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METROPOLITAN BOROUGH COUNCIL

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Corporate Performance and Resources Annual Report 2021/22



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ONESTOCKPORT

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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 Annual 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	13 June	Sustainable Stockport Inclusive Neighbourhoods
CRMG	14 June	Resources, Commissioning and Governance Citizen Focus and Engagement Corporate Report
Children and Families	15 June	Children, Family Services and Education
Adult Social Care and Health	16 June	Adult Care and Health
Economy and Regeneration	16 June	Economy and Regeneration

Revenue Budget Outturn Position 2021/22

	Revenue Budget £000	Outturn £000	(Surplus)/ Deficit £000	Reserves and Balances	Balance at 31/03/22 £000
Cash Limits	209,739	209,739	0	<u>Non-Ring fenced:</u>	
Non-Cash Limits	63,269	61,085	(2,184)	General Fund Balances	17,367
Total	273,008	270,824	(2,184)	Earmarked Reserves	117,281
				<u>Ring fenced:</u>	
2021/22 Capital Programme (£000)			117,366	DSG and School Reserves	16,116
2022/23 Capital Programme (£000)			206,159	HRA Reserves	3,221
2023/24 Capital Programme (£000)			132,337	Total Reserves and Balances	153,985

1.1 Delivering our Portfolio Priorities for Stockport

The Annual Report brings together a summary of key achievements in delivering the shared outcomes and priorities within the Council Plan and Portfolio Agreements during the second half of the 2021/22 financial year, with a particular emphasis on the fourth quarter of the year (January to March) including any key areas of progress in April and May. A brief summary is provided below under each of the seven Cabinet Portfolios.

1.1.1 Adult Care and Health

The environment for health and social care continued to be challenging as we moved into 2022, and significant progress has been made across the portfolio priorities. Our new Health and Care Plan was approved in March and will be supported by a delivery programme and outcomes framework. A 'Fair and Inclusive Stockport' summit was held in December and a new head of service is in place to support this work.

The impact of the pandemic continues to be felt, with the Spring Covid Booster programme underway for vulnerable groups alongside the continuing vaccination offer. The national 'Living with Covid' plan was introduced in April, and Stockport's PPE Hub shut at the end of March. The 'While You Wait' programme is being piloted to support the wellbeing of people on NHS waiting lists, whilst providers continue to be supported by grants. Stockport's flu vaccination rates continued to be amongst the highest in the country despite the challenges of delivering alongside the Covid vaccination programme and accessing early years and educational settings. The DoH have announced that the priority cohorts for the 2022/23 flu immunisation programme will change.

A new Mental Health and Wellbeing Strategy is being co-produced with partners and stakeholders, whilst the refreshed Active Communities Strategy is due to be launched in summer 2022. Eight new 'Early Help and Prevention' contracts were awarded from April 2022. These will be accessed through the new Stockport Support Hub alongside the existing START and Physical Activity services. The 'Enhanced Front Door' to adult social care continues to be central to the Thriving Communities and All Age programmes, whilst digitally enabled care is making a big difference through our Prospectus for All Age Living – including the new development at St Thomas' Gardens, digital platforms for care homes, data analytics and recording systems.

The strengths and asset-based approach is at the heart of delivering social care and is being further embedded across services. 'Real time' data is also helping to reduce backlogs and waiting times for care assessments and reviews, whilst work is also underway to integrate our Community Learning Disability Services.

New system leadership arrangements are under development ahead of the introduction of Integrated Care Systems from July. The 'Locality architecture' is taking shape for Stockport, supported by delivery programmes and governance arrangements, including the accountability and relationships with the GM Integrated Care Board.

Latest data from the ONS suggests that healthy life expectancy is falling, and this is more pronounced within our priority neighbourhoods, illustrating the challenge of tackling inequalities. In terms of performance, there are indications that some infections in care homes are starting to return to pre-pandemic levels, whilst there is a continued impact on programmes such as diabetes prevention, drug treatment, weight management and smoking cessation – although the latter are recovering well. More mental health clients are in employment or living independently, and the proportion of clients with a learning disability living independently is also increasing. Although there has been a fall in those in paid employment work is underway to improve the accuracy of these figures.

The backlog of DoLS cases is reducing, safeguarding outcomes are being achieved and more carers assessments are being carried out. The proportion of people receiving intermediate tier services who no longer need long-term care is increasing, whilst CQC quality ratings are unchanged since Q3 but will be increasingly difficult to improve on, with the new focus on risk-based inspections. The increase in permanent admissions to residential or nursing care is more in line with pre-pandemic figures as post-Covid demand levels increase. It also reflects pent-up demand within the system, along with higher levels of hospital discharges and tackling the backlog of Care Act Reviews. It is expected to stabilise during 2022/23. More older people are remaining at home after hospital discharge due to support from the reablement service.

1.1.2 Children, Family Services and Education

Recovery planning continues to focus on the impact of the pandemic on babies and children's development and parental mental health. The high level of communication and support provided by the Local Authority to the Early Years sector during the Covid-19 pandemic has continued, including prioritisation of on-site support visits for children identified as vulnerable. In addition, One Voice conversations are currently taking place or booked in all our maintained primary schools. These conversations have a clear focus upon school self-evaluation, inclusion and identifying progress against the school's recovery plan as well as curriculum planning for the more vulnerable learner.

The percentage of young people in Years 12 and 13 not in education, employment and training is above our very challenging target, but remains lower than the national average and the north west average. Of particular note is our very low 'not known' figure, which remains lower than national and statistical neighbour benchmarks. Our data provides a very accurate understanding of the post 16 destinations of nearly all of our 16-18 population.

As of May 2022, Stockport is yet to receive notification for our SEND revisit. Work continues to prepare for inspection and a recent monitoring visit with the DfE and NHS England acknowledged the progress we have made.

Service demand remains an issue throughout this Portfolio. The demand for Education, Health and Care Plan assessments in Stockport has increased over the last year, a trend also seen in other areas. This level of demand needs to be taken into account when looking at school place planning and the ability of the Stockport school system to provide support at the earliest level. We are continuing to carry out work on our SEND Sufficiency Strategy and two new secondary mainstream resource units are scheduled to open this year at Marple Hall and Priestnall.

The number of EHAs completed has continued to increase, with 1993 EHAs reported at the end of March 2022 compared to 1545 in 2020/21. Demand on complex safeguarding has also increased with the overall average caseload for exploitation cases increasing from 30 in 2020/21 to 44.5 in 2021/22; and very high numbers of MARAC referrals are reported. In both cases, the increased complexity of cases is noted and outcomes continue to be strong.

Finally, this Quarter has seen Stockport Council's Children's Services rated 'Good' by Ofsted after a rigorous inspection which looked at all services delivered by Stockport Family to children in need of help, protection, and children in care and care leavers.

The inspection, which took place between 28th March – 1st April, found that "the strong quality of practice and services for families has been maintained, despite the high levels of Covid-19 and the increase in demand across the service." Ofsted praised Stockport Family senior leaders for their relentless focus since the previous inspection in 2017 to embedding relationship-based, restorative approach to delivering services, saying that "this is extremely well understood across an integrated system of social care, early help, health and education and is supported by extensive training

across the partnership" which creates a "strong and supportive culture" so "children receive the right level of support at the right time". The full inspection report can be accessed [here](#).

1.1.3 Citizen Focus and Engagement

The final quarter of the 2021/22 continued to see increased use of our libraries with regular community activities back to a pre-pandemic levels in most cases. Citizens Advice Stockport restored walk-in services at Fred Perry House to complement the booked appointments already offered and One Stockport Hub continued to develop its programme of events and activities. Installation work relating to Open Plus continued in three libraries with a fourth planned for 2022/23.

Consultation and engagement activity during the quarter focussed mainly on "School Streets". Other significant exercises focussed on Heaton to Stockport Walking and Cycling Route and the Access Control Policy. During 2021/22 6,308 people engaged in a total of 45 consultation and engagement exercises.

