



# Corporate Performance and Resources

## Annual Report 2022/23



Date	5 June	Version	1.0	Approved by	MH
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# INTRODUCTION

I am pleased to present the Corporate Performance and Resources Annual Report, setting out progress in delivering the council's priorities and spending plans for the year to March 31 2023.

In my previous reports during the year, I have mentioned the economic uncertainties and issues such as higher interest rates, inflation in double figures, soaring energy costs, as well as residual effects of the pandemic, that are currently affecting people, businesses and, of course, local government. These issues continue to put pressure on us all.

We have reviewed and updated our Medium-Term Financial Plan (MTFP) throughout the year to address the continuing uncertainty, complexity and risk within the financial landscape. This has supported and informed decision-making during the year and ensured the council's MTFP continues to be set on a robust and resilient basis. We have developed change proposals around:

- Demand management.
- Value for money and commissioning.
- Robust corporate governance.
- Radically digital.

The council's 2023/24 Budget and Medium-Term Financial Plan (MTFP) was presented to, and approved at, the Budget Council meeting on 23 February 2023. We will still face significant financial challenges over the medium-term period however, with a savings requirement of £23.817m over 2024/25 and 2025/26.

As well as focussing on these ongoing financial challenges however, we have continued to deliver effectively across the range our responsibilities. Brief details of key activities delivered during the quarter are set out within the "Overview of Corporate Delivery and Performance" section of this report, and fuller details appear in the seven individual Portfolio Reports presented to Scrutiny Committees during this cycle of scrutiny meetings. These cover activities across the range of the services we provide – some notable examples however are: the development of the family hub model in Stockport; leveraging Social Housing Decarbonisation Fund monies to improve the energy efficiency of social housing; a range of campaigns to support our residents who have been most affected by the cost-of-living crisis; the launch of the new Resident Advice Service aimed at those suffering financial hardship; our work to develop Town Centre West (including three major schemes currently on site – the Interchange, Stockport Exchange Phase 4 and Weir Mill); our work on digital inclusion (DigiKnow has supported around 38,000 people since its establishment, including around 15,000 in 2022/23); dealing with considerable demand and keeping waiting lists manageable at the Stockport Support Hub; and working with Culture Stockport to develop our successful bid to be the GM Town of Culture.

I continue to be confident that, working together, we can meet the challenges and opportunities ahead.

**Cllr Mark Hunter, Leader of the Council**



# 1. OVERVIEW OF CORPORATE DELIVERY AND PERFORMANCE



- 1.1 This report provides an overview of progress towards delivering against the priorities of the Council Plan 2022/23. It includes a high-level overview of the activity, performance and spend that contributed to meeting these priorities.
- 1.2 The Corporate Report should be considered alongside the seven individual 2022/23 Quarter 4 Portfolio Performance and Resource Reports (PPRRs), which include full details of activity and performance relating to the portfolios. These reports can be accessed by following the links to the five Scrutiny Committees in the table below. The updated Portfolio Performance Dashboards are published alongside the seven PPRRs, and these can be [found here](#). They contain the latest data across the full set of portfolio measures, including historical trend and comparative data (where available).

Scrutiny Committee	Date	2022/23 Portfolio Reports
<a href="#">Communities and Transport</a>	12 June	Communities and Housing Highways, Parks and Leisure Services
<a href="#">CRMG</a>	13 June	Finance and Resources Corporate Report
<a href="#">Children and Families</a>	14 June	Children, Families and Education
<a href="#">Adult Social Care and Health</a>	15 June	Health and Adult Social Care
<a href="#">Economy, Regeneration and Climate Change</a>	15 June	Climate Change and the Environment Economy and Regeneration

