide an updated figure for Q3 in relation to alcohol-related hospital admissions. A further eight were 'Amber' measures, although just three reported new data as at 30th September on performance in relation to the contact centre, payment of invoices and business rate collection. Seven were on or ahead of target despite reporting lower performance, whilst no target was set for the remaining four.

Analysis by Portfolio – performance against targets 2021/22



3. FINANCIAL OVERVIEW AND ANALYSIS

REVENUE BUDGET



3.1 Revenue Budget

This section of the report sets out the 2021/22 revenue budget forecast outturn position. It includes:

- A summary of the revenue budget and forecast outturn position for the Council as at 30 September 2021;
- Details of the forecast revenue outturn position with regard to Cash Limit budgets, Non-Cash Limit budget, Dedicated Schools Grant (DSG), the Housing Revenue Account (HRA) and Collection Fund;
- Updates on the Cabinet's positive investments including the additional budget amendments approved as part of the budget in February;
- Updates on the Contain Outbreak Management Fund (COMF); and
- Details on Reserves and Balances as at 30 September 2021.

3.2 Revenue Budget Adjustments

3.2.1 The following table summarises the proposed changes to the revenue budget that have arisen during Quarter 2.

2021/22 Revised Budget as at 30 September 2021

	Approved Budget £000	Revised Budget 30/09/21 £000	Increase (Reduction) £000
Cash Limits	196,863	196,921	58
Non-Cash Limits	76,145	76,087	(58)
Total	273,008	273,008	0

3.2.2 The table reflects the movement of budgets of £0.058m from Non-Cash Limit to Cash Limit and relates to allocations to the Children, Family Services and Education Portfolio from contingency budgets. A breakdown of the Quarter 2 budget virements 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**
Transfer of complaints staff	BR	65	CFS&E	CF&E	P
Support Funds	BR	50	AC&H	IN	P
Transfer of staff SLA review	BR	40	AC&H	CF&E	P
NLW uplift for Direct Payments	V	33	NCL	CFS&E	P
Transfer income target Etherow Café	BR	25	RC&G	SS	P
Children's Equip & Adapts	V	25	NCL	CFS&E	P
Staff regrade	V	2	IN	RC&G	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

3.3 2021/22 Revenue Outturn Forecast

- 3.3.1 The overall forecast outturn position for the Council's revenue budget is a surplus of £4.040m as set out in the table below. Portfolio cash limits are balanced following the provisional allocation of £7.735m (£8.531m at Q1+) from the Covid-19 Financial Scarring Impact contingency to reflect the additional costs or income reductions faced by individual Portfolio cash limits.

2021/22 Forecast Revenue Outturn as at 30 September 2021

Portfolio	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
Cash Limits				
Adult Care and Health	98,011	98,405	98,405	0
Children, Family Services and Education	44,511	44,395	44,395	0
Citizen Focus and Engagement	4,640	4,808	4,808	0
Economy and Regeneration	2,015	2,209	2,209	0
Inclusive Neighbourhoods	673	621	621	0
Resources, Commissioning and Governance	24,502	25,128	25,128	0
Sustainable Stockport	21,330	21,355	21,355	0
Total (Cash Limits)	195,682	196,921	196,921	0
Non-Cash Limits				
Pay Inflation	168	165	165	0
Inflation - Price and National Living Wage	2,907	1,902	1,902	0
Demand Pressures	1,472	1,472	1,472	0
Apprenticeship Levy	411	411	390	(21)
Covid-19 Financial Scarring Impacts	11,197	11,197	7,735	(3,462)
Other Non-Cash Limits	60,987	60,940	60,383	(557)
Total (Non-Cash Limits)	77,142	76,087	72,047	(4,040)
Total (Cash & Non-Cash Limits)	272,824	273,008	268,968	(4,040)
Financed by				
SMBC Council Tax	151,005	151,005	151,005	0
SMBC SC Precept	16,889	16,889	16,889	0
BR District Share	77,456	35,957	35,957	0
Business Rates - Tariff	(16,673)	(16,577)	(16,577)	0
BR Section 31 Grants	11,816	53,315	53,315	0
New Homes Bonus	881	881	881	0
Better Care Fund Allocation	6,333	6,333	6,333	0
Social Care Grant	7,841	7,841	7,841	0
Lower Tier Services Grant	317	317	317	0
Col. Fund Balance Distribution	1,012	1,012	1,012	0
Col. Fund 100% BR Pilot Benefit	3,622	3,622	3,622	0
Covid-19 General Support Funding 2021/22	7,629	7,629	7,629	0
Covid-19 Col. Fund Support Funding	3,432	3,432	3,432	0
Covid-19 SFC Income Loss Compensation	494	494	494	0
Covid-19 Col. Fund 2020/21 Deficit Deferral	(2,504)	(2,504)	(2,504)	0
App from Reserves – Col. Fund Impact Smoothing	1,400	1,400	1,400	0
App from Reserves	1,874	1,962	1,962	0