The impacts of the pandemic on a number of citizen focus functions were seen throughout 2022-23 with significantly higher numbers of phone calls to the council and complaints received in the early half of the year. Whilst steps have been taken to address areas of lower performance as a result of this increased demand, a number of performance measures have consequently failed to meet the year-end target.

High demand and staffing pressures across the council contributed to targets being missed for Stage 1 and 2 complaints being met on time. The Stage 1 complaints upheld throughout the year fell within target (which is set as an average of the previous three years), although we saw more Stage 2 complaints upheld than forecast.

We have continued to report against nationally set targets on registering births and deaths, although it should be noted that the General Register Office has not monitored LA performance recording throughout the year in recognition of the challenges faced. In particular, death registrations taking place within 5 days of the death are significantly below target, largely due to pressures within the NHS which are occurring nationally. Performance relating to answering phone calls and on digital contacts however have continued to meet targets.

The council's Digital Strategy was launched in Quarter 4. Initial work as focussed on issues such as developing the Digital Champion initiative and the device lending library, working to deliver the GM Local Full Fibre Programme and work via the Adult Education Budget to enhance employability through increased digital skills. Over 13,000 people were supported to get online or improve their digital confidence, bringing the total number supported since the establishment of the Digital Alliance in 2018/19 to over 23,000. The number of Digital Champions dipped during the pandemic and as a result the target for champions was not reached in 2022/23 but is a current area of focus for the council and our partners.

Engagement on the borough's cultural strategy "The Place That Makes Itself" started during Quarter 4, with 120 people attending sessions at five events across the borough. The delivery of the strategy has been boosted by securing £2.8m of Arts Council England Cultural Development Funding, over three years, to develop a Creative Campus - an innovative digital arts-based place making initiative developed in collaboration with Manchester Metropolitan University. Though numbers visiting our museums are significantly up on 2020/21, there is still a way to go to get back to pre-Covid levels. The first draft of the Museums and Collections Forward Plan 2022-25 has been developed. It is expected to be finalised by the end of June and will become the service's development plan for the next three years.

1.1.4 Economy and Regeneration

Throughout the pandemic, we have been supporting local business in a number of ways to deal with the effects of the pandemic. This included helping them to access over £13m of discretionary grant funding, £1.5m of support payments under the Omicron Hospitality and Leisure Grants scheme and matching local jobseekers to local employers through Stockport Jobs Match, as well as supporting local businesses through the One Stockport campaign. Our innovation and business start-up space is over 90% occupied and plans for the new Merseyway Innovation Centre are progressing – it is expected to be launched in June 2023.

Occupancy rates of units in Stockport town centre, as well as our local centres have held up well, and increased in the last year, exceeding targets we set. Though footfall in the Business Improvement District still has some way to go to return to pre-pandemic levels, footfall in 2021/22 was 84% up on 2020/21.

Work on a new Local Plan for the borough is well underway, and it is intended to develop a plan for the proposed consultation in summer/autumn 2022.

Work and Skills elements of our Digital Strategy are under development. These relate to generating start-ups and well-paid jobs in the digital sector, as well as creating more space for digital businesses to collaborate and drive innovation.

Work on developing an Economic Plan for the borough has seen development of a draft plan that was endorsed by the Economy & Regeneration Scrutiny Committee, Cabinet, and the Stockport Economic Alliance in March 2022.

The Economic Plan will include work to develop a Skills and Employment Programme that will include actions on creating a new One Stockport Careers and Education Forum, using the “Future You” programme to get more young people into employment and training and continuing to develop the Stockport Jobs Match website. The Jobs Match initiative is already a big success, and the report highlights some of its achievements to date.

The number of people helped by Adult Education Budget funding to enable them to access education and training has exceeded all expectations. Having stalled somewhat during 2021/22, due to the pandemic, as well as staffing issues, the Youth Employment Hub is expected to be able to operate at full capacity in 2022/23 and support significantly more young jobseekers. Finally, having risen significantly during the pandemic, levels of unemployment in the borough are now almost back down to pre-pandemic levels.

1.1.5 Inclusive Neighbourhoods

We continue to build connected and inclusive communities through a variety of funding schemes and partnerships. This quarter has seen the re-launch of the One Stockport Local Fund with great success, with bid applications worth over £1.4m. We have further developed our training packages with partners to support the on-going development of the voluntary, community, faith and social enterprise (VCFSE) sector and continue to work with Sector3 to develop our shared VCFSE strategy. At the same time, our Community Champions programme and Volunteer Hub are growing strong. We are proud to say that we have also received a Silver Award under the Armed Forces Covenant Employer Recognition Scheme and are currently working towards meeting the criteria for gold status.

We are continuing our work to develop the Stockport Food Network, help residents maximise their incomes through the Spend Well Live Well campaign, and increase digital inclusion with focussed work taking place in Lancashire Hill. We have also distributed more than £2m to support our most vulnerable households and those living on the lowest incomes as part of the Department for Work and Pensions' Household Support Fund. To help those in crisis access local welfare assistance

more quickly and easily, we successfully launched a Trusted Partner pilot scheme to fast-track Support Funds applications. A new financial triage team has also been established to further support the council's financial inclusion and resilience projects.

We are continuing to support residents to take advantage of local economic opportunities through the ongoing development of our social value objectives and contracts. A new project that links social value offers with the council's Climate Action Now priorities is also underway. The importance of effective Social Value approaches and commitments in supporting inclusive economic growth priorities is also recognised in the Draft Stockport Economic Plan.

To further promote equality, diversity and inclusion, the new Equality Impact Assessment template has now been embedded in council processes. The council continues to support inclusive employment practices, driven forward by the council's inclusive employment workstreams.

We are progressing our One Neighbourhood partnership model to help empower vibrant neighbourhoods across the borough. Our Vaccine Inclusion Group and Community Champions programme have also continued to work with communities of interest to promote vaccine uptake along with health and wellbeing. Last Q4 also saw the Safer Stockport Partnership 2022-2025 plan signed off with work now underway to develop an annual delivery plan.

1.1.6 Resources, Commissioning and Governance

The Council's budget, including savings proposals of £10.2m were agreed at the Budget Council meeting in February. The Medium-Term Financial Plan outlined key work programmes around demand management, value for money and commissioning, robust corporate governance and a radically digital approach. The financial 'scarring' impact from the pandemic continues to be a major factor, with our reserves policy continuing to support recovery.

We are continuing to develop our approach of moving towards hybrid working and reducing carbon emissions across our town centre assets, including the Town Hall complex. Refurbishment of Stopford House is underway as council employees have returned to the workplace, supported by the workforce transformation programme. This is part of the wider People Plan, with significant progress reported against the four 'pillars' during the second half of the year.

Priority cohorts and themes have been agreed as the focus for our Social Value approach, whilst we continue to support local businesses to recover from the pandemic with the distribution of £13.5m of grants over the year. An outcomes framework and delivery plans are being developed to support the Borough Plan, including publication of a new Health and Care Plan and Economic Plan. Locality arrangements for the new Integrated Care System are being put in place ahead of implementation from July.

Our Digital Strategy was launched in March, and we continue to promote digital inclusion and improved connectivity as part of our 'Radically Digital' approach. We are also bringing together our data and intelligence sources ahead of the release of data from the 2021 Census which will inform our future plans. A series of self-service dashboards are also helping to manage and reduce demand in key areas such as Care Act assessments and Freedom of Information requests.

Performance highlights include the achievement of increasing Council Tax and Business Rate collection alongside significant reduction in the processing times for benefit claims. Our collection rates are amongst the highest in Greater Manchester and the North West. The payment of invoices was impacted by the Christmas and New Year break, alongside the continued focus by the invoicing team on processing Covid grant payments to support local businesses. Work is underway to get a better understanding of these factors and to improve performance, particularly for local suppliers.