## Summary Financial Position

Revenue Budget Outturn Position 2022/23				Reserves and Balances	
	Revenue Budget £000	Out-Turn £000	(Surplus)/ Deficit £000	Balance at 31/03/23 £000	
Cash Limits	218,051	225,454	7,403	<u>Non-Ring fenced:</u>	
Non-Cash Limits	63,028	56,294	(6,734)	General Fund Balances	14,916
<b>Total</b>	<b>281,079</b>	<b>281,748</b>	<b>669</b>		
Revenue Financing	(281,079)	(281,481)	(402)		
<b>Total</b>	<b>0</b>	<b>267</b>	<b>267</b>	Earmarked Reserves	78,278
				<u>Ring fenced:</u>	
2022/23 Capital Programme (£000)			<b>144,867</b>	DSG and School Reserves	13,960
2023/24 Capital Programme (£000)			<b>214,261</b>	HRA Reserves	2,614
2024/25 Capital Programme (£000)			<b>101,959</b>	<b>Total Reserves and Balances</b>	<b>109,768</b>

### **1.3 Delivering our priorities for Stockport**

Some key areas of progress and challenge during Quarter 4 relating to the seven 2022/23 Cabinet Portfolios are provided below.

#### **Children, Families and Education**

This quarter, we have been working with schools to adapt their curriculum to better suit the needs of all learners, especially those who are disadvantaged and have special educational needs and disabilities (SEND). We also completed the review of school nursing, with priorities for the next year.

Our work on Family Hubs has progressed, with work undertaken to develop the Family Hub concept, as well as to identify potential sites to locate them. The Family Hub concept is a system-wide model of providing high-quality, joined-up, whole-family support services, for families with children of all ages (0-19) or up to 25 with SEND.

As of 31 March, there were 38 cases involving children open to Aspire due to concerns about complex safeguarding. Recently, there has been an increase in concerns and requests for support relating to child criminal exploitation. Aspire outcomes continue to be strong, however.

Sustainability of early years provision remains challenging – the implications of the March 2023 budget announcement, including the expansion of childcare, are currently being considered. Another ongoing challenge relates to there being insufficient provision in the borough for looked after children, resulting in several young people being placed some distance from the borough (at a higher cost to the council). Business cases to increase provision within the borough are however in the process of being developed.

#### **Climate Change and Environment**

Quarter 4 saw the range of climate-related events take place, including the Climate Action Business Forum, the Stockport Green Network, the 2022-23 Schools Climate Assembly and the Two + Two marketing hackathon.

Cabinet approved of a process for increasing electric vehicle (EV) charging opportunities in the borough by working with Iduna, the providers of the Be.EV network. This should result in a significant increase in the availability of charging facilities across the borough.

The Social Housing Decarbonisation Fund “SHDF Wave 1” programme has now progressed to site. In addition to this, “Wave 2” funding was secured that will enable the improvement of thousands of homes across GM. Work has also started on installing solar PV on Grand Central and Endeavour House and funding has been secured to install solar panels at four schools and a ground source heating system at one school. Funding has also been secured to implement a range of flood management measures.

Though we continue to meet our target relating to reducing residual household waste, we missed our annual target for recycling in 2022/23 – the exceptionally hot summer was a significant factor in this, with an estimated 3,000 fewer tonnes of green waste being collected because of it.

#### **Communities and Housing**

Our work to support local people with issues relating to the cost-of-living crisis has included a range of campaigns relating to benefit uptake which are estimated to have secured around £1m of additional payments for our residents.

Spatial footprints were agreed to bring the Team Around the Plan (TAP) areas in line with Area Committees and to align with Family Hubs and Team Around the Family more closely.



Stockport Women and Girls' Network hosted a major International Women's Day event focusing on domestic abuse against ethnic minority women and girls. Homes for Ukraine is currently supporting 89 households (184 people) through the scheme and 99 households have moved on from the scheme, either back to Ukraine or elsewhere in the UK.

Mirroring national trends, there were exceptional pressures on homelessness services, with 2,300 homelessness presentations in 2022/23, the highest ever recorded. Access to affordable housing has become exceptionally difficult for households on low incomes.

## **Economy and Regeneration**

Town Centre West work continues to progress at pace. Creation of office space for Merseyway Innovation Centre has progressed and staff recruitment is underway – it is due to open by September 2023

The Trafford College Group have created an action plan for supporting businesses to get the right skills and workforce that they need. This is being mobilised from April 2023. Also, Employment and Skills Agreements outcomes have been progressed for the Transport Interchange, Weir Mill and Stockport Exchange Phase 4.