2021/22 Forecast Revenue Outturn as at 30 September 2021

Portfolio	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
	272,824	273,008	273,008	0
	0	0	(4,040)	(4,040)

Cash Limit Portfolios

3.3.2 Cash Limit Portfolios are projecting a balanced position at the Mid-Year point. However, as highlighted in the Q1+ Budget Monitoring Update report, this has only been achieved through utilising the Council's Covid-19 scarring contingency set aside in the 2021/22 budget to mitigate the income losses expected across the Council due to the pandemic. Members will recall £11.197m of contingency was set aside for this purpose and the latest revised forecast anticipates an indicative utilisation of £7.735m, a reduction of £0.796m from the Q1+ forecast largely due to improved income forecasts within the Investment and Development Account. The revised indicative allocation is against Resources, Commissioning and Governance Portfolio (£4.393m), Sustainable Stockport Portfolio (£3.198m) and Citizen Focus and Engagement Portfolio (£0.144m). This means £3.462m is available to address any further Covid-19 related financial impacts as we approach the winter months and the continued uncertainty surrounding Covid-19 during this period.

3.3.3 Details regarding the use of Covid-19 scarring contingency for each portfolio is set out below.

Resources, Commissioning and Governance

3.3.4 The Portfolio is reporting a balanced position against a budget of £25.128m in 2021/22. This is only achieved through the indicative utilisation of the Covid-19 financial scarring contingency of £4.393m to address the expected income losses, mainly arising from reductions in net rental receipts due to the market conditions during the pandemic, from the Council's strategic commercial investments in the Investment and Development Account. This represents an improvement of £0.612m due to improved income forecasts as actuals are higher than previously anticipated at Q1+. Further analysis of income estimates will continue to be completed following the easing of lockdown restrictions, which may result in a more positive or adverse position.

Sustainable Stockport

3.3.5 The Portfolio is reporting a balanced position against a budget of £21.355m through the utilisation of £3.198m from the Covid-19 financial scarring contingency. The latest forecast includes deficits on Borough Leisure Facilities of £2.663m (was £2.694m), £0.918m (was £0.978m) on Car Parking and £0.112m (was £0.109m) on Taxi Licensing which are caused by income losses due to Covid-19. These deficits are partially offset by surpluses elsewhere within the Portfolio including £0.289m (was £0.267m) in Transport due to lower energy costs for Street Lighting from LED lighting and £0.206m vacancies within the Neighbourhoods and Network Assets teams.

Citizen Focus and Engagement Portfolio

The Portfolio is reporting a breakeven position against a budget of £4.808m in 2021/22. This includes an indicative Covid-19 scarring allocation of £0.144m (down from £0.328m at Q1+). The Portfolio does have a degree of reliance on fees and charges income streams in services such as Registrars, Museums and Arts; and the Events Team. Some improvement in activity is now forecast, though in part will depend on actual performance in December; any changes to government advice and public appetite will be constraining factors. Some

cost savings have been applied that mitigate some of the income losses including casual staffing savings, secondments onto track and trace and in general slower recruiting processes particularly in the early months of the year before the summer re-opening.

- 3.3.6 Further updates for each Portfolio can be found in the respective Portfolio Performance and Resources Reports on the relevant scrutiny committee meeting agendas – see links on p3.