Property costs and energy consumption across the council's buildings reduced during 2021/22, largely due to lower occupancy levels and the closure of Stopford House from January. As we move towards hybrid working and higher occupancy, along with the pressure on energy costs, it is likely that costs will rise in 2022/23. There has been a further increase in employee sickness absence, which is now at its highest level for some years. Some of this increase was attributable to the Omicron Covid variant in Q3 and Q4, along with an increase in absence due to mental health reasons. The cumulative impact of working remotely under increased pressures over the last two years has had an impact on the workforce, and work is underway to better understand the factors behind this and ensure that wellbeing support is readily available to all colleagues.

1.1.7 Sustainable Stockport

Our climate change work has gathered pace since the CAN Summit in November 2021 and the report describes a range of initiatives being taken forward, for example, with schools, other engagement with young people and with the third sector. Stockport Homes is continuing its programme of creating more carbon-efficient homes and the council has been awarded a £5.6m grant to carry out decarbonisation schemes across the civic complex, schools and leisure property. The CAN schedule for tree-planting and the creation of new woodlands, orchards and meadows was agreed and planting took place throughout Quarters 3 and 4 – all 2021/22 planting schemes were delivered on schedule.

The full programme of new pedestrian road crossings for the year was not delivered, with a number of schemes not being started due to expected funding falling through. The number of cycling and walking schemes delivered also fell short, though these are all expected to be completed early in 2022/23.

Most of the targets relating to the delivery of new housing were not met – supply and delivery issues were identified as the main causal factor.

The Highways Improvement Programme continues to be delivered to schedule, and the desired improvements to our highways network are on target.

The council has worked closely with Totally Local Company to identify key areas that required additional financial support to improve the provision of refuse and recycling operations. Performance during Quarter 4, for example, relating to missed bin collections, suggests this is beginning to pay off. Targets relating to residual waste are on track. The target relating to recycling fell slightly short of the annual target – the move from printed to digital newspapers and magazines has been suggested as a significant factor in this. Fly-tipping fell significantly during the year, but the target to return to pre-Covid levels was not achieved.

Most of TLC's measures hit their targets – it was surprising however that, having been well on target all year, the target relating to the accident frequency rate was missed after Quarter 4 – this was mainly due to a series of minor reportable accidents in the final quarter, such as slips and trips, strains and sprains that pushed the total for the year above the target. One of these accidents however was a serious assault by two members of the public on one of TLC's bin operatives.

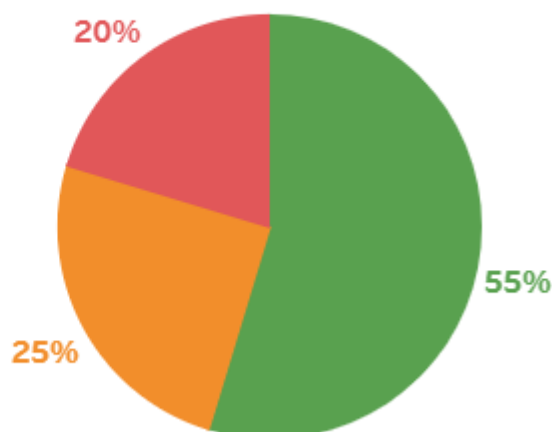
The report describes successful delivery of a range of initiatives aimed at increasing activity levels amongst our residents. The Sport England surveys suggest that activity levels amongst adults have been largely unaffected by the pandemic. Trends with our young people are more concerning however with activity levels down, and to a greater degree than regional and national averages.

2. CORPORATE PERFORMANCE OVERVIEW AND ANALYSIS



Out-turn data for the 82 'Corporate Measures' across seven Portfolios shows that 55% of targeted measures (35) were reported as being on or ahead of target and rated as 'Green'. A further 25% (16) were reported as being within 5% of the target figure and rated as 'Amber' whilst 20% (13) were reported 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 18 'contextual' measures which weren't targeted for 2021/22.

Performance Against Target (RAG Rating):



Of the 'Red' rated measures, early years attainment for children on free school meals hasn't been reported since 2019 due to Covid, whilst the most recent survey for overweight children in Yr 6 was in 2020/21. This leaves a further 11 which have reported new data which is off-target as at the end of March 2022. Of these, five were forecast as being off-target at Q3;

- The proportion of **Stage 2 Complaints** upheld increased in Q4 bringing the out-turn significantly above target. It should be noted however that only 8 of the 38 upheld complaints were fully upheld, with the majority of issues resolved for the remainder (CFE)
- Whilst **museum visits** continue to increase, the impact of closures in Q1 means that the full-year figure of 64,000 remains below the target of 100,000 (CFE)
- The percentage of young people in **apprenticeships** has increased slightly in comparison to the 2020/21 figure and is above the national and North West averages. It remains significantly below target due to the impact of lockdown in the first half of the year 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. The number of learners engaging in continuing education is starting to recover but has been compounded by a shortage of Learning Support Assistants (IN)
- The average number of working days lost to **sickness absence** has increased significantly since October and is now at its highest level for some years. This follows a significant reduction in 2020/21 when most employees were working from home. 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 the recent return to the

workplace. Detailed work is underway to better understand the reasons behind this, including an All-Colleague Survey, and to ensure the wide range of wellbeing support is being accessed by colleagues. (RCG)

Six measures are reported as being significantly off-target since Q3, and these are as follows;

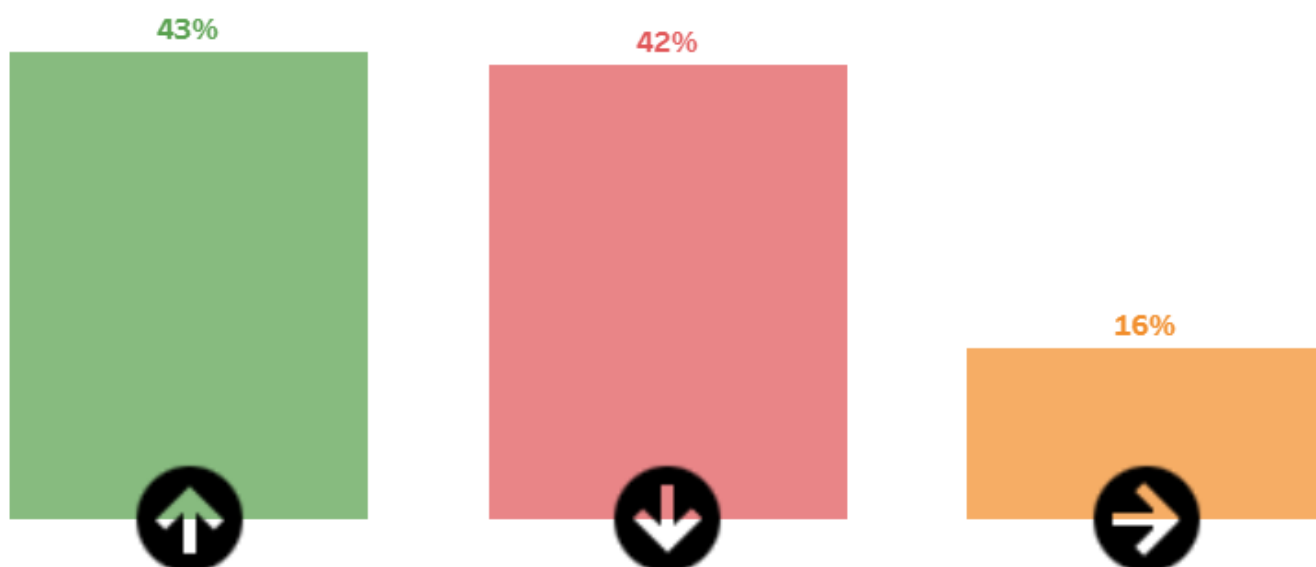
- The proportion of Adult Social Care clients with a **learning disability in paid employment** has reduced since Q3. Whilst Stockport continues to perform above NW and GM averages, some of the reduction is attributable to the impact from the pandemic on supported employment opportunities. There is also a continuing data recording issue following implementation of a new case management system which is being addressed (ACH)
- The increase in **permanent admissions to residential or nursing care** is more in line with pre-pandemic figures as post-Covid demand levels increase. It also reflects pent-up demand within the system, along with higher levels of hospital discharges and tackling the backlog of Care Act Reviews. It is expected to stabilise during 2022/23. (ASC)
- There was a drop in the percentage of **Freedom of Information (Fol) requests** which were responded to on time during Q4, which has dropped below target. Competing service area priorities and a number of particularly complex requests contributed to this, and a number of developments are underway to monitor and support this process. These include an Fol Dashboard and on-line publication of the most requested information. (CFE)
- The increase in **hospital admissions of young people due to self-harm** (as at 31/12/21) is being investigated. Without national or regional comparators it is difficult to identify whether this is a more general trend over lock-down periods, potentially linked to the reported increase in people seeking mental health support. (CFSE)
- There has been a fall in the proportion of **invoices paid to local suppliers** within 10 days during the final quarter of 2021/22. Much of this is due to the Christmas break impacting on January payments, with the average over the year as 11.7 days. Suppliers with a high number of late invoices are being identified in order to understand and resolve any issues, and seek to address any underlying problems. Capacity has also increased recently within the Central Invoicing Team which will enable a more proactive approach (RCG)
- The number of **affordable homes completed** fell significantly short of the target for 2021/22. This was largely due to delays in completion of two large schemes which went beyond the end of March. These were largely due to supply and delivery issues as a consequence of Covid and Brexit. In addition to this, the developer of one of these schemes went into administration. (SS)

