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METROPOLITAN BOROUGH COUNCIL

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# Corporate Performance and Resources Third Quarter Update Report 2021/22



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**ONESTOCKPORT**

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# INTRODUCTION



I'm pleased to present the Third Quarter Update Corporate Report which provides a summary of progress towards delivering our priorities and spending plans. This is the final report of this municipal year, with the 2021/22 Annual Report due to be presented to the first committee cycle of the 2022/23 Municipal Year in June.



Our proposals for delivering a balanced budget are due to be presented to the Council Meeting on 24<sup>th</sup> February, along with our priorities for the year ahead within our new Council Plan. Both reflect our long-term ambitions for the borough and how we intend to deliver on these for the people of Stockport.

Whilst we start to move towards a new phase of 'living with Covid' it's worth highlighting the extent to which the pandemic continues to impact on our finances and service performance, in addition to the everyday lives of many of our residents, employees and local businesses.

Our latest performance figures suggest that we are continuing to improve across measures ranging from adult social care and building more affordable homes to recycling and reducing energy consumption. We well-placed to make a strong recovery, with take-up rates across our flu and Covid vaccination programmes the highest in Greater Manchester, and amongst the highest nationally. There remain some areas, however, where getting back to pre-pandemic levels will take longer.

In financial terms we know that there has been a massive reduction in our council income in spite of help through government grants. Our portfolio revenue budgets are broadly on target (accepting that that's reliant on a large chunk of allocated reserves being utilised) but we still could be faced with some unexpected twists before the end of the financial year. Some elements of our capital programme have been re-phased to next year but it's pleasing to see the overall progress being made in delivering many of these major schemes.

Our new Digital Strategy outlines ambitions for a radically digital Stockport, whilst a new Economic Plan sets out how we will continue to support an enterprising and thriving borough. We continue to support our residents through uncertain times, not least the pressures experienced from rising costs. I am pleased with the progress we are making towards delivering on our ambitions for Stockport and remain optimistic about the coming year.

**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 2021. 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 Third Quarter Update 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 for Quarter Three focus on performance highlights and exceptions along with a more detailed update on financial performance, 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
<a href="#">Communities and Housing</a>	28 Feb	Sustainable Stockport Inclusive Neighbourhoods
<a href="#">CRMG</a>	1 March	Resources, Commissioning and Governance Citizen Focus and Engagement Corporate Report
<a href="#">Children and Families</a>	1 March	Children, Family Services and Education
<a href="#">Adult Social Care and Health</a>	3 March	Adult Care and Health
<a href="#">Economy and Regeneration</a>	3 March	Economy and Regeneration

## Revenue Budget Forecast Position 2021/22

	Revenue Budget £000	Out-Turn £000	(Surplus)/ Deficit £000	Reserves and Balances	Balance at 31/12/21 £000
Cash Limits	196,921	196,921	0	<u>Non-Ring fenced:</u>	
Non-Cash Limits	76,087	74,409	(1,678)	General Fund Balances	15,183
<b>Total</b>	<b>273,008</b>	<b>271,330</b>	<b>(1,678)</b>	Earmarked Reserves	85,716
				<u>Ring fenced:</u>	
2021/22 Capital Programme (£000)			<b>126,368</b>	DSG and School Reserves	1,264
2022/23 Capital Programme (£000)			<b>193,394</b>	HRA Reserves	3,052
2023/24 Capital Programme (£000)			<b>94,825</b>	<b>Total Reserves and Balances</b>	<b>105,215</b>

## **Delivering our Shared Outcomes for Stockport**

Whilst the Third Quarter Update Portfolio Reports focus on performance rather than wider delivery of priorities, some key highlights from Q3 are included below under the 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**

Latest data shows that children are getting a better start in life, with fewer new mothers smoking and more breastfeeding their babies. Children with special educational needs and disabilities and their families continue to be supported, with 92% of education, health and care plans issued within 20 weeks compared to just 62% in 2020/21. We continue to ensure that children and young people are protected from harm. Whilst the number of children in care or subject to child protection plans has continued to increase, the numbers running away from home or care has reduced this year. Although the number of young people, including care leavers, engaging in education, employment or training is below target, it continues to increase.

The 2021/22 flu vaccination programme is being delivered alongside the Covid vaccination programme and has once again seen Stockport record some of the highest take-up rates across the country, particularly for the over-65s. Infection control measures are proving successful, with no MRSA infections reported in 2021, and no flu outbreaks reported in care homes since 2019/20. Although up slightly since 2020/21, the long-term trend for alcohol related hospital admissions continues to fall, whilst more people are also completing drug treatment programmes.

In adult social care, more safeguarding outcomes are being achieved and the backlog of Deprivation of Liberty Safeguards priority referrals is starting to reduce. More carers are getting direct payments, and our intermediate care services are reducing the need for long-term care packages. More adults with a learning disability are living independently, and whilst the proportion in paid employment has reduced slightly, Stockport continues to out-perform other areas nationally and across the North West. The overall quality of care continues to be high with over 86% of facilities rated as good or outstanding by the CQC. Meanwhile, admissions to residential care or nursing homes are starting to return to pre-pandemic levels whilst remaining below target. The proportion of people who are supported to remain at home following a hospital discharge is also increasing. Both these measures are key to supporting the wider health economy during extreme winter and Covid pressures, in addition to achieving our 'home first' ethos.

### **Stockport will benefit from a thriving economy**

Engagement is currently underway to develop a Stockport Economic Plan, which will be launched in the spring. Key measures supporting our ambitions for an enterprising and thriving Stockport show a number of positive trends. These include increased occupancy at the business incubator helping new and innovative businesses, more office, retail and industrial space being let or sold to new occupiers, most notably in the Town Centre, and increased footfall in the BID area within the Town Centre, despite the impact of the Omicron Covid variant in December.