3.4 Positive investments including budget amendments

- 3.4.1 As part of the 2021/22 Budget, the Council approved a range of positive investments through the utilisation of one-off resources held in reserves, with the view that it will provide additional council support to protecting and recovering the Stockport economy, supporting residents, maintaining and developing the sense of community and providing further financial investment for the Council's Climate Action Strategy. Updates for each investment is provided below.

Digital Inclusion and Financial Inclusion Services to Support Residents (£0.500m)

- 3.4.2 A two-year funding agreement is being entered into with a partner organisation to deliver aspects of the digital inclusion programme.

Cultural Services to Support Our Residents (£0.050m)

- 3.4.3 Continued development of the Cultural Network and Strategy and projects. £0.050m will be spent in 2021/22 on continuing work on the Cultural Network and Strategy and other projects

Libraries Open Plus (£0.300m)

- 3.4.4 The focus of investment is the installation of Open Plus at the remaining libraries which have not yet had Open Plus installed and digital tools to support residents with digital access and self-service enabling greater usage of these facilities during both Open Plus hours and staffed hours across Stockport Libraries. The allocation is forecast to be spent in full by the end of the year. Circa £0.120m will be spent on the installation of Open Plus at four further libraries, taking the total of Open Plus libraries to 13 out of Stockport's 16 libraries. All libraries have been assessed for suitability for the installation of Open Plus.
- 3.4.5 Bridgehall, Offerton and Central Libraries, however, are not suited to installation due to the layout of the buildings. The remaining investment will be used to increase digital tools in our libraries that enable residents to self-serve during both staffed and unstaffed hours. These include large information screens and "hublets" – a bank of tablets that can be used in the library for browsing the web and accessing online resources.

Health and Wellbeing Mental Health (£0.100m)

- 3.4.6 The investment is being committed against a combination of early help support, mental health awareness training, support with reengagement after lockdown/pandemic, and a Stockport-wide health communications campaign.

Health and Wellbeing Public Health (£0.100m)

- 3.4.7 Commitments align to additional provision within Drug and Alcohol Services, including further support to individuals who can find it challenging to engage with services. There is also additional investment into the ASC front door service.

Targeted Youth Support (£0.150m)

- 3.4.8 Funding was allocated to increase detached youth work capacity alongside existing grant funded programmes with co-ordination through Targeted Youth Support, thus providing a more cohesive approach in reducing youth disorder and anti-social behaviour and achieving

positive outcomes. To date three additional youth workers and one senior youth worker have been recruited supplemented by R Time (a partnership between Life Leisure, Stockport Homes and SMBC) and VRU (Violence Reduction Unit) funding. Youth workers have been deployed to priority areas of youth ASB and disorder, working evenings and weekends and at other key hot spot times. However due to recruitment delays it is not anticipated that the total allocation of £0.150m will be spent by the end of the financial year.

Tackling Climate Change (£0.600m)

- 3.4.9 In March 2019, Stockport Council declared a Climate Emergency and expressed an ambition to become carbon neutral by 2038. The Council developed a strategy that includes transport, energy, and the environment. It is anticipated that spend on environmental elements will be spread over a ten year period to 2030/31, with much of this spend front loaded over the next four to five years.

Hopes Carr Memorial Park (£0.300m)

- 3.4.10 The tender for this work has been let. The forecast spend in 2021/22 is £0.300m however the project may run into the early part of 2022/23 due to the very tight deadline.

Budget Amendment: Free Parking on Saturdays in local and district centres and the Town Centre (including Merseyway) for one year (£0.486m)

- 3.4.11 The full use of reserves has been assumed in the 2021/22 forecast as parking is free for four hours each Saturday for the year.

Budget Amendment: Parks and Greenspaces conditions investment (£0.300m)

- 3.4.12 It is anticipated that the full allocation (£0.300m) will span 2021/22 and 2022/23. Agreed projects include:

- to perform works that reduce future maintenance liabilities and also perform missed winter works / catch up work (£0.060m);
- to provide small-scale play improvements and investment in local play areas and destination parks (£0.060m);
- to provide additional park furniture including signage and additional bins in greenspaces (£0.050m);
- to provide plant materials to facilitate replacement planting (£0.050m) with plant species that have lower maintenance requirements and are of greater benefit to wildlife;
- to provide training opportunities (£0.020m) for new volunteers to allow them to act more independently and maintain new horticultural assets;
- to provide new machinery (£0.040m) that can be used to cut and clear meadows and areas managed under long grass regimes; and
- to provide support to small scale projects (£0.020m) that align to and support the Councils CAN targets such as small scale planting of fruit trees, mini-wild flower areas and tree planting.