Of the nine 'Red' measures for 2020/21, the following all improved during 2021/22 and were reported as on target or within the 'amber' tolerance range;

- More ASC clients with a learning disability living independently (ACH)
- More people accessing short-term care services no longer needing long-term care (ACH)
- Fewer alcohol-related hospital admissions (ACH)
- Reduced teenage conception rates (for year to Dec 2020) (CFSE)
- A reduction in residual household waste (SS)

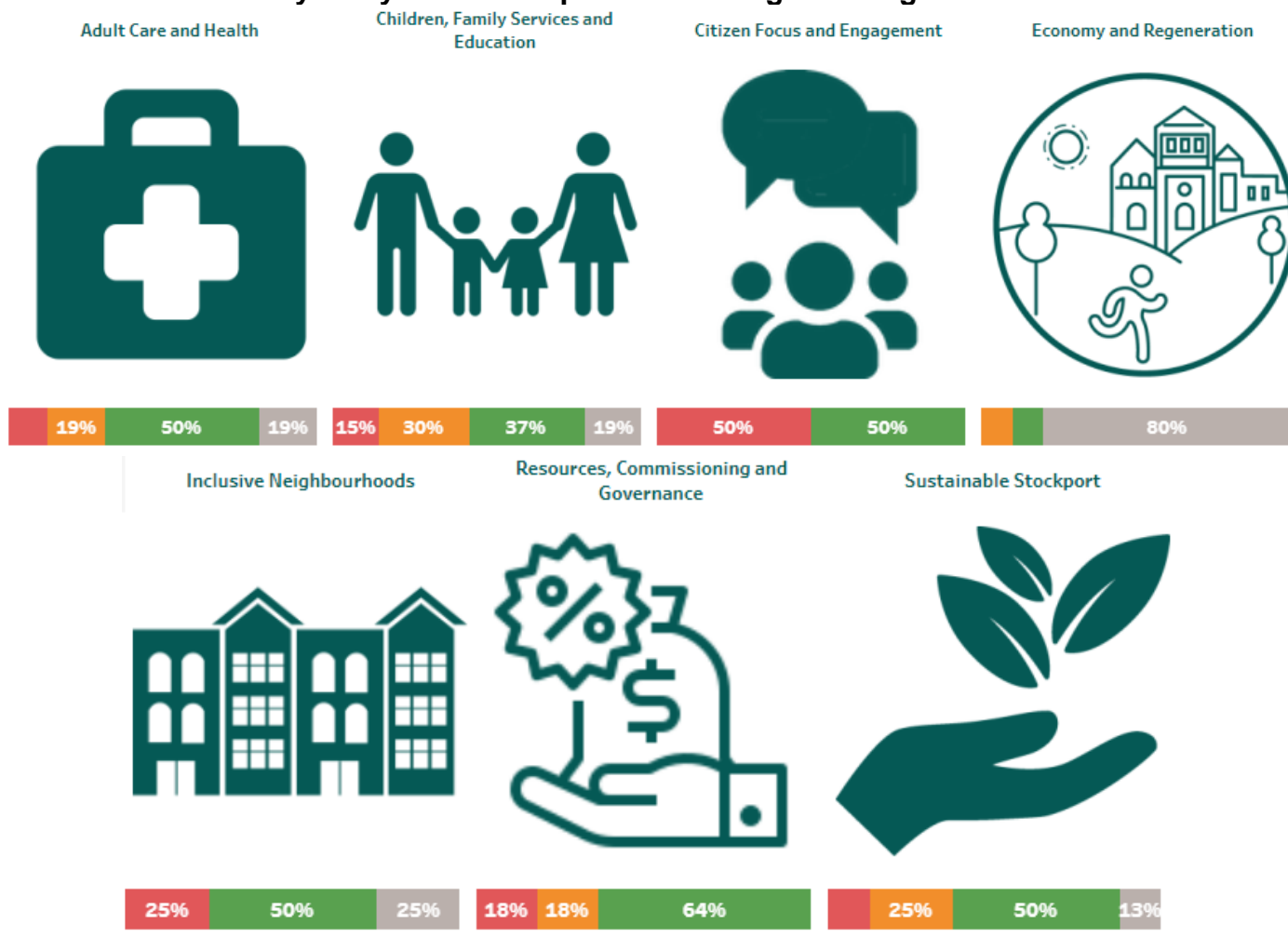
Of the 77 measures with an agreed polarity (ie aiming high or low), 43% (33) were reported as improving since the previous period, with 16% (12) reported as stable and 42% (32) reported as deteriorating. This compares to 46%, 16% and 38% respectively reported at year-end 2020/21.

Performance Against Previous (Trajectory):



Of the 32 identified where performance was lower, just ten were rated as 'Red' against targets, with a further seven 'Amber' measures. Nine were on or ahead of target despite reporting lower performance, whilst no target was set for the remaining six

Analysis by Portfolio – performance against targets 2021/22



Further detail can be found within the [Corporate Performance Dashboard](#)

3. FINANCIAL OVERVIEW AND ANALYSIS

REVENUE BUDGET



3.1 Revenue Budget

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

- A summary of the revenue budget and outturn position for the Council as at 31 March 2022;
- Details of the 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 March 2022.

3.2 Revenue Budget Adjustments

- 3.2.1 The following table summarises the proposed changes to the revenue budget that have arisen during Quarter 4.

2021/22 Revised Budget as at 31 March 2022

	Approved Budget £000	Revised Budget 31/03/22 £000	Increase (Reduction) £000
Cash Limits	196,921	209,739	12,818
Non-Cash Limits	76,087	63,269	(12,818)
Total	273,008	273,008	0

- 3.2.2 The table reflects the movement of budgets of £12.818m from Non-Cash Limit to Cash Limit from contingency budgets. A breakdown of the Quarter 4 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**
Covid Scarring allocations	V	10,079	NCL	X FOLIOS	T
2021/22 Pay award	V	1,800	NCL	X FOLIOS	P
Demand contingency allocation	V	858	NCL	CFSE	T
Redundancies funded corporately	V	110	NCL	X FOLIOS	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

3.3.1 The overall outturn position for the Council's revenue budget is a surplus of £2.184m as set out in the table below. Portfolio cash limits are balanced following the proposed allocation of £10.079m (£10.051m at Q3) from the Covid-19 Financial Scarring Impact contingency to reflect the additional costs or income reductions faced by individual Portfolio cash limits.