Latest data also shows that more new businesses are surviving into their third year and unemployment, including youth unemployment, has reduced since March 2021. More young people are being supported into employment through schemes such as Kickstart and Steps to Work, to help improve their skills through local grant funding and through apprenticeships. A new, long-term contract for Stockport Jobs Match has recently been awarded.

We are continuing to support the development of Stockport's 'Green Economy' with the recent launch of the Climate Action Business Forum, whilst exploring the potential for renewable energy schemes through the Local Area Energy Plan and unlocking the potential for 'clean energy' through the GM 'Go Neutral' scheme.



### **Stockport will be a place people want to live**

A number of new walking and cycling schemes are expected to be completed by the end of March, along with 30 new or improved pedestrian crossings. The programme to plant new trees along the highway and create new woodlands and grasslands is now underway with around 4,500 young trees planted during Q3, along with a new grassland meadow planned for Woodley. Two new orchards are also on schedule to be completed this year.

We are continuing to develop the homes we need, almost doubling the number of affordable homes scheduled for completion in 2021/22 compared with the previous year and exceeding our target for those in our priority areas. Despite delays in the housing market and with availability of labour and materials, we are on track to bring over 1,000 private homes back into use. We are also continuing to deliver positive outcomes for homeless households, with homelessness prevented in 78% of cases where the council had a legal duty.

Concerted action and a social media campaign have helped to reduce fly-tipping cases quarter-on-quarter. The amount of residual household waste generated is also reducing, although this remains significantly higher than pre-pandemic due to the numbers of people working at home. Recycling is also set to increase ahead of target to almost 62%, whilst seven of the eight TLC measures are on target or within an acceptable range, the exception being fuel usage which reflects a return to more normal operating conditions.

Our Active Communities strategy is being refreshed, and latest figures show that over three-quarters of Stockport adults are doing more than 30 minutes of sport or physical activity per week. Although the figures for young people have reduced, this is likely to reflect school closures and restrictions in place during the pandemic.

Improvements are reported in Q3 across a range of citizen services areas, including improved response times to complaints and call answering at our contact centre. Visits to museums continue to increase and we have seen more organisations become part of the DigiKnow network. Around 22,000 residents have been helped to improve their digital skills since 2018 whilst DigiKnow now covers 60 community groups and 54 active Digital Champions.

### **Communities in Stockport will be safe and resilient**

As Stockport continues to recover from the pandemic, our local communities are being supported by the launch of the One Stockport Local Fund, with over 100 bids totalling over £1.4m in funding requests received. Work is continuing to incorporate social value within our commissioning, and we are supporting our VCFSE sector to flourish with over £618k of grant funding secured so far in 2021/22. Our Food Network has 20 local organisations engaged in tackling food poverty, whilst we continue to distribute government grants to vulnerable households across the borough. Work on providing support funds and improving financial resilience will also be key as many of our residents face increasing costs, particularly for fuel, over the winter and coming months.

The council hosted Stockport's first 'Fair and Inclusive' Summit in December 2021, bringing together local residents, business owners, and those in the voluntary and community sectors, to discuss how we can all play a part in tackling inequality in Stockport. Our refreshed Safer Stockport Partnership (SSP) Strategy for 2022-2025 will help foster 'A strong and supportive Stockport', along with the new partnership Economic Plan that will help enable all residents to benefit from local economic opportunities through inclusive growth. Latest data from the GM Community Safety Survey shows that Stockport residents' perceptions of community cohesion and sense of belonging are slightly higher than across GM as a whole.

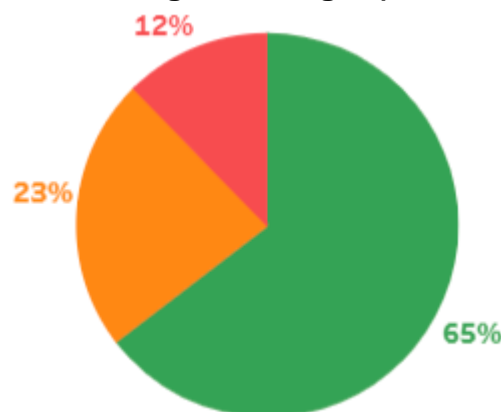
Whilst the percentage of learners from priority neighbourhoods engaging in continuing education has fallen due to the pandemic, work is being undertaken to help build confidence and promote the benefits of adult learning within these areas. The recent publication of the government's Levelling Up White Paper along with the rising cost of living mean that our Inclusive Neighbourhoods priorities are increasingly important in ensuring that all our residents can benefit from these plans.

## 2. CORPORATE PERFORMANCE OVERVIEW AND ANALYSIS



Forecast data at Q3 for the 82 'Corporate Measures' across seven Portfolios shows that 65% of targeted measures (42) were forecast as being on or ahead of target and rated as 'Green'. A further 23% (15) were forecast as being within 5% of the target figure and rated as 'Amber'. Just 12% (8) were forecast to be significantly off-target (Red). This is a slight improvement on mid-year forecasts (one more 'green' and one less 'red' measure) and compares to final figures for 2020/21 of 51% Green, 35% Amber and 14% Red. These figures exclude 17 'contextual' measures which weren't targeted for 2021/22.