3.5 Contain Outbreak Management Fund

- 3.5.1 The Council has received a total grant allocation aligned to the Contain Outbreak Management Fund (COMF) of £12.245m, including 2020/21 and 2021/22. Funding has been provided on a per head rate of allocation, at varying rates during the periods of lockdown and tier restrictions during last financial year. The grant conditions state that unspent balances in 2020/21 could be carried forward into 2021/22.

- 3.5.2 Commitments continue to be aligned to support the Council's outbreak management and response. Senior Responsible Officers have been assigned to each of the investment proposals, aligned to the grant conditions, taking into consideration new investments and impact to council services to support with all aspects of outbreaks of infection.
- 3.5.3 At Quarter 2 the Council has spent to date, including future commitments for this financial year £10.862m. Commitments for the remaining grant balance are being developed, giving consideration to the approaching winter period and interventions which will be required to support with managing any local future outbreaks of infection.

3.6 Non-Cash Limit

- 3.6.1 The overall Non-Cash Limit is forecasting a surplus of £4.040m of which £3.462m is the balance from the Covid-19 Financial Scarring Impact contingency as highlighted earlier in the report. In addition to this, there is a surplus in relation to waste collection costs due to this being funded temporarily by non-recurrent Covid-19 grants and a surplus budget due to changes in the waste disposal levy. There is a potential surplus anticipated within debt charges budget as the cost of short-term borrowing continues to remain at record low levels. The forecast also assumes that all remaining pay, price and demand contingency is allocated during the remainder of the year.
- 3.6.2 However, given the current inflation rate (CPI 3.1%) at the end of September coupled with the ongoing national pay inflation negotiations, any surpluses realised from debt charges or unallocated contingencies could be potentially offset by additional inflationary costs. Therefore, it is prudent to forecast a balanced position at this stage for debt charges and contingencies until further information is confirmed throughout the remainder of the year when forecasts can then be adjusted accordingly. If pay negotiations are not concluded by the end of the financial year, any surplus generated from debt charges and/or contingencies is recommended to be earmarked to the Workforce Investment/Change Reserve to mitigate the impact of these additional costs.

3.7 Dedicated Schools Grant (DSG)

- 3.7.1 Dedicated Schools Grant (DSG) - the Centrally Held Budget (CHB) is managed by the local authority on behalf of schools and consists of a range of services to schools and pupils.
- 3.7.2 The total DSG allocation which is centrally held is £35.128m comprising of the high needs block (£29.593m), de-delegated funding for services to LA maintained schools (£2.975m), Central Reserve (£0.625m) and Central School Services (£1.935m). The latest forecast outturn position provides an in-year deficit of £2.115m.
- 3.7.3 The significant cost pressure within the overall DSG Quarter 2 forecast are increases in the high needs block pertaining to:
- More pupils in mainstream schools accessing HN top-up support funding.
 - Requirement to increase local specialist capacity further for SEN placements.
 - Increase in placements in high cost external/independent providers.
 - Increase in occupational health and speech and language support contracts for the increased special school pupil cohort; and
 - Import/export and Post 16 funding adjustments re DSG funding.
- 3.7.4 The above is demonstration of the continual increase in demand for pupils with high needs who require education and support in a specialist provision.

- 3.7.5 The above deficit will be carried forward as part of the cumulative deficit (estimated at c. £3.500m) into the 2022/23 financial year alongside the deficit brought forward from 2020/21 and will be managed as part of the overall DSG review project which is currently at stage two implementation stage with all stakeholders in relation to the initial findings and key recommendations as presented to Cabinet for approval in June 2021.
- 3.7.6 This will run alongside the Council's vision to implement a new Integrated children's and education strategy linked to the outcomes/requirements following the local area SEND inspection in autumn 2018 and the subsequent written statement of action (WSOA).