2021/22 Revenue Outturn as at 31 March 2022

Portfolio	Original Budget £000	Revised Budget £000	Final Outturn £000	(Surplus)/ Deficit £000
Cash Limits				
Adult Care and Health	98,011	98,807	98,807	0
Children, Family Services and Education	44,511	47,266	47,266	0
Citizen Focus and Engagement	4,640	4,971	4,971	0
Economy and Regeneration	2,015	2,327	2,327	0
Inclusive Neighbourhoods	673	630	630	0
Resources, Commissioning and Governance	24,502	30,564	30,564	0
Sustainable Stockport	21,330	25,174	25,174	0
Total (Cash Limits)	195,682	209,739	209,739	0
Pay Inflation	168	0	0	0
Inflation - Price and National Living Wage	2,907	717	0	(717)
Demand Pressures	1,472	0	0	0
Apprenticeship Levy	411	411	404	(7)
Covid-19 Financial Scarring Impacts	11,197	1,118	0	(1,118)
Other Non-Cash Limits	60,987	61,023	60,681	(342)
Total (Non-Cash Limits)	77,142	63,269	61,085	(2,184)
Total (Cash & Non-Cash Limits)	272,824	273,008	270,824	(2,184)
Financed by				
Council Tax Income	151,005	151,005	151,005	0
Adult Social Care Precept	16,889	16,889	16,889	0
Business Rates District Share	77,456	77,465	80,421	2,956
Business Rates Tariff	(16,673)	(16,577)	(16,577)	0
Business Rates Section 31 Grants	11,816	11,807	29,086	17,279
New Homes Bonus	881	881	882	1
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
Other Grants	0	0	3	3
Collection Fund Balance Distribution	1,012	1,012	1,012	0
Covid-19 Collection Fund 2020/21 Deficit Deferral	(2,504)	(2,504)	(43,042)	(40,538)
Collection Fund Section 31 Grants	0	0	41,330	41,330
Council Share 2020/21 Business Rates Pilot Benefit	3,622	3,622	3,622	0
GMCA Share 2021/22 Business Rates Pilot Benefit	0	0	(1,702)	(1,702)
Covid-19 General Support Funding 2021/22	7,629	7,629	7,629	0
Covid-19 Collection Fund Support Funding	3,432	3,432	3,367	(65)
Covid-19 Income Loss Compensation	494	494	1,173	679
Covid-19 New Burdens	0	0	460	460

Appropriation to Collection Fund Reserve	0	0	(19,329)	(19,329)
Appropriation to Revenue Grants Reserve	0	0	(1,074)	(1,074)
Appropriation from Reserves Collection Fund Smoothing	1,400	1,400	1,400	0
Appropriation from Reserves General Fund Smoothing	1,874	1,962	1,962	0
	272,824	273,008	273,008	0
	0	0	(2,184)	(2,184)

Cash Limit Portfolios

3.3.2 Cash Limit Portfolios are reporting a balanced outturn position. However, as highlighted in previous reports during the year 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 final outturn position shows a proposed utilisation of £10.079m, a slight increase of £0.028m from the Quarter 3 forecast. The allocation is against Resources, Commissioning and Governance Portfolio (£4.746m), Sustainable Stockport Portfolio (£3.690m), Children, Family services and Education Portfolio (£1.578m) and Citizen Focus and Engagement Portfolio (£0.065m).

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 on the net cash limit budget of £30.564m This is after a net appropriation to reserves of £0.078m and an allocation of the Covid-19 scarring contingency of £4.746m, by way of adjustment to the cash limit budget.

3.3.5 The scarring allocation has addressed the deficit in the Investment and Development Account (I&D) of £4.668m as well as £0.078m relating to income losses incurred by Stopford House car park as part of the Single Property Budget (SPB).

3.3.6 Though considerable, the loss is less than the £5.200m thought likely at Quarter 3, and considerably better than the £6.400m deficit in 2020/21. The I&D account position reflects a somewhat flat rental income yield position in the commercial estate, a prudent approach being taken with regards to bad debt provision given current price inflation; and cost of living pressures, together with the borrowing repayment charges that the account faces as development schemes are completed.

Sustainable Stockport

3.3.7 The Sustainable Stockport Portfolio is reporting a balanced position against a budget of £25.174m through the utilisation of £3.690m of Covid-19 scarring contingency at outturn which represents no change since the Quarter 3 forecast. The balanced position also includes a drawdown from reserves of £1.521m (including £0.146m from the Contain Outbreak Management Fund and £0.558m from the Waste Smoothing Reserve).

3.3.8 The outturn deficit before the Covid Contingency Budget allocation and the drawdown from reserves includes deficits on Borough Leisure Facilities, Car Parking, Taxi Licensing and Parks & Open Spaces which is a result of reduced income from sales, fees and charges caused by Covid-19. These deficits are partially offset by a surplus in Transport due to lower energy costs for Street Lighting from LED lighting and a surplus from vacancies in the Neighbourhoods Team.

Children, Family Services and Education

- 3.3.9 The Portfolio is reporting a balanced position through the utilisation of Covid-19 scarring allocation of £1.578m and a one-off contingency of £0.407m.
- 3.3.10 The £1.985m deficit position prior to these allocations compares to a forecast deficit at Quarter 3 of £1.914m and comprises of deficits of £1.571m on Children and Family Services, a deficit of £0.598m on Education and a surplus of £0.184m on 14-19 services.
- 3.3.11 The Children and Family Services deficit is attributable to increased placements in Children Looked After (CLA) plus additional costs relating to Covid-19 for both internal and external provision. The deficit also includes £0.350m above budget for CLA maintenance and section 17 payments as a result of a series of high cost intensive support packages agreed to support young people in placement and prevent placement breakdown and potential moves to higher cost external provision. These support packages are being kept under regular review with service leads.
- 3.3.12 The Education deficit is largely attributable to the ongoing demands on the SEND Transport budget as previously reported. The key cost drivers are:
- More students requiring SEN transport circa 770 students at spring 2022 (694 September 2020); and
 - 244 different routes compared to 158 routes in September 2020;

Citizen Focus and Engagement Portfolio

- 3.3.13 The Portfolio is reporting a break-even position on a budget of £4.971m. The revised cash limit budget includes a Covid-19 scarring allocation of £0.065m to address some of the net income loss in Museums, Arts and Events after partially offsetting cost savings (from the building closures and curtailment of many activities), to achieve a balanced outturn position.
- 3.3.14 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 page 2.

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 Investment is underway with a delivery partner engaged delivering part of the programme across two years.

Cultural Services to Support Our Residents (£0.050m)

- 3.4.3 The £0.050m investment set aside for cultural network, strategy and projects was fully utilised in year.

Libraries Open Plus (£0.300m)

- 3.4.4 The Libraries Open Plus Cabinet Investment Priority spent £0.239m, with the programme concluding in 2022/23 where the remaining £0.061m is committed. Of the reserve £0.190m was appropriated to part fund the programme, as a saving in the Library Service staffing

budget provided a £0.049m offset. An amount of £0.049m has therefore been unearmarked from the reserve.

Health and Wellbeing Mental Health (£0.100m)

- 3.4.5 This 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 mental health communications campaign. Actual expenditure will commence in 2022/23.

Health and Wellbeing Public Health (£0.100m)

- 3.4.6 Addiction issues are a significant factor in health inequalities. Covid-19 has had a detrimental impact on people's ability to cope and that addictions like alcohol and drug dependency are on the increase. During lockdown, many people have stopped accessing support services so there is latent and increased demand in many of our communities. An additional one-off investment will support the development of a more proactive and targeted approach where the service can work with individual communities to deliver a tailored model that will engage a wider cohort of people. The investment was spent in full within 2021/22. 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 only £0.051m of the positive investment funding has been 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 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. The outturn position includes £0.098m used from this reserve to fund revenue expenditure included in the outturn position in 2021/22. Future anticipated expenditure is £0.142m in 2022/23 and £0.118m in 2023/24.