Performance Against Target (RAG Rating)



New data is reported against five of the eight 'red' measures forecast to be off target at Q3;

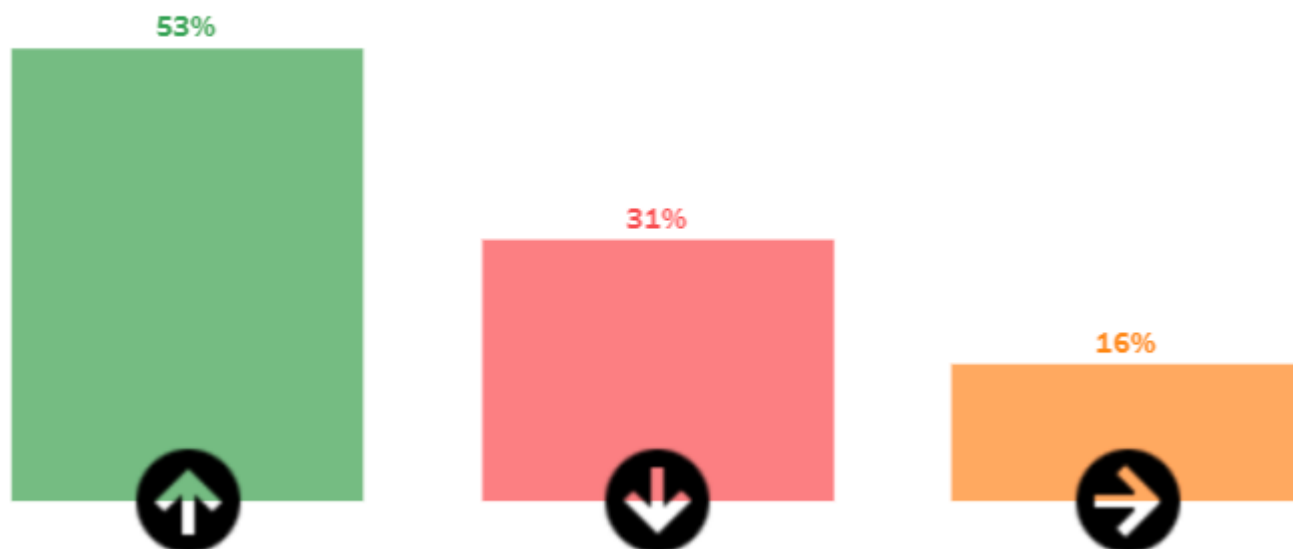
- Although the proportion of **Stage 2 Complaints** upheld reduced from Q1 and Q2, this remains below the target figure and above the final figure for 2020/21 (CFE)
- Whilst **museum visits** continue to increase, the impact of closures in Q1 means that the full-year forecast number remains below target (CFE)
- The latest figure on 16-18 year-olds in **apprenticeships** relates to the end of Q2 (Sept 2021) and shows an increase since Q1 also above the GM average, though remains significantly below target due to the continued impact of lockdown on employers able to offer apprenticeships (CFSE)
- The percentage of **learners from priority neighbourhoods** in continuing education remains below target, and significantly below pre-pandemic levels (IN)
- The average number of working days lost to **sickness absence** has increased in Q3 following a significant reduction earlier in the pandemic. Whilst some of this will be related to the impact of the Omicron Covid variant in December, there is also evidence of higher levels of sickness related to mental health from the cumulative impact of higher demand pressures over the last two years alongside a recent shift towards hybrid working (RCG)

The first four of the above measures were all rated as 'red' in Q2, whilst two measures have improved since Q2 and are no longer rated as 'red' due to;

- A higher proportion of people accessing **short-term social care services** who no longer require long-term care packages, moving this to within the 'amber' target range (ACH); and
- An increase in the proportion of **customer contacts made digitally** to within the target 'green' figure (CFE).

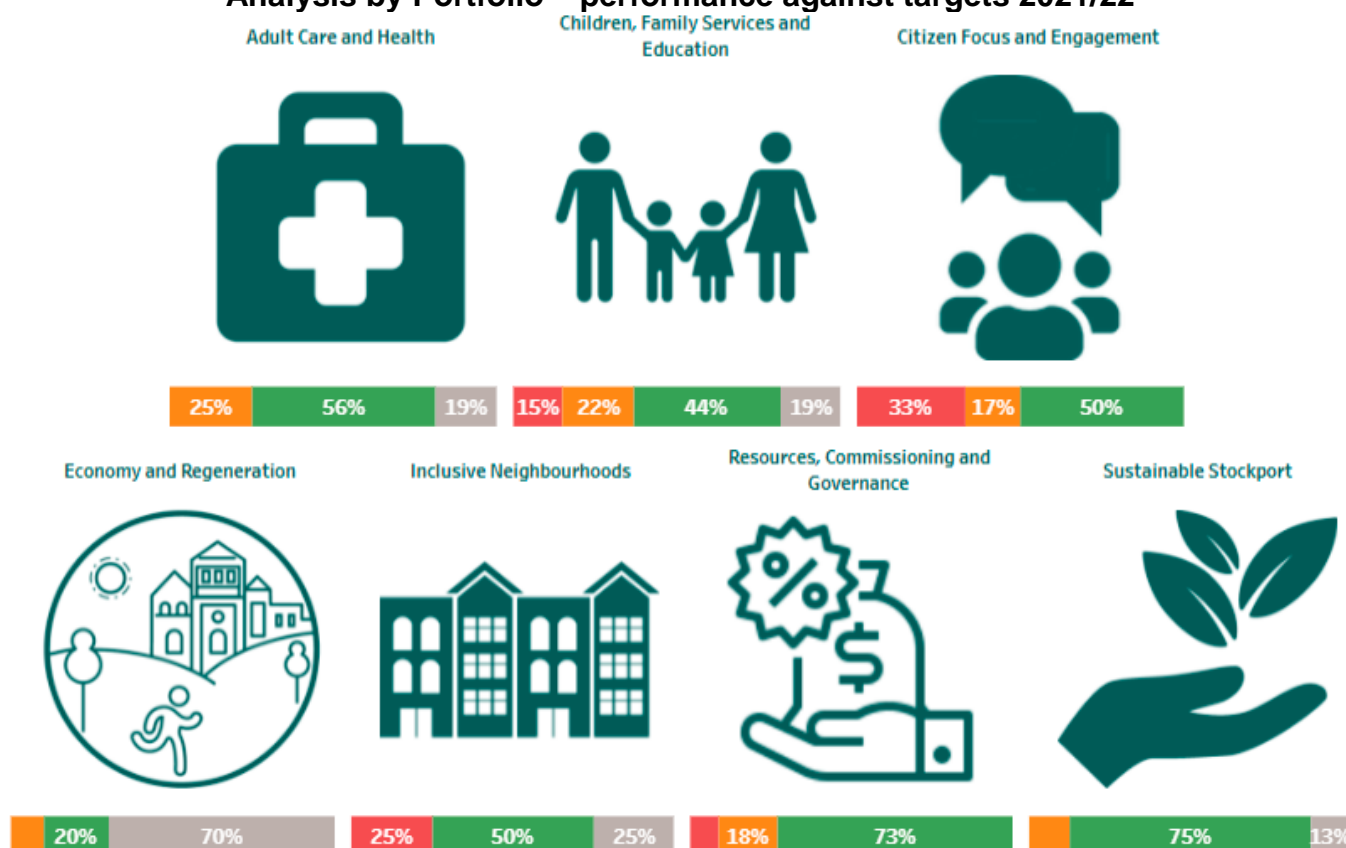
Of the 75 measures with an agreed polarity (ie aiming high or low), 53% (40) were forecast to improve since the previous period, with 16% (12) forecast as stable and 31% (23) forecast to deteriorate. This is very similar to forecasts at Q2 and compares to 46%, 16% and 38% respectively reported at year-end 2020/21.