3.8 Housing Revenue Account (HRA)

- 3.8.1 The HRA forecast outturn at Quarter 2 (see appendix 2) is a surplus of £0.751m. There are some gains noted including lower interest and bad debt, along with higher rental income due to better than budgeted voids and lower Right to Buys expected.
- 3.8.2 The favourable variances are offsetting some of the adverse areas of expenditure being realised such as a lower rental income from new builds due to the later than budgeted completion of the Hexham Close site.
- 3.8.3 The surplus is being ring-fenced for Project Phoenix, the establishment of a Head of Building Safety and associated support costs.

3.9 Collection Fund

- 3.9.1 The table below provides a summary of the forecast Collection Fund outturn position for 2021/22:

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(196,941)	(61,587)	(258,528)
Collection Fund Expenditure*	197,565	81,234	278,799
2021/22 (Surplus)/Deficit	624	19,647	20,271
Allocated to:			
Stockport Metropolitan Borough Council	530	19,451	19,981
Mayoral Police and Crime Commissioner	66	0	66
Mayoral General including Fire Services Share	28	196	224
	624	19,647	20,271

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

- 3.9.2 The forecast outturn position is a deficit of £20.271m made up of a £0.624m deficit on Council Tax and a £19.647m deficit on Business Rates. The Council's share of this deficit is £19.981m made up of £0.530m on Council Tax and £19.451m on Business Rates.
- 3.9.3 This forecast reflects the decision taken by the government at the Budget on 3 March 2021 to continue the Extended Retail and Nursery relief in response to the Covid-19 pandemic into 2021/22. The eligible properties will receive 100% business rates relief from 1 April

2021 to 31 June 2021 followed by 66% business rates relief from 1 July 2021 to 31 March 2022.

3.9.4 Central Government will fully reimburse local authorities for the local share of the discretionary relief using a Section 31 grant. Based on the current forecast for extended retail and nursery relief, £18.085m will be received to compensate for the loss of business rates income as a result of this discretionary relief.

3.9.5 The table below shows the Collection Fund position adjusted for S31 grant related to the Covid-19 relief:

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(196,941)	(61,587)	(258,528)
Additional S31 Grant		(18,085)	(18,085)
Collection Fund Expenditure*	197,565	81,234	278,799
2021/22 (Surplus)/Deficit	624	1,562	2,186
Allocated to:			
Stockport Metropolitan Borough Council	530	1,546	2,076
Mayoral Police and Crime Commissioner	66		66
Mayoral General including Fire Services Share	28	16	44
	624	1,562	2,186

3.9.6 The adjusted position shows a total deficit of £2.186m made up of £0.624m deficit on Council Tax and £1.562m deficit on Business Rates. The Council's share of the deficit is £2.076m made up of £0.530m on Council Tax and £1.546m on Business Rates.

3.9.7 The current business rates position reflects a net top up to the appeals provision. The balance of the appeals provision is to be reviewed in detail focussing on outstanding checks, challenges and appeals plus identified threats to determine if the top up is sufficient or if there is a potential to amend the total appeals provision and release some provision back into the Collection Fund.

3.9.8 The benefit from the 100% Business Rates pilot on the current Collection Fund position is a total of £2.145m to be shared as per the agreement reached with GMCA.

3.10 Reserves and Balances

3.10.1 The table below shows the overall summary position on reserves at Quarter 2 and reflects the adjustments made as part of the Reserves Policy reported earlier in the year and appropriations made to the end of September.

Reserves and Balances at 30 September 2021

	Balance as at 01/04/2021 £000	Reserves Policy adjustments £000	Transfers to / (from) Reserves £000	Balance as at 30/09/2021 £000
General Fund Balances	16,205	(1,022)		15,183
Total General Fund Balances	16,205	(1,022)	0	15,183
Reserve Linked to Budget	12,336	11,123		23,459
Strategic Priority Reserve	41,465	(9,349)	(558)	31,558
Budget Resilience Reserve	3,980	(380)		3,600
Corporate Reserves	75,264	(372)	(48,543)	26,349
Directorate Reserve	750			750
Total Earmarked Reserves	133,795	1,022	(49,101)	85,716
DSG and School Balances	15,642	0	(14,378)	1,264
HRA Balances	1,441			1,441
HRA Earmarked Reserves	1,611			1,611
Total Ring-fenced Reserves	18,694	0	(14,378)	4,316
Total Reserves and Balances	168,694	0	(63,479)	105,215

3.10.2 General Fund Balances have decreased by £1.022m to the recommended balance of £15.183m following the reserves policy.