Hopes Carr Memorial Park (£0.300m)

- 3.4.12 The outturn position includes £0.067m used from this reserve to fund revenue expenditure included in the outturn position in 2021/22. Problems with the supply chain have meant that a mid-June 2022 completion date is now expected. The current expenditure includes the cost of Arb work (£0.022m), Contract Works (£0.031m) and Engineers Fees (£0.014m). 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)

- 3.4.13 The outturn position included the full use of this reserve to fund 4 hours free parking each Saturday throughout the year.

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

- 3.4.14 The outturn position includes £0.109m used from this reserve to fund revenue expenditure included in the outturn position in 2021/22. The majority of the investment will be spent in 2022/23 as the delivery of the Play Provision projects relies on imported materials and equipment.

3.5 Contain Outbreak Management Fund (COMF)

- 3.5.1 The Council has received £12.245m in total to support commitments aligned to applicable COMF schemes. At outturn the cumulative spend on COMF covering 2020/21 and 2021/22 is £9.636m. The balance of £2.609m has been realigned into 2022/23, to support ongoing investment schemes aligned to COMF.
- 3.5.2 This has been reported as part of the national financial monitoring programme of COMF, alongside the assurance from the UK Health Security Agency that unspent balances can be carried forward into 2022/23.
- 3.5.3 The flexibility within Council services from the use of COMF will be managed through the Council's Reserves Policy.

3.6 Non-Cash Limit

- 3.6.1 The reported non-cash limit outturn position is a surplus of £2.184m of which £1.118m 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 of £0.308m largely relating 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. A further surplus of £0.717m due to a favourable surplus on Housing Benefit Overpayments activity, following completion of the year end grant claim together with a reduction of the bad debt provision.

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 final Quarter 4 outturn position is an in-year deficit of £3.615m which is in line with previous forecasts provided during the year.
- 3.7.3 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 September 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.
- 3.7.4 The above is demonstration of the continual increase in demand for pupils with high needs who require education and support in a specialist provision. The deficit will be carried forward as part of the cumulative deficit £5.486m into the 2022/23 financial year and will be managed as part of the ongoing DSG review project.
- 3.7.5 The table below provides a summary of the cumulative position and includes an illustration of how the deficit is planned to be reduced in 2022/23:

DSG Cumulative position	£m	Notes
2020/21 Closing balance	3.238	Cumulative as at 31/03/2021
2021/22 Schools Budget planned repayment	(0.870)	Schools Fund approved transfer
2021/22 HNB planned repayment	(0.497)	HNB base budget provision
2021/22 in-year deficit	3.615	Quarter 4 Outturn
Cumulative Position	5.486	Closing balance
2022/23 HNB planned repayment	(1.370)	
Adjusted estimated Balance	4.116	As at 01/04/2022

3.8 Housing Revenue Account (HRA)

- 3.8.1 The HRA outturn position for 2021/22 (shown at appendix 2) is a surplus for the year of £1.163m which is £0.610m above the budget. Some positive movements can be seen including lower interest, and bad debts, along with higher RHI Income and rental income forecast 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 rent from new build development including the later than anticipated completion on 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 Collection Fund outturn position for 2021/22:

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(196,724)	(71,696)	(268,420)
Council Tax Hardship	(475)		(475)
Collection Fund Expenditure	197,565	81,234	278,799
2021/22 Deficit	366	9,538	9,904
Allocated to:			
Stockport Metropolitan Borough Council	311	9,443	9,754
Mayoral Police and Crime Commissioner	39		39
Mayoral General including Fire Services Share	16	95	112
	366	9,538	9,904

3.9.2 The outturn position is a deficit of £9.904m consisting of a £0.366m deficit on the Council Tax and a £9.538m deficit on Business Rates. The council's share of this deficit is £9.754m made up of £0.311m on Council Tax and £9.443m on Business Rates.

3.9.3 During the year the Council has provided further additional working age Local Council Tax Support (LCTS) of up to £150 to eligible residents to reduce their Council Tax liability recognising the financial impact of Covid-19. The relief given to residents has created a deficit of £0.475m on the Collection Fund due to the resulting Council Tax income loss. As required by Collection Fund accounting, this deficit is not a charge to the Collection Fund and has therefore been recharged to the Council's General Fund (so that there is no impact on the Collection Fund of providing support to residents) in year. The deficit charged to the Council's General Fund has been offset by the balance of the Council Tax Hardship grant received from Government during the pandemic. This has been reflected in the Collection Fund and General Fund outturn positions.

3.9.4 The Business Rates deficit outturn position reflects the decision taken by the Government in March 2021, in response to Covid-19, to extend the level of retail discount for retail, hospitality and leisure businesses, and childcare providers. The extended retail discount in 2021/22 is less generous than 2020/21 offering 100% relief for 3 months followed by 66% relief for the following 9 months with national caps applied. The deficit created by the reliefs given during the year (due to loss of Business Rates income as a result of the relief to businesses) have been fully compensated by Government through a Section 31 (S31) grant. As the legislation that governs Collection Fund accounting means the reimbursement of the deficit by the Council is not realised until 2022/23, the S31 grant will be held in reserves and drawn down to support the Council's funding of the deficit in 2022/23.

3.9.5 Taking the Council Tax Hardship grant and S31 grant into account, the Collection Fund outturn position is a surplus of £6.868m made up of a £0.366m deficit on Council Tax and £7.234m surplus on Business Rates. The Council's share of the surplus is £6.850m made up of £0.311m Council Tax deficit and £7.162m surplus on Business Rates.

3.9.6 The table below shows the Collection Fund position that will need to be distributed adjusting for the Council Tax Hardship grant and Business Rates S31 grant related to the Covid-19 extended retail reliefs:

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(196,724)	(71,696)	(268,420)
Additional S31 Grant/Council Tax Hardship	(475)	(16,772)	(17,247)
Collection Fund Expenditure	197,565	81,234	278,799
2021/22 (Surplus)/Deficit	366	(7,234)	(6,868)
Allocated to:			
Stockport Metropolitan Borough Council	311	(7,162)	(6,850)
Mayoral Police and Crime Commissioner	39		39
Mayoral General including Fire Services Share	16	(72)	(56)
	366	(7,234)	(6,868)

3.9.7 As part of the Council's 2022/23 budget setting process, the Council declared a 2021/22 Collection Fund outturn deficit of £22.102m (£1.166m surplus net of forecast S31 extended retail relief grants and the Covid additional Relief Fund (CARF)). This deficit will be reimbursed by the Council's General Fund in 2022/23 using the S31 grant held in reserves. The balance of £5.684m surplus (£6.850m outturn less £1.166m declared) as a result of over reimbursing the Collection Fund based on the declared position will be distributed in 2023/24.

3.9.8 The volatility of the Collection Fund accounting, which has been added to by the pandemic, has made forecasting during the financial year difficult. The variance on the declared outturn (2022/23 budgeted) position compared to the actual outturn position presented above demonstrates this. The variance relates to differences in the assumptions underpinning the forecasts particularly in relation to the Business Rates position at Period 8 (used for the declared outturn) and the actual outturn position including:

- Improved Council Tax and Business Rates in-year collection rates at year end compared to those forecast at Period 8;
- Council Tax Hardship grant year end adjustment referred to above not included in the Period 8 forecast;
- Lower than forecasted levels of Empty Premises relief; and
- Lower than expected year end Business Rates bad debt provision reflecting the in-year collection rate achieved being better than expected and reducing the amount of debt requiring provision to be set aside; and
- Review of the Business Rates appeals provision to reflect internal intelligence and Valuation Office Agency data about the level of appeals known and those considered to be at 'risk of appeal' resulting in a lower than expected provision at year end.