## Performance Against Previous (Trajectory):



Of the 23 identified where performance was lower, just 5 were rated as 'Red' against targets – stage 2 complaints, apprenticeships, continuing education and sickness absence are covered above, whilst the year 6 healthy weight measure is reported annually with the latest figure relating to March 2021. A further four were 'Amber' measures, although just two reported new data as at 31<sup>st</sup> December on performance in relation to business rate collection and invoice payments, which were also flagged up at mid-year. Seven were on or ahead of target despite reporting lower performance, whilst no target was set for the remaining seven.

## 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 31 December 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 2021;
- Updates on the Contain Outbreak Management Fund (COMF); and
- Details on Reserves and Balances as at 31 December 2021.

#### 3.2 Revenue Budget Adjustments

- 3.2.1 There were no budget adjustments made since the Q2+ budget update report that was presented to CRMG on 18 January and Cabinet 1 February 2022. The overall budget remains at £273.008m as summarised below.

##### 2021/22 Budget as at 31 December 2021

	Approved Budget £000	Revised Budget 31/12/21 £000	Increase (Reduction) £000
Cash Limits	196,921	196,921	0
Non-Cash Limits	76,087	76,087	0
<b>Total</b>	<b>273,008</b>	<b>273,008</b>	<b>0</b>

#### 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 £1.678m as set out in the table below. Portfolio cash limits are balanced following the provisional allocation of £10.051m (£9.951m at Q2+) 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 31 December 2021**

Portfolio	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
<b>Cash Limits</b>				
Adult Care and Health	98,011	98,259	98,259	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	25,274	25,274	0
Sustainable Stockport	21,330	21,355	21,355	0
<b>Total (Cash Limits)</b>	<b>195,682</b>	<b>196,921</b>	<b>196,921</b>	<b>0</b>
<b>Non-Cash Limits</b>				
Pay Inflation	168	165	165	0
Inflation - Price and National Living Wage	2,907	1,848	1,848	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	10,051	(1,146)
Other Non-Cash Limits	60,987	60,994	60,483	(511)
<b>Total (Non-Cash Limits)</b>	<b>77,142</b>	<b>76,087</b>	<b>74,409</b>	<b>(1,678)</b>
<b>Total (Cash &amp; Non-Cash Limits)</b>	<b>272,824</b>	<b>273,008</b>	<b>271,330</b>	<b>(1,678)</b>
<b>Financed by</b>				
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
	<b>272,824</b>	<b>273,008</b>	<b>273,008</b>	<b>0</b>
	<b>0</b>	<b>0</b>	<b>(1,678)</b>	<b>(1,678)</b>

**Cash Limit Portfolios**

3.3.2 Cash Limit Portfolios continue to project a balanced position at this stage of the year. As highlighted in previous reports, 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 current forecast anticipates an indicative utilisation of £10.051m, a net increase of £0.100m since the Q2+ update. This is due to lower than estimated car park income as a result of government's move to Plan B in response to the Omicron variant.

3.3.3 The revised indicative allocation of the Covid-19 scarring contingency is against Resources, Commissioning and Governance portfolio (£4.690m), Sustainable Stockport portfolio (£3.791m), Children, Family Services and Education (£1.505m) and Citizen Focus and Engagement portfolio (£0.065m). This means £1.146m is available to address any further Covid-19 related financial impacts identified in the final quarter of the year.

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

#### *Resources, Commissioning and Governance*

3.3.5 The Portfolio is reporting a balanced position against a budget of £25.274m in 2021/22. This is only achieved through the indicative utilisation of the Covid-19 financial scarring contingency of £4.690m, which is as per the previous forecast at Q2+. This is set 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 (I&D) Account. The rest of the Portfolios activities – the support services – look reasonably balanced at this stage, and continued vacancy and recruitment lags may give rise to some surplus that could help mitigate the I&D pressure above. Alternatively, a few developments in Technology will occur in the coming months including providing a capable Wi-Fi network for the town hall campus area, and the need to replace Local Area Network (LAN) life expired equipment. This will be in readiness for a new Wide Area Network (WAN) service that builds on the recent Local Full Fibre Network (LFFN) capital project in the Regeneration Portfolio. These issues will be a consideration at year end if a surplus position on the Portfolio is realised.