Delivery of GM-wide employability programmes has continued, and Stockport schemes such as Steps to Work and Stockport Jobs Match also continue to perform well. The new Jumpstart employability support scheme for care experienced young people has been launched and has seven initial referrals to test the model. A Jobs Fair was held in Brinnington and employability events held with partners (DWP and Stockport Homes) for people aged 50+ and visitors from Ukraine and Hong Kong.

Our supported apprenticeships scheme is performing well, with six out of the seven latest completers going into sustained employment, three of them achieving distinctions in their programmes.

## **Finance and Resources**

The ongoing review of MTFP has helped the council ensure that its financial position remains robust and resilient, despite the current challenges,

Stockport Council achieved accreditation as a Real Living Wage employer and we are now working towards our contracted suppliers becoming similarly accredited.

We have delivered and supported a range of initiatives to help our residents and VCFSE organisations who have been affected particularly badly by the cost-of-living crisis. During Quarter 4, cabinet gave approval to pilot a new Resident Advice and Support (RAS) service – this will be the first port of call for residents who are struggling to pay their bills or have other financial worries. We have also introduced support for members of our staff who have been badly affected by the crisis, for example, through our Wellbeing Hub and our Welfare Rights team.

Recruitment activity has continued to be extremely busy, with 579 adverts placed during 2022/23 and a total of 1,060 job offers issued to successful candidates (note, many adverts were for multiple jobs). Our Leading Stockport programme was launched on 31 January at an event attended by over 500 of the council's leaders and managers. A second event followed on 27 March.

Our Local Digital Fund project began – it is looking for solutions to help support hospital discharge by better understanding capacity and demand. The Local Full Fibre Network (LFFN) has been fully rolled out to over 130 sites across Stockport and is now ready to be used as the foundational infrastructure of the GM One Network. Activities relating to digital inclusion have helped residents and VCFSE organisations improve their digital skills and access devices and connectivity.

## **Health and Adult Social Care**

During Quarter 4, £55,000 of council mental health investment funding for VCFSE organisations was awarded following a bidding round. Six large projects received up to £10,000 and three smaller projects received funding allocations of up to £1,000.

We completed a draft of our co-produced review of services funded by the Better Care Fund. The draft meets Department of Health and Social Care conditions and is now being finalised. The Stockport All Age Mental Health and Wellbeing Strategy is also now complete.

Stockport Support Hub received 1,705 referrals during Quarter 4. Though demand is high, waiting lists remain at a manageable level.

Plans were developed for the delivery of the spring booster and vaccinations started in April 2023 for people aged 75 years and over, those in care homes and those with weakened immunity.

Managing demand for Deprivation of Liberty (DOLs) assessments remains challenging. A full review of our approach to DOLs assessments and associated processes will take place in 2023/24.

## **Highways, Parks and Leisure Services**

The Neighbourhoods Team conducted assessments of key greenspace sites. All were assessed as being of good quality and action plans for each site will be developed in collaboration with "Friends Of" groups and other stakeholders to maintain and enhance their quality.

Though incidence of fly-tipping has steadily reduced since 2020/21, we missed our fly-tipping target for the year. The council is currently working with partners on a GM-wide awareness campaign on the issue of fly-tipping.

The 20mph work in Reddish and around Elizabeth Mill was completed adding 4.75 miles to the 20mph network. Its effectiveness will be evaluated during 2023/24.

Adult physical activity levels continue to hold up well, and activity levels amongst young people for the academic year 2021/22 are now back up to pre-pandemic levels, having decreased significantly during 2020/21.

We worked with Culture Stockport to develop a successful bid to be GM Town of Culture for 2023/24, during which we will highlight and develop new opportunities for cultural engagement. Development continues at Hatworks in advance of a full reopening later in 2023.