3.10.3 Total Earmarked Reserves have decreased by £48.080m to £85.715m during the first half of the year. This is largely due to appropriations from the Collection Fund Reserve to finance the revenue budget. This includes:

- £41.508m of Section 31 grants received in 2020/21 to compensate for the Business Rates extended retail reliefs in 2021/22 as reported in the 2020/21 Annual Report.
- BR 100% pilot GM Benefit Share of £3.622m.
- Collection Fund Smoothing of £1.400m; and
- £1.962m to balance the revenue budget.

3.10.4 One further significant appropriation includes £0.558m in relation to up front savings made in advance of 2021/22 which relates to TLC from the Waste Levy Smoothing Reserve.

3.10.5 DSG and School Balances decreased by £14.378m to £1.264m and relates to the redistribution of school balances back to schools.

3.10.6 Details of individual earmarked reserve balances can be found at appendix 3 and includes the latest commitments against each reserve.

4. FINANCIAL OVERVIEW AND ANALYSIS

CAPITAL PROGRAMME



4.1 2021/22 Capital Programme

4.1.1 The Council's 2021/22 three-year Capital Programme is £349.272m as at 30 September 2021, with planned expenditure of £147.114m in 2021/22

2021/22 Three Year Capital Programme

Expenditure as at 30 Sept 2021 £000	Portfolio	2021/22 Programme £000	2022/23 Programme £000	2023/24 Programme £000	Programme 2024/25 Onwards £000
153	Adult Care & Health	339	122		
	Children, Family Services & Education		24		
28,295	Economy & Regeneration	67,906	57,245	24,178	3,428
8,547	Resources, Commissioning & Governance	33,693	43,564	1,805	32,793
13,862	Sustainable Stockport	45,176	50,102	25,118	75,066
50,857	TOTAL	147,114	151,057	51,101	111,287

4.1.2 The table below provides the position of the current year's Programme as at 30 September 2021. There is accrued expenditure of £50.857m and a further £14.282m is committed to capital schemes. By the year end, the Council is aiming to invest a total of £147.114m in its Capital Programme.

2021/22 Quarter 2 Capital Programme

Portfolio	2021/22 Programme £000	Expenditure as at 30 Sept 2021 £000
Adult Care & Health	339	153
Economy & Regeneration	67,906	28,295
Resources, Commissioning & Governance	33,693	8,547
Sustainable Stockport	45,176	13,862
TOTAL	147,114	50,857

4.2 Capital Programme Adjustments

4.2.1 During the latest reporting period, there has been a net increase in the overall three-year Capital Programme of £22.055m due to a number of funding allocations (net total of £23.783m) and the total increase is offset by the re-phasing of £1.728m to beyond the current three-year Programme. Details of the changes made to the Programme during quarter 2 are set out at paragraphs 4.2.3 to 4.2.6 below. Progress on schemes for each

Portfolio during quarter 2 can be found in the respective Portfolio Performance and Resources Reports on the relevant scrutiny committee meeting agendas.