#### *Sustainable Stockport*

3.3.6 The Portfolio is reporting a balanced position against a budget of £21.355m through the utilisation of £3.791m from the Covid-19 financial scarring contingency, an increase of £0.102m from Q2+. As highlighted earlier, the increase is mostly due to a reduction in the parking income forecast due to restrictions being introduced as part of the Government's Plan B response to Omicron.

3.3.7 The Q3 deficit position before the Covid-19 financial scarring contingency allocation includes deficits on borough Leisure Facilities, Car Parking income and Taxi Licensing income which are caused by continued income losses from sales, fees and charges within the portfolio as a result of Covid-19. These deficits are partially offset by a surplus on Transport due to lower energy costs for Street Lighting from LED lighting and on the Neighbourhoods Team.

#### *Children, Family Services and Education*

3.3.8 The Portfolio is reporting a balanced position against a budget of £44.395m through the utilisation of £1.505m from the Covid-19 financial scarring contingency, a slight increase of £0.007m from the Q2+ update.

#### Children and Family Services:

3.3.9 The combined forecast for External Residential and External Foster Care placements has increased from a deficit of £0.325m to a deficit of £0.463m, an increase of £0.138m since

the Q2+ report and relates to a further net increase of 5 placements during the remainder of Q3 (3 External residential and 2 External Foster Care) causing an increase in forecast costs.

#### Education:

3.3.10 The increased deficit on Children and Family Services has been offset by a reduction in the deficit position across the education element of the portfolio from that reported at Q2+ before any utilisation of any Covid-19 financial scarring contingency. The forecast deficit of £0.565m (reduced from £0.702m at Q2+) is still largely attributable to the increased demand on SEN Transport as outlined previously. The reduction in the forecast at Q3 relates mainly to:

- Some efficiencies and cost reduction in SEN transport costs (c.£0.080m);
- Additional income generation Governor Services (£0.010m); and
- Free School travel pass cost savings (£0.020m)

#### *Citizen Focus and Engagement*

3.3.11 The Portfolio is reporting a breakeven position, on a budget of £4.808m in 2021/22; this includes a notional Covid-19 financial scarring contingency allocation of £0.065m to compensate for Covid-19 related loss of income, down by £0.009m from the Q2+ position following a minor revision to the income forecast in Museums and Arts. Other than this, there have been no other changes made to the forecast since Q2+, prepared just before the Omicron variant and Plan B restrictions developments in December. As caution was exercised in that forecast, the subsequent effects on trade were already effectively priced in, particularly regarding the Events Service.

3.3.12 As noted in previous reports, the Portfolio's income streams have been affected over the course of the year, but cost savings and slower recruiting throughout the year, and of course when facilities were closed, have mitigated the net losses. Therefore, it is expected that a relatively modest allocation of the scarring contingency, set aside by the Council in the 2021/22 Budget to mitigate Covid-19 income losses, will be needed to balance the Portfolio.

3.3.13 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 The Cabinet Positive Investment addressing Digital Inclusion and Financial Inclusion to support residents will be used to engage Starting Point a locally Stockport based social enterprise, to deliver 'Digiknow' and other community work. Payments to Starting Point will span this financial year and 2022/23. The rest of the investment is not currently committed due to uncertainty about ongoing national financial support to vulnerable residents such as the Household Support Grant which ends on 31 March. With the backdrop of increasing cost of living and energy price rises the financial resilience of residents will be challenged.

This funding can be used alongside other funding such as COMF (Contain Outbreak Management Fund) to maximise the resources available to support the political commitments for digital and financial inclusion in 2022/23 and support vulnerable residents in the borough.

***Cultural Services to Support Our Residents (£0.050m)***

- 3.4.3 The positive investment regarding cultural support continues with the development of the Cultural Network and Strategy and projects, and the full £0.050m is expected to be used in 2021/22.

***Libraries Open Plus (£0.300m)***

- 3.4.4 The Libraries Open Plus positive investment is expected to outturn at £0.290m by year end. Great Moor Library has reopened with the added capacity for Open+ opening hours. Work on Edgeley Library commenced during the quarter, and the plan is for the work on Reddish to be done in February and Brinnington in March. The total cost of the Open+ conversions is around £0.175m. A further £0.115m is forecast to be spent to enable greater access of digital resources for residents on visits to Libraries. This includes a tablet project, information screens, an online payments project and biodegradable library cards

***Health and Wellbeing Mental Health (£0.100m)***

- 3.4.5 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)***

- 3.4.6 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)***

- 3.4.7 Positive Investment Funding of £0.150m was allocated to the service at budget setting. The purpose of this was to enhance and embed the newly-developed Detached Youth Work Team to provide on-street engagement and youth provision within local communities. The aim is to reduce ASB & Youth Disorder by groups of young people, who choose to gather in local communities in public areas. The model seeks to engage and identify children and young people at risk using youth work skills and mentoring. This is also supported by a schools-based offer to improve liaison, raise awareness and reduce the risk of exclusion.
- 3.4.8 The Detached Youth Work Team became fully operational in October 2021, following a period of job evaluation and recruitment to new Youth Worker posts last year. The team sits within SMBC Youth Justice & Targeted Youth Support Service and operates as part of the RTime joint arrangements with SHG & Life Leisure and works proactively alongside VCS partners and GMP.
- 3.4.9 In the short period that the Detached Youth Work Team has been operational the impact has been significant and regular detached youth work sessions are now in place across identified areas of Stockport. The sessions are responsive and where they take place is based on intelligence received about incidents and hot spots of youth disorder and anti-social behaviour which ensures the model remains dynamic. The focus for the Detached Youth Work team is not to police behaviour, but to provide a community-based engagement programme, focused on positive thinking, consequential behaviour, crime awareness, citizenship and community resilience, which also offers school liaison and awareness sessions on-site.