Greater Manchester 100% Business Rates Retention Pilot

3.9.9 During the year the Council has continued to pilot alongside the other Greater Manchester Pilot Authorities, the 100% retention of Business Rates income. The Council has benefited from the pilot as a result of an increased retention of Business Rates growth achieved in previous financial years. As a result, the total 2021/22 pilot benefit to the Council is £5.107m of retained Business Rates income that would have been paid to Government prior to the pilot.

3.9.10 In previous financial years, it has been agreed that a minimum of 50% of the benefit would be retained by Greater Manchester Authorities and the balance retained by the GMCA. However, 75% of the benefit achieved in 2021/22 will be retained by the Council and 25% retained by GMCA, subject to further discussion with GMCA and Treasurers of the Pilot Authorities. £1.254m of this has been realised in the Council's outturn position based on the NDR1 (2021/22 budget) and transferred to the Collection Fund Reserve. This will be used to support the Council's 2022/23 Budget as approved in February. The balance will be released from the Collection Fund in 2022/23 and 2023/24 in line with Collection Fund accounting requirements. An accrual for the 25% (£1.702m) share to be paid to GMCA has been included in the Council's reported outturn position reflecting the payment of the GMCA retained share of the benefit.

3.9.11 Whilst the Council will continue to pilot the 100% retention of Business Rates in 2022/23, it is difficult to accurately forecast the expected benefit at the beginning of the financial year. Business Rates income is a complex and volatile tax, changes in rateable values and increases in appeals by businesses are difficult to predict and can have a significant impact on the actual benefit realised at the end of the financial year. The Council continues to take a prudent approach to this by not budgeting for any benefit in the year it is realised. Instead, any benefit realised in year is used to support the Council's budget setting process, medium-term financial planning and capital investments in the following financial years supported by the Collection Fund Reserve.

3.10 Reserves and Balances

3.10.1 The table below shows the overall summary position on reserves at Quarter 4 and reflects the adjustments made as part of the Reserves Policy reported earlier in the year and appropriations made to the end of March.

Reserves and Balances as at 31 March 2022

	Balance as at 01/04/2021 £000	Reserves Policy adjustments £000	Transfers to / (from) Reserves £000	Balance as at 31/03/2022 £000
General Fund Balances	16,205	(1,022)	2,184	17,367
Total General Fund Balances	16,205	(1,022)	2,184	17,367

Reserve Linked to Budget	12,336	11,123	529	23,988
Strategic Priority Reserve	41,465	(9,349)	10,081	42,197
Budget Resilience Reserve	3,980	(380)	(286)	3,314
Corporate Reserves	75,264	(372)	(27,705)	47,187
Directorate Reserve	750	0	(155)	595
Total Earmarked Reserves	133,795	1,022	(17,536)	117,281
DSG and School Balances	15,642	0	474	16,116
HRA Balances	1,441	0	169	1,610
HRA Earmarked Reserves	1,611	0	0	1,611
Total Ring-fenced Reserves	18,694	0	643	19,337
Total Reserves and Balances	168,694	0	(14,709)	153,985

3.10.2 General Fund Balances have increased by £1.162m from £16.205m at the start of the year to £17.367m. The movement relates to:

- £1.022m reduction relating to the 2020/21 outturn surplus realigned to earmarked reserves as per the Reserves Policy approved during the year; and
- £2.184m increase relating to the 2021/22 outturn surplus as reported in section 3.3.

3.10.3 The recommended minimum level of General Fund Balances as set out in the 2022/23 Budget is £15.183m. The surplus balance of £2.184m will be considered as part of the 2022/23 Reserves Policy review to be reported to Corporate Resources, Governance and Management scrutiny committee and Cabinet in September 2022.

3.10.4 Total Earmarked Reserves have decreased by £16.514m to £117.281m during the year. This is largely due to appropriations from corporate reserves relating to Collection Fund to finance the revenue budget. This includes:

- £41.330m 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;
- Business Rates 100% Pilot Benefit Share of £3.622m;
- Collection Fund smoothing of £1.400m; and
- General Fund smoothing of £1.962m to balance the revenue budget.

3.10.5 The above is partly offset by an equivalent appropriation to reserves relating to the 2021/22 Section 31 grants regarding Business Rates extended retail reliefs of £17.279m that will be used in 2022/23 to finance the Collection Fund deficit charged to General Fund. In addition, further appropriations to reserves of £1.254m and £0.796m relating to the 100% business rates retention pilot realised and the Collection Fund deficit deferral saving, respectively, will be used to support the budget in 2022/23.

3.10.6 Other notable appropriations from reserves include:

- £5.499m from the Revenue Grants reserve to fund grant expenditure;
- £0.795m to fund Cabinet Positive investments;
- £0.286m from the Climate Action Now reserve;
- £0.286m from the Children's reserve; and
- £0.251m from the SEND Review reserve.

3.10.7 The reductions to Earmarked Reserves have been partly offset by earmarking the following:

- £8.264m to the Health and Social Care Integration reserve, this is being held and will be used to support health and social care spend in 2022/23;
- £5.267m to the Revenue Contribution to Capital Outlay (RCCO) reserve to support the funding of planned capital costs;
- £3.539m to the Contain Outbreak Management reserve reflecting the cash limit budget saving as a result of maximizing the use of the grant;
- £0.938m to the Third Party Monies reserve;
- £0.614m to the MTFP Resilience and Smoothing reserve;
- £0.341m to the Legislative and Statutory Requirements reserve; and
- £0.267m to the Waste Smoothing reserve.

3.10.8 DSG and School Balances increased by £0.474m to £16.116m and relates to a net overall increase in schools reserve balances.

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

3.11 2021/22 Statement of Accounts

3.11.1 The draft Statement of Accounts for 2021/22 are being prepared and are planned to be submitted to the Council's External Auditors on 24 June 2022. Following the completion of the external audit, the audited statement of accounts is planned to be presented to the Audit Committee for approval on 21 September 2022.

3.11.2 The process of finalising and auditing the Statement of Accounts may give rise to late adjustments which may impact on the revenue and capital outturn, reserves and/or balances position presented in this report. In these circumstances, it is proposed that the approval of changes to the outturn, reserves and/or balances position is delegated to the Deputy Chief Executive, Corporate Director - Corporate and Support Services, in consultation with the Cabinet Member for Resources, Commissioning and Governance. Any material changes will be reported to the Cabinet at the earliest opportunity.

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 £455.862m as at 31 March 2022.

2021/22 Three Year Capital Programme

Expenditure as at 31 Mar 2022 £000	Portfolio	2021/22 Programme £000	2021/22 Variation* £000	2022/23 Programme £000	2023/24 Programme £000	Programme 2024/25 Onwards £000
37	Adult Care & Health	257	(220)	343	67	
	Children, Family Services & Education	0	0	24	0	0
64,997	Economy & Regeneration	59,932	5,065	88,483	75,679	6,328
23,283	Resources, Commissioning & Governance	28,318	(5,035)	69,660	8,903	32,643
29,049	Sustainable Stockport	37,861	(8,812)	47,649	47,688	87,577
117,366	TOTAL	126,368	(9,002)	206,159	132,337	126,548

*Variation = Additional/Reduced Programme and Virement/Rephasing as shown in table 4.2.5 below

4.2 Capital Programme Adjustments

4.2.1 The outturn expenditure on the 2021/22 Capital Programme is £117.366m, which is an overall net variance of £9.002m against that reported at Quarter 3.

4.2.2 Details of the changes made to the Programme during the final quarter of 2021/22 are set out at paragraphs 4.2.3 to 4.2.5 below. Progress on schemes for each Portfolio during Quarter 4 can be found in the respective Portfolio Performance and Resources Reports on the relevant scrutiny committee meeting agendas.