4.2.2 A net total of £23.783m has been added to the three-year Capital Programme since last reported at Q1+ and the most significant funding allocations and amendments (in the 2021/22 Programme unless otherwise stated) include the following:

- £1.648m of mostly grant funding allocated to various Highways Schemes in 2021/22 and £1.593m in 2022/23, including £2.093m towards Bus Stop and Passenger Travel Enhancements (£0.500m in 2021/22 and £1.593m in 2022/23), £0.505m for the Cheadle Town Scheme, and £0.592m towards Studies and Transport Minor Schemes (Economy and Regeneration).
- £14.460m Future High Street Fund grant funding, £2.170m allocated in 2021/22, £7.700m in 2022/23 and £4,590m in 2023/24. (Economy and Regeneration).
- £0.806m of directly funded borrowing for Weir Mill Development (Economy and Regeneration).
- £1.327m of directly funded borrowing (£0.065m in 2022/23 and £1.262m in 2023/24) for Stockport Exchange Phase 4 (Economy and Regeneration).
- £1.589m of directly funded borrowing (£0.250m in 2021/22 and £1.339m in 2022/23) for Mayoral Development Corporation schemes (Economy and Regeneration).
- £1.400m unsupported borrowing in 2022/23 for the Lisburne School Expansion Scheme to bring the Programme in line with the overall funding approved for this scheme (Resources, Commissioning and Governance).
- £0.580m of directly funded borrowing for the Town Centre Asset Review (Resources, Commissioning and Governance).
- £0.609m additional funding for HRA General Capital Schemes (Sustainable Stockport).
- £3.228m Disabled Facilities Grant funding allocated in 2022/23 (Sustainable Stockport); and,
- £4.580m reduction in loans to Stockport Homes Ltd for the Affordable Homes schemes (Sustainable Stockport).

4.2.3 Capital schemes often span many years, the spending profiles of schemes are regularly reviewed as their progress and the Programme is adjusted accordingly. There has been substantial re-phasing of schemes during the quarter, with a net value of £28.665m being re-phased from 2021/22 to 2022/23 and later. The significant schemes being re-phased are set out below (re-phasing is from 2021/22 to 2022/23 unless otherwise stated):

- £0.500m of corporate unsupported borrowing for the Highways Investment Programme (Economy and Regeneration).
- £0.899m of grant funding for the SEMMMS Relief Road scheme has been re-phased from 2021/22 and £0.466m from 2023/24 to 2022/23 increasing the 2022/23 planned spend by £1.365m (Economy and Regeneration).
- £0.538m of grant funding for the Poynton Relief Road scheme has been re-phased from 2021/22 to 2022/23 and a further £3.583m has been re-phased from 2023/24, £0.155m brought forward to the 2022/23 Programme and the remaining £3.428m to beyond the current three-year Programme (Economy and Regeneration).
- £1.393m of directly funded borrowing has been brought forward from 2022/23 to meet expenditure on Merseyway Development (Economy and Regeneration).
- A total of £30.327m of grant funding and unsupported borrowing for Schools Estate schemes has been re-phased (Resources, Commissioning and Governance).

- £2.217m unsupported borrowing for the Asset Management Plan has been brought forward from 2022/23 to finance spend in 2021/22 (Resources, Commissioning and Governance).
- £1.700m has been brought forward from beyond the current three-year Programme for drawdowns against the TLC Fleet Vehicle Loan Facility (Resources, Commissioning and Governance); and,
- £1.263m of funding for HRA New Build Schemes has been re-phased £0.248m to 2022/23 and £1.015m to 2023/24 (Sustainable Stockport).

4.2.4 The changes to the Capital Programme during Quarter 2 are set out by Portfolio in the table below.

Portfolio	Programme as at 31 Jul 2021 £000	Additional /Reduced Programme £000	Virement/ Re- phasing £000	Programme as at 30 Sept 2021 £000
<u>2021/22</u>				
Adult Care & Health	199	70	70	339
Children, Family Services & Education				
Economy & Regeneration	63,523	4,884	(501)	67,906
Resources, Commissioning & Governance	59,600	503	(26,410)	33,693
Sustainable Stockport	50,644	(3,644)	(1,824)	45,176
Total	173,966	1,813	(28,665)	147,114
<u>2022/23</u>				
Adult Care & Health	192		(70)	122
Children, Family Services & Education	24			24
Economy & Regeneration	45,433	10,697	1,115	57,245
Resources, Commissioning & Governance	14,054	1,400	28,110	43,564
Sustainable Stockport	46,065	3,228	809	50,102
Total	105,768	15,325	29,964	151,057
<u>2023/24</u>				
Adult Care & Health				
Children, Family Services & Education				
Economy & Regeneration	21,655	6,565	(4,042)	24,178
Resources, Commissioning & Governance	1,805			1,805
Sustainable Stockport	24,023	80	1,015	25,118
Total	47,483	6,645	(3,027)	51,101