3.4.10 Current funding for the Detached Youth Work Team is short-term and the maximisation of other short term funding in year will enable the positive investment funding to continue throughout 2022/23, which means the activities can be enhanced and embedded, as well as giving more opportunities to source alternative funding to improve sustainability. Due to the process of job evaluation and delays in recruitment it is expected that only £0.022m of the positive investment funding will be drawn down in 2021/22.

***Tackling Climate Change (£0.600m)***

3.4.11 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 details specific targets covering a range of interventions and areas of work, including transport, energy, and the environment. The forecast cost in 2021/22 is £0.117m.

- CAN Natural Environment 1 - Plant at least 11,500 standard trees in parks and along the highway by 2030. The total programme that will cost £0.878m between 2021-31 and this includes £0.083m to be spent in 2021-22.
- CAN Natural Environment 2 - Create an orchard in every ward across the borough by 2025/26, planting up to 3,500 fruit trees across all sites by 2030. The total programme will cost £0.093m between 2021-26 and this includes £0.013m to be spent in 2021-22.
- CAN Natural Environment 3 - Create one woodland each year, for the next ten years in partnership with community groups. The total programme will cost £0.015m between 2021-23 and this includes £0.007m to be spent in 2021-22.
- CAN Natural Environment 5 - Create areas managed as a grassland meadow in every ward across the borough by end of 2025. The total programme will cost £0.132m between 2021-23 and this includes £0.014m to be spent in 2021-22.

***Hopes Carr Memorial Park (£0.300m)***

3.4.12 The tender for this work has been let, however problems with the supply chain will mean that the project will run into the early part of 2022/23. The majority of the spend will be incurred in 2021/22 and Councillors are supportive of waiting for the delayed materials rather than seek untried alternatives. All costs, including the removal of street lighting columns will be contained within the £0.300m.

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

3.4.13 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)***

3.4.14 It is anticipated that expenditure will span 2021/22 (£0.217m) and 2022/23 (£0.083m) with the majority of funding spent in 2021/22. Where the delivery of projects relies on imported material and equipment (particularly Play Provision and Special Projects) there is a risk of further spend moving into 2022/23. The projects and forecast spends are:

- to perform works that reduce future maintenance liabilities and also perform missed winter works / catch up work, forecast cost is £0.082m in 2021/22;
- To provide small-scale play improvements and investment in local play areas and destination parks, forecast cost is £0.045m in 2021/22 and £0.055m in 2022/23;

- To provide additional park furniture including signage and additional bins in greenspaces, forecast cost is £0.050m in 2021/22;
- To provide plant materials to facilitate replacement planting with plant species that have lower maintenance requirements and are of greater benefit to wildlife, forecast cost is £0.015m in 2021/22 and £0.010m in 2022/23;
- To provide training opportunities for new volunteers to allow them to act more independently and maintain new horticultural assets, forecast cost is £0.010m in 2021/22 and £0.010m in 2022/23;
- To provide support to special projects, forecast cost is £0.015m in 2021/22 and £0.008m in 2022/23.

### **3.5 Contain Outbreak Management Fund**

- 3.5.1 Monitoring of the Contain Outbreak Management Funding (COMF) continues to take place on a monthly basis aligned to the Department of Health and Social Care (DHSC) reporting requirements. The Council has received £12.245m to support commitments aligned to applicable COMF schemes.
- 3.5.2 The funding was initially to cover expenditure incurred in 2020/21 and 2021/22. It has recently been announced that unspent balances can be carried forward to also support commitments into 2022/23. The Council awaits further guidance and monitoring of COMF into the new financial year. On this basis the Council is expecting to fully spend its COMF allocation by 2022/23.

### **3.6 Non-Cash Limit**

- 3.6.1 The overall Non-Cash Limit is forecasting a surplus of £1.678m of which £1.146m is the balance from the Covid-19 Financial Scarring Impact contingency as highlighted earlier in the report. The other forecasts within the Non-Cash Limit budget largely remain unchanged from Q2+ with additional surpluses expected in relation to Waste collection and Waste Levy costs.
- 3.6.2 Just to reiterate the position at Q2+, there are potential surpluses not included in the forecast outturn in relation to debt charges and potential unallocated pay, price and demand contingency. Any surplus realised at outturn will be set aside to support the costs of the 2021/22 pay award that is still to be agreed.

### **3.7 Dedicated Schools Grant (DSG)**

- 3.7.1 The Total Schools Budget is predominantly financed by the dedicated schools grant (DSG) and it is forecast the 2021/22 outturn position will be a £3.688m (Q2+ £3.178m) deficit against the current Total Schools Budget of £195.741m in 2021/22, which is an adverse increase of £0.510m since Q2+ and represents -1.88% of the total available resources.
- 3.7.2 The key cost pressure areas affecting the DSG forecast position are within the high needs block and relate to:
- More pupils in mainstream schools accessing HN top-up support funding;
  - Requirement to increase local specialist capacity further for SEN placements (i.e. Heaton satellite provision in Cheadle from Sept 2022);

- 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.