## 2. FINANCIAL OVERVIEW AND ANALYSIS

### REVENUE BUDGET



#### 2.1 Revenue Budget

This section of the report sets out the 2022/23 revenue outturn position. It includes:

- A summary of the revenue budget and outturn position for the council as of 31 March 2023;
- Details of the revenue outturn position relating to Cash Limit budgets, Non-Cash Limit budgets, Dedicated Schools Grant (DSG), the Housing Revenue Account (HRA) and Collection Fund;
- Updates on the Cabinet's positive investments;
- Updates on the Contain Outbreak Management Fund (COMF); and
- Details on Reserves and Balances as of 31 March 2023.

#### 2.2 Revenue Budget Adjustments

2.2.1 The following table summarises changes to the revenue budget that have arisen during Quarter 4 since the Quarter 3 CPRR that was presented to CRMG on the 28 February and Cabinet on the 14 March. The overall budget remains at £281.079m as summarised below:

##### 2022/23 Revised Budget as of 31 March 2023

	Approved Budget £000	Revised Budget 31/03/23 £000	Increase (Reduction) £000
Cash Limits	211,111	218,051	6,940
Non-Cash Limits	69,968	63,028	(6,940)
<b>Total</b>	<b>281,079</b>	<b>281,079</b>	<b>0</b>

2.2.2 The table reflects the net movement of budgets of £6.940m from Non-Cash Limit to Cash Limit and relates to allocations across Portfolios of the Covid-19 Financial Scarring Impact contingency as part of the financial year end process. 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	6,940	NCL	X FOLIOS	T

\* V = Virement meaning the transfer of budget from one service 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

#### 2.3 2022/23 Revenue Outturn

2.3.1 The overall outturn position for the council's revenue budget is a deficit of £0.267m, following the allocation of £6.940m (£7.666m projected at Quarter 3) from the Covid-19 Financial Scarring Impact contingency. This deficit is made up of a £7.403m deficit in cash limit Portfolios offset by a £6.734m non-cash limit surplus.

2.3.2 Alongside the Final Local Government Finance Settlement announced on 6 February, Government announced the return of Business Rates Levy Surplus to councils. This reflects the return of £100m national funding which Government have determined it will not need to fund Business Rates safety net payments. The one-off funding is returned to councils pro rata to their Settlement Funding Assessment. The council's funding allocation is £0.402m and was received during Quarter 4. This has been reflected in the Quarter 4 outturn position as a surplus on the general financing budgets presented in the table below.

2.3.3 The deficit of £0.267m will be funded from General Fund Balances as part of the financial year end process.

**2022/23 Revenue Outturn as of 31 March 2023**

<b>Portfolio</b>	<b>Original Budget £000</b>	<b>Revised Budget £000</b>	<b>Revenue Outturn £000</b>	<b>(Surplus)/ Deficit £000</b>
Climate Change & Environment	7,750	8,330	8,958	628
Communities & Housing	2,372	2,719	2,442	(277)
Economy and Regeneration	2,007	2,271	2,271	0
Education, Children & Families	45,238	49,466	54,110	4,644
Finance & Resources	24,699	32,505	34,492	1,987
Health & Adult Social Care	101,008	106,386	106,386	0
Highways, Parks & Leisure Services	15,531	16,374	16,795	421
<b>Total (Cash Limits)</b>	<b>198,605</b>	<b>218,051</b>	<b>225,454</b>	<b>7,403</b>
Pay Inflation	5,380	297	0	(297)
Inflation - Price and National Living Wage	5,065	436	0	(436)
Demand Pressures	472	0	0	0
Apprenticeship Levy	419	419	405	(14)
Covid-19 Financial Scarring Impacts	12,589	5,649	6,940	1,291
Other Non-Cash Limits	58,549	56,227	48,949	(7,278)
<b>Total (Non-Cash Limits)</b>	<b>82,474</b>	<b>63,028</b>	<b>56,294</b>	<b>(6,734)</b>
<b>Total (Cash &amp; Non-Cash Limits)</b>	<b>281,079</b>	<b>281,079</b>	<b>281,748</b>	<b>669</b>
<b><u>Financed by</u></b>				
Council Tax	154,177	154,177	154,177	0
Adult Social Care Precept	21,293	21,293	21,293	0
Business Rates	66,943	66,943	66,943	0
Business Rates - Tariff	(16,012)	(16,012)	(16,012)	0
Business Rates Section 31 Grants	23,355	23,355	23,355	0
Business Rates Levy Surplus	0	0	402	402
New Homes Bonus	1,928	1,928	1,928	0
Better Care Fund Allocation	6,619	6,619	6,619	0
Social Care Grant	12,190	12,190	12,190	0
Lower Tier Services Grant	3,303	3,303	3,303	0
Collection Fund Balance Distribution	3,395	3,395	3,395	0
Collection Fund 100% Business Rates Pilot Benefit	1,948	1,948	1,948	0
Collection Fund 2020/21 Deficit Deferral	(2,119)	(2,119)	(2,119)	0
Appropriation From Reserves	4,059	4,059	4,059	0
	<b>281,079</b>	<b>281,079</b>	<b>281,481</b>	<b>402</b>
	<b>0</b>	<b>0</b>	<b>267</b>	<b>267</b>