4.3 Capital Programme Resources

4.3.1 The following table sets out the resources available to fund the 2021/22 Capital Programme.

Resources	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 onwards £000
Capital Grants	60,535	49,826	21,306	17,667
Directly Funded Borrowing	40,181	41,909	6,110	49,936
Unsupported Borrowing	29,025	34,263	4,845	416
Capital Receipts	505	5,358	5,624	16,788
External Contributions	1,687			
Commuted Sums	1,850	1,270	800	
Revenue Contributions (RCCO)	1,424	6,286	28	13,451
HRA funding from MRR	11,907	12,145	12,388	13,029
TOTAL	147,114	151,057	51,101	111,287

4.3.2 Prudential borrowing (directly funded borrowing and unsupported borrowing) makes up the largest source of funding for the Council's Capital Programme and is being used to finance £69.206m (47%) of the 2021/22 capital expenditure.

4.3.3 The Council continues to receive significant capital grant funding and £60.535m of it is being used to finance the 2021/22 Capital Programme.

4.4 Capital Prudential Indicators 2021/22

4.4.1 The prudential indicators for the Council's 2021/22 Capital Programme are set out below. These are split into General Fund (non-HRA) and HRA and compare the budgeted 2021/22 Capital Programme to the 2021/22 Capital Programme as at 30 September 2021.

Capital Expenditure	2021/22 Budget £000	2021/22 Forecast £000
General Fund (non HRA)	119,298	118,896
HRA	40,920	28,218
Total	160,218	147,114

4.4.2 The Capital Financing Requirement (CFR) measures the Council's cumulative underlying need to borrow due to capital investment.

Capital Financing Requirement	2021/22 Budget £000	2021/22 Forecast £000
General Fund (non HRA)	696,047	690,500
HRA	169,969	157,997
Total	866,016	848,497

- 4.4.3 The ratio of financing costs to net revenue stream is the percentage of the revenue budget set aside each year to service debt-financing costs. The tables below set out these ratios for the General Fund and HRA.

General Fund	2021/22 Budget £000	2021/22 Forecast £000
Total Financing Costs	23,605	23,431
Ratio to Net Revenue Stream	8.71%	8.65%

HRA	2021/22 Budget £000	2021/22 Forecast £000
Total Financing Costs	5,951	5,974
Ratio to Net Revenue Stream	10.86%	10.90%

Recommendations

Cabinet is asked to:

- a) Review progress against delivering council priorities and capital schemes alongside budget and performance forecasts contained within the report.
- b) Note the key achievements against Shared Priorities (Exec Summary) and analysis of corporate performance for 2021/22 (section 2).
- c) Note the Cash Limit and Non-Cash Limit forecast positions for 2021/22 as set out in section 3.3 and 3.6.
- d) Note the update to the Council's positive investments as set out in section 3.4
- e) Note the update on the Council's Contain Outbreak Management Fund (COMF) investments plan set out in section 3.5.
- f) Note the Dedicated Schools Grant, Housing Revenue Account and Collection Fund forecast positions as set out in sections 3.7, 3.8, and 3.9.
- g) Note the appropriations to/from reserves and balances as set out in section 3.10 and note the resulting reserves and balances position as at 30 September 2021.
- h) Note the position for the 2021/22 Capital Programme as set out in section 4.1.
- i) Note the adjustments and re-phasing of capital schemes during the quarter as set out in section 4.3.
- j) Approve the proposals for resourcing and additional resources required for the Capital Programme as set out in section 4.2.
- k) Approve the resourcing of the capital programme as set out in section 4.3.
- l) Approve the 2021/22 prudential indicators as set out in section 4.4, and
- m) Identify key areas for further investigation and responsibility for taking forward corrective action to address any existing or outturn issues or risks.

Appendices

1. Revised Revenue budget as at 30 September 2021.
2. 2021/22 Housing Revenue Account Forecast Outturn as at 30 September 2021.
3. Reserves and Balances as at 30 September 2021.