3.7.3 The above is demonstration of the continual increase in demand for pupils with high needs who require education and support in a specialist provision. As previously reported, the deficit will be carried forward as part of the cumulative deficit position into 2022/23 and will be managed as part of the overall DSG review project. The table below provides a summary of the cumulative position including the latest forecast and includes an illustration of how the deficit is planned to be reduced in 2022/23:

<b>DSG Cumulative position</b>	<b>£m</b>	<b>Notes</b>
2020/21 Closing balance	<b>3.238</b>	Cumulative as at 31/03/2021
2021/22 SB planned repayment	(0.870)	SF approved transfer
2021/22 HNB planned repayment	(0.497)	HNB base budget provision
2021/22 in-year deficit	3.688	Q3 Forecast
<b>Estimated balance</b>	<b>5.559</b>	<b>Forecast closing balance</b>
2022/23 HNB planned repayment	(1.370)	
<b>Adjusted estimated balance</b>	<b>4.189</b>	<b>As at 01/04/2022</b>

Note that the adjusted 2022/23 balance estimated at 1 April 2022 is now £4.189m, an increase of £0.893m since the Q2+ report. The increase is due to the increased in year deficit position described above (£0.510m) and the planned Schools Block repayment for 2022/23 (£0.356m) being redirected to support additional costs identified relating to the new Woodford Free School. Any residual balance not required will be used alongside the High Needs Block planned repayment of £1.370m to reduce the DSG deficit.

### 3.8 Housing Revenue Account (HRA)

3.8.1 The HRA forecast outturn at Quarter 3 (see appendix 1) is a surplus of £0.517m which is £0.036m below budget (no change since Q2+). This is being managed through planned use of reserves from previous year surpluses and the Future Investment Reserve.

### 3.9 Collection Fund

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

	<b>Council Tax</b>	<b>Business Rates</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Collection Fund Income	(196,946)	(60,574)	(257,520)
Collection Fund Expenditure*	197,565	81,234	278,799
<b>2021/22 (Surplus)/Deficit</b>	<b>619</b>	<b>20,660</b>	<b>21,279</b>
<b>Allocated to:</b>			
Stockport Metropolitan Borough Council	526	20,453	20,979
Mayoral Police and Crime Commissioner	66	0	66
Mayoral General including Fire Services	27	207	234
<b>2021/22 (Surplus)/Deficit</b>	<b>619</b>	<b>20,660</b>	<b>21,279</b>

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

- 3.9.2 The forecast outturn position is a deficit of £21.279m made up of a £0.619m deficit on the Council Tax and a £20.660m deficit on Business Rates. The council's share of this deficit is £20.979m made up of £0.526m on Council Tax and £20.453m on Business Rates.
- 3.9.3 This forecast reflects the decision taken by Government at the Budget on 3 March 2021 to continue the Extended Retail and Nursery relief to support businesses in response to the impact of the pandemic. As a result, eligible businesses have received 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 In addition, on 25 March, Government announced plans to provide an additional business rates support package to support businesses in England affected by Covid-19 but not eligible for existing support linked to business rates. This package is the Covid-19 Additional Relief Fund (CARF) and it was announced in December 2021 that Stockport Metropolitan Borough Council have been allocated £5.504m. The increase to the Business Rates deficit from £15.353m to a deficit of £20.660m at Quarter 3 results predominantly from this additional relief.
- 3.9.5 As both of these reliefs were announced after the submission of the Council's 2021/22 NNDR (Business Rates budget) to Government in January 2021, the Business Rates income loss reflects as an in-year deficit. Government will fully reimburse the Council via additional Section 31 grants for the impact of both reliefs via additional Section 31 grants. Based on the current forecast for extended retail and nursery relief, £17.060m will be received from Government to compensate for the loss of business rates income. In addition, it is assumed that the full amount of funding for CARF will be needed to compensate for lost Business Rates income as a result of the reliefs given to eligible businesses.
- 3.9.6 The table below shows the Collection Fund position adjusted for S31 grant related to the Covid-19 relief:

	<b>Council Tax £000</b>	<b>Business Rates £000</b>	<b>Total £000</b>
Collection Fund Income	(196,946)	(60,574)	(257,520)
Additional S31 Grant	0	(22,564)	(22,564)
Collection Fund Expenditure*	197,565	81,234	278,799
<b>2021/22 (Surplus)/Deficit</b>	<b>619</b>	<b>(1,904)</b>	<b>(1,285)</b>
<b>Allocated to:</b>			
Stockport Metropolitan Borough Council	526	(1,885)	(1,359)
Mayoral Police and Crime Commissioner	66		66
Mayoral General including Fire Services	27	(19)	8
<b>2021/22 (Surplus)/Deficit</b>	<b>619</b>	<b>(1,904)</b>	<b>(1,285)</b>

- 3.9.7 The adjusted position shows a total surplus of £1.285m made up of £0.619m deficit on Council Tax and £1.904m surplus on Business Rates. The council's share of the surplus is £1.359m made up of £0.526m deficit on Council Tax and £1.885m surplus on Business Rates.
- 3.9.8 The current Business Rates position reflects a decision to release a proportion of the appeals provision as a result of continuous monitoring of the Check, Challenges and Appeals.



3.9.9 The benefit from the 100% Business Rates pilot on the current Collection Fund position is a total of £4.017m to be shared as per the agreement reached with GMCA which is being discussed by Greater Manchester Treasurers ahead of year end.

### 3.10 Reserves and Balances

3.10.1 Reserve balances remain unchanged since the Mid-Year update report. A reminder of the balances reported at Q2 are set out in the table below.

#### **Reserves and Balances at 31 December 2021**

	<b>Balance as at 30/09/2021 £000</b>	<b>Transfers to / (from) Reserves £000</b>	<b>Balance as at 31/12/2021 £000</b>
General Fund Balances	15,183	0	15,183
<b>Total General Fund Balances</b>	<b>15,183</b>	<b>0</b>	<b>15,183</b>
Reserve Linked to Budget	23,459	0	23,459
Strategic Priority Reserve	31,558	0	31,558
Budget Resilience Reserve	3,600	0	3,600
Corporate Reserves	26,349	0	26,349
Directorate Reserve	750	0	750
<b>Total Earmarked Reserves</b>	<b>85,716</b>	<b>0</b>	<b>85,716</b>
DSG and School Balances	1,264	0	1,264
HRA Balances	1,441	0	1,441
HRA Earmarked Reserves	1,611	0	1,611
<b>Total Ring-fenced Reserves</b>	<b>4,316</b>	<b>0</b>	<b>4,316</b>
<b>Total Reserves and Balances</b>	<b>105,215</b>	<b>0</b>	<b>105,215</b>

3.10.2 Details of individual earmarked reserve balances can be found at appendix 2 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 £414.587m as at 31 December 2021, with planned expenditure of £126.368m in 2021/22.