## **Cash Limit Portfolios**

- 2.3.4 Cash Limit Portfolios are reporting a deficit of £7.403m outturn position which largely relates to the Education, Children and Families Portfolio (£4.644m) with other variances in Finance and Resources Portfolio (£1.987m), Climate Change and Environment Portfolio (£0.628m) and Highways and, Parks and Leisure Portfolio (£0.421m). These are partially offset by a surplus in the Communities and Housing Portfolio (£0.277m).
- 2.3.5 As highlighted, this has been achieved by utilising the council's Covid-19 Scarring contingency set aside in the 2022/23 Budget to mitigate the increased costs and income losses expected across the council due to the lasting impacts of the pandemic. Members will recall £12.589m of contingency was set aside for this purpose and the final outturn position shows a utilisation of £6.940m, a decrease of £0.726m from the Quarter 3 forecast. The allocations are against Finance and Resources Portfolio (£3.481m), Education, Children and Families Portfolio (£1.897m), Highways Parks and Leisure Services Portfolio (£1.034m), Health and Adult Social Care Portfolio (£0.392m) and Communities and Housing Portfolio (£0.136m).
- 2.3.6 Brief detail for each Portfolio is set out below. Further information for each Portfolio can be found in the respective Portfolio Performance and Resources Reports (PPRRs - Quarter 4 Finance section) on the relevant scrutiny committee meeting agendas. Links to the PRRs are included in the Executive Summary to this report.

### *Climate Change and Environment*

- 2.3.7 The Quarter 4 position for the Climate Change & Environment Portfolio is a deficit of £0.628m (£0.793m at Quarter 3) which represents 7.5% of the cash limit budget. The deficit is mainly due to pressures in the waste service provided by Totally Local Company. These pressures include additional staffing costs and diesel inflation, the unfunded 2022/23 pay award and increased spend on food waste containers, bulky refuse bins and recycling containers.

### *Communities and Housing*

- 2.3.8 The Quarter 4 position for the Communities & Housing Portfolio includes income pressures relating to Taxi and Premises Licensing caused by changes in behaviour due to the lasting impacts of the pandemic which are offset by a temporary budget allocation of £0.136m from the Covid-19 Financial Scarring Impact contingency. After this adjustment, the Quarter 4 position is a surplus of £0.277m (£0.215m at Quarter 3) which represents 10.2% of the cash limit budget. The surplus includes vacancy savings on Strategic Housing, School Crossing Patrol and a surplus on Community Grants.

### *Economy and Regeneration*

- 2.3.9 The Quarter 4 position for the Economy & Regeneration Portfolio is a balanced budget. Although several services are reporting a surplus, an overall balanced position is reported as all the surplus amounts are being used to offset deficits elsewhere within the Portfolio and to also reduce the required call on the Investment and Development (I&D) account within the Finance and Resources Portfolio.