4.2.3 The Council's 2021/22 three-year Capital Programme is £455.862m as at 31 March 2022, which is an overall net increase of £41.275m since last reported as at 31 December 2021. This increase is made up of a number of new and additions as well as reductions to schemes, the most significant of which include the following:

- £0.510m grant funding for Street Lighting in 2022/23 (Economy and Regeneration);
- £0.835m of grant funding (£0.110m in 2021/22 and £0.725m in 2022/23) for Highways Structures (Economy and Regeneration);
- £4.400m of directly funded borrowing (£0.209m in 2021/22, £1.041m in 2022/23 and £3.150m in 2023/24) for Merseyway Car Park Waterproofing (Economy and Regeneration);
- £1.223m additional grant funding for City Region Sustainable Transport Settlement (CRSTS) including Highway Trees (£0.152m in 2021/22 and £1.071m in 2022/23, Economy and Regeneration);
- A reduction of £0.503m in Section 278 and Section 106 Highways schemes (£0.100m in 2021/22, £0.203m in 2022/23 and £0.200m in 2023/24, Economy and Regeneration);

- £1.047m grant funding in 2021/22 for Weir Mill development (Economy and Regeneration);
- A total of £11.500m grant and directly funded borrowing (£4.800m in 2022/23 and £6.700m in 2023/24) for the Academy of Living Well (Economy and Regeneration);
- £5.098m of grant funding and £2.069m directly funded borrowing has been added to the 2021/22 programme to finance in year expenditure on Stockport Interchange (Economy and Regeneration);
- £6.579m High Needs Provision and £4.923m Capital Maintenance Grant funding for Education Estate schemes is within Funding to be Allocated, £8.352m in 2022/23 and £3.150m in 2023/24 (Resources, Commissioning and Governance);
- £0.505m additional grant and directly funded borrowing has been allocated to Individual School Schemes in 2021/22 (Resources, Commissioning and Governance);
- £3.290m of corporate unsupported borrowing in the 2021/22 capital programme for Shareholder Support Loans for Manchester Airport has been removed (Resources, Commissioning and Governance);
- £0.833m of grant funding has been allocated to HRA General Capital Schemes in 2021/22 (Sustainable Stockport);
- £2.193m directly funded borrowing for HRA New Build Schemes in 2023/24 (Sustainable Stockport); and
- £0.805m HIF (Housing Infrastructure Fund) grant towards the Covent Garden – Hopes Carr Strategic Housing Scheme in 2021/22 (Sustainable Stockport).

4.2.4 Capital schemes often span many years. The spending profiles of schemes are regularly reviewed as they progress, and the Programme is adjusted accordingly. There has been substantial re-phasing of schemes during the quarter, with a net value of £24.292m 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):

- £0.663m of corporate unsupported borrowing re-phased £0.188m to 2022/23 and £0.475m to 2023/24 for the Highways Investment Programme (Economy and Regeneration);
- £0.586m of grant funding for Active Travel Measures (Economy and Regeneration);
- £0.080m from 2021/22 and £0.956m from 2022/23 has been re-phased to 2023/24 for Bus Stop and Passenger Travel Enhancements (Economy and Regeneration);
- £0.551m of directly funded borrowing in relation to Markets and Underbanks (Economy and Regeneration);
- £0.557m from 2021/22 and £1.443m from 2022/23 of directly funded borrowing for Merseyway Development has been rephased to 2023/24 (Economy and Regeneration);
- £0.681m of directly funded borrowing from 2021/22 and £6.141m of grant funding from 2022/23 has been rephased to 2023/24 for Future Highstreets Fund (Economy and Regeneration);
- £2.577m of grant funding for Stockport Exchange Phase 4 (Economy and Regeneration);
- A total of £3.196m of grant funding and corporate unsupported borrowing for Schools Estate schemes has been re-phased (Resources, Commissioning and Governance);
- £2.145m of grant funding for Public Sector Decarbonisation Schemes (Resources, Commissioning and Governance);
- £2.859m of capital receipts funding for the Reprovision of Dialstone Facility has been re-phased to £0.006m to meet expenditure in 2021/22 and £2.853m to 2023/24 (Resources, Governance and Commissioning);

- £2.511m of directly funded borrowing for HRA General Capital Schemes (Sustainable Stockport);
- £2.224m of funding for HRA New Build Schemes has been re-phased £3.201m to 2022/23 and £5.425m to 2023/24 (Sustainable Stockport);
- £4.820m in loans to Stockport Homes for the Affordable Homes schemes (Sustainable Stockport), and
- £0.117m from 2021/22 and £2m from 2022/23 of directly funded borrowing for the Street Lighting Investment Programme has been re-phased to 2023/24 (Sustainable Stockport).

4.2.5 The changes to the Capital Programme during Quarter 4 are set out by Portfolio in the table below.

Portfolio	Programme as at 31 Dec 2021 £000	Additional /Reduced Programme £000	Virement/ Re- phasing £000	Programme as at 31 Mar 2022 £000
<u>2021/22</u>				
Adult Care & Health	257		(220)	37
Children, Family Services & Education	0	0	0	0
Economy & Regeneration	59,932	13,436	(8,371)	64,997
Resources, Commissioning & Governance	28,318	417	(5,452)	23,283
Sustainable Stockport	37,861	1,437	(10,249)	29,049
Total	126,368	15,290	(24,292)	117,366
<u>2022/23</u>				
Adult Care & Health	204	(14)	153	343
Children, Family Services & Education	24	0	0	24
Economy & Regeneration	85,084	6,890	(3,491)	88,483
Resources, Commissioning & Governance	62,944	5,062	1,654	69,660
Sustainable Stockport	45,138	(56)	2,567	47,649
Total	193,394	11,882	883	206,159
<u>2023/24</u>				
Adult Care & Health			67	67
Children, Family Services & Education	0	0	0	0
Economy & Regeneration	55,067	8,610	12,002	75,679
Resources, Commissioning & Governance	1,805	3,150	3,948	8,903
Sustainable Stockport	37,953	2,193	7,542	47,688
Total	94,825	13,953	23,559	132,337

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	54,380	71,169	33,221	19,112
Directly Funded Borrowing	30,393	70,775	69,247	51,781
Unsupported Borrowing	15,319	43,382	6,415	416
Capital Receipts	2,084	3,014	7,841	12,207
External Contributions	748	577	0	0
Commuted Sums	807	1,911	600	0
Revenue Contributions (RCCO)	1,668	2,161	1,281	30,003
HRA funding from MRR	11,967	13,170	13,732	13,029
TOTAL	117,366	206,159	132,337	126,548

4.3.2 Capital Grant funding is the largest source of funding for the Council's 2021/22 Capital programme and is being used to finance £54.380m (46.3%) of the capital expenditure for the year.

4.3.3 Prudential borrowing (directly funded borrowing and unsupported borrowing) makes up the largest source of funding for the overall three-year capital programme, financing £235.531m (51.7%) of the total Programme. In 2021/22, £45.712m is being used to finance capital expenditure.

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 outturn 2021/22 Capital Programme as at 31 March 2022.

Capital Expenditure	2021/22 Budget £000	2021/22 Outturn £000
General Fund (non HRA)	119,298	98,547
HRA	40,920	18,819
Total	160,218	117,366

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 Outturn £000
General Fund (non HRA)	696,047	670,831
HRA	169,969	153,516
Total	866,016	824,347

- 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 Outturn £000
Total Financing Costs	23,605	24,823
Ratio to Net Revenue Stream	8.71%	9.09%

HRA	2021/22 Budget £000	2021/22 Outturn £000
Total Financing Costs	5,951	5,974
Ratio to Net Revenue Stream	10.86%	10.97%

Recommendations

Cabinet is asked to:

- a) Review progress against delivering council priorities and capital schemes alongside budget and performance outturns 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 outturn 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 outturn 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 March 2022.
- 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 resourcing of the capital programme as set out in section 4.3.
- k) Approve the 2021/22 prudential indicators as set out in section 4.4, and
- l) 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 31 March 2022.
- 2. 2021/22 Housing Revenue Account Outturn as at 31 March 2022.
- 3. Reserves and Balances as at 31 March 2022.