##### 2021/22 Three Year Capital Programme

Portfolio	2021/22 Programme £000	2022/23 Programme £000	2023/24 Programme £000	Programme 2024/25 Onwards £000
Adult Care & Health Children, Family Services & Education	257	204 24		
Economy & Regeneration	59,932	85,084	55,067	5,528
Resources, Commissioning & Governance	28,318	62,944	1,805	32,793
Sustainable Stockport	37,861	45,138	37,953	87,577
<b>TOTAL</b>	<b>126,368</b>	<b>193,394</b>	<b>94,825</b>	<b>125,898</b>

- 4.1.2 The table below provides the accrued expenditure position of the 2021/22 Capital Programme at 31 December 2021. There is accrued expenditure of £73.767m and a further £24.945m is committed to capital schemes. By the year end, the Council is aiming to invest a total of £126.368m in its Capital Programme.

##### 2021/22 Quarter 3 Capital Programme

Portfolio	2021/22 Programme £000	Expenditure as at 31 Dec 2021 £000
Adult Care & Health	257	91
Economy & Regeneration	59,932	37,580
Resources, Commissioning & Governance	28,318	14,236
Sustainable Stockport	37,861	21,860
<b>TOTAL</b>	<b>126,368</b>	<b>73,767</b>

## 4.2 Capital Programme Adjustments

- 4.2.1 There has been no change in the overall three-year Capital Programme since last reported to Cabinet on 1 February 2022 as the most recent forecasts to date were used at that time to inform the 2022/23 Capital Programme budget setting process.
- 4.2.2 There are a number of capital projects that have received approval but are not yet included in the three-year Capital Programme. Officers are working on the plans for these schemes and as they are developed and expenditure profiles established, they will be included in the Capital Programme. The most notable of these includes Stockport Interchange Development. This is a complex scheme and includes the provision of a purpose-built modern bus and transport interchange, a newly created town centre park, town centre residential accommodation (196 new homes), and creating walking and cycling links connecting town centre locations. TfGM is the lead organisation for the project and is working in partnership with the Council. A special purpose vehicle (SPV) organisation, Interchange Homes LLP, has been set up bringing together the Council, GMCA, an equity investor and development partner to take forward the accommodation development. At this stage, the Council is planning to provide £9.3m patient equity to the SPV and £3.8m Housing Infrastructure Funding grant from Homes England. The Council will also provide a contribution to TfGM for the bus station, park and bridge works of circa £15.9m, much of which will be GMCA grant funding and monies already identified through the highways Town Centre Access Plan scheme. The scheme will be added to the Economy and Regeneration Portfolio Capital Programme in due course.
- 4.2.3 Capital schemes are reviewed regularly, and the Programme is adjusted accordingly. There has been no re-phasing of schemes since last reported to Cabinet on 1 February 2022. Officers are continuing to review schemes ahead of the financial year end to ensure that the Capital Programme for the forthcoming financial year is accurate and achievable. Updates on the progress of individual schemes are provided in the Portfolio Performance and Resources Reports presented to the relevant Scrutiny Committee Meetings.

## 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	47,995	61,050	20,785	18,312
Directly Funded Borrowing	38,498	66,132	48,227	51,931
Unsupported Borrowing	23,594	39,694	4,845	416
Capital Receipts	562	5,698	5,624	12,207
External Contributions	1,687	0	0	0
Commutated Sums	808	1,961	800	0
Revenue Contributions (RCCO)	1,317	5,629	812	30,003
HRA funding from MRR	11,907	13,230	13,732	13,029
<b>TOTAL</b>	<b>126,368</b>	<b>193,394</b>	<b>94,825</b>	<b>125,898</b>

- 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 £62.092m (49%) of the 2021/22 capital expenditure.

- 4.3.3 The Council continues to receive significant capital grant funding and £47.995m 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 31 December 2021.

<b>Capital Expenditure</b>	<b>2021/22 Budget £000</b>	<b>2021/22 Forecast £000</b>
General Fund (non HRA)	119,298	103,647
HRA	40,920	22,721
<b>Total</b>	<b>160,218</b>	<b>126,368</b>

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

<b>Capital Financing Requirement</b>	<b>2021/22 Budget £000</b>	<b>2021/22 Forecast £000</b>
General Fund (non HRA)	696,047	683,406
HRA	169,969	158,110
<b>Total</b>	<b>866,016</b>	<b>841,516</b>

- 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.

<b>General Fund</b>	<b>2021/22 Budget £000</b>	<b>2021/22 Forecast £000</b>
Total Financing Costs	23,605	23,427
<b>Ratio to Net Revenue Stream</b>	<b>8.71%</b>	<b>8.65%</b>

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



## 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 31 December 2021.
- h) Note the position for the 2021/22 Capital Programme as set out in section 4.1.
- i) Approve the resourcing of the capital programme as set out in section 4.3.
- j) Approve the 2021/22 prudential indicators as set out in section 4.4, and
- k) Identify key areas for further investigation and responsibility for taking forward corrective action to address any existing or outturn issues or risks.

## Appendices

- 1. 2021/22 Housing Revenue Account Forecast Outturn as at 31 December 2021.
- 2. Reserves and Balances as at 31 December 2021.