### *Education, Children and Families*

- 2.3.10 The Quarter 4 outturn position is showing as an overall deficit of £4.644m for the Portfolio which is detailed in the sections below:

**Education:**

- 2.3.11 The education arm of the Portfolio is reporting a year-end outturn deficit of £0.506m (an increase from the £0.408m reported at Quarter 3). The deficit is largely attributable to the cost pressures and demand on our SEND Transport budget and the key factors facing them, including:
- Further increase in pupils and transport routes required to meet ongoing demand (788 pupils at April 2022 rising to 860 pupils by spring 2023);
  - Full year cost effect of the new routes implemented from September 2021 relating to the opening of the Heaton satellite site in Cheadle;
  - Full year cost effect of new contract tender arrangements that were implemented from September 2021.

**Children & Family Services:**

- 2.3.12 There is a deficit at outturn of £4.287m which is a minimal reduction of £0.049m since Quarter 3. Placements for Children Looked After (CLA) remains the largest contributor, 67%, with overall deficit of £2.868m, an increase of £0.046m since Quarter 3.
- 2.3.13 There has been a net reduction of one external residential placement and a net increase of three independent foster care (IFA) placements.
- 2.3.14 There have been further variations since Quarter 3, an increase in CLA maintenance and Section 17 Avoid Need to Accommodate spend and an increase in staffing deficits offset by a reduction in 18+ accommodation spend and Children with Disabilities (CWD) respite spend resulting in the overall net reduction of £0.049m.

**14-19 Service**

- 2.3.15 There is a reported surplus in the service of £0.149m at outturn.

*Finance and Resources*

- 2.3.16 The Quarter 4 outturn position is showing as an overall deficit of £1.987m for the Portfolio on the revised cash limit budget allocation of £32.505m. This represents an adverse variance in percentage terms of 6.1%. The budget was bolstered by a temporary allocation of £3.481m covid scaring allocation from contingencies to cover the net deficit in the Investment and Development (I&D) Account.
- 2.3.17 The outturn variance is due to a significant deficit in Estate and Asset Management, £1.551m, primarily driven by energy costs incurred by the Single Property Budget (Operational Estate) with the remaining £0.436m deficit manifesting in legal, technology and data services.
- 2.3.18 The Investment and Development 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 and cost of living pressures, together with the borrowing repayment charges that the account faces as development schemes are completed.

*Health and Adult Social Care*

- 2.3.19 The Quarter 4 outturn position is showing a balanced position at outturn, against a cash limit budget allocation of £106.386m. The balanced position aligns to what was reported at Quarter 3.

**Adult Social Care**

- 2.3.20 The service has a balanced position at outturn, against a cash limit budget allocation of £94.643m. The balanced position aligns to what was reported at Quarter 3.
- 2.3.21 As reported at Quarter 3, the service received additional recurrent funding of £0.608m from corporate resources for recurrent care management pressures, alongside an in year Covid scarring allocation of £0.392m.
- 2.3.22 There continued to be financial pressures within the Learning Disabilities Supported Accommodation service aligned to new individuals accessing services alongside additional provision for current individuals, to ensure their Care Act eligible services were being met, which supported increasingly complex needs.
- 2.3.23 In addition, there were increases in the number of individuals accessing Mental Health services.
- 2.3.24 Alongside this were continued demand pressures for clients accessing longer term services following hospital discharge, both for bed based and community-based provision.
- 2.3.25 As forecasted, there was also an increase to the Adult Social Care aged debt provision at outturn to mitigate the financial impact of debt balances increasing within the service.
- 2.3.26 These financial pressures were offset through a combination of recurrent investment from the council for demographic and price inflation pressures alongside utilisation of in year grants and where appropriate reserve balances.

**Health and Adult Social Care (Public Health)**

- 2.3.27 The service has balanced position at outturn, against a cash limit budget allocation of £11.743m; this includes a transfer to the Public Health reserve of £0.635m. The balanced position aligns to what was reported at Quarter 3, with a £0.257m increase to the Quarter 3 forecasted amount being transferred to reserves.
- 2.3.28 The underspends predominantly related to in year staffing vacancies and external grant funding of posts. Alongside this was a lower than forecasted level of activity in Public Health commissioned demand led services.
- 2.3.29 A contribution to the All-Age Programme will now take place in 2023/24 and the service is in discussions with Stockport FT aligned to the outturn position of the Healthy Child Programme aligned to in year funding balances and future budget provision.

*Highways, Parks and Leisure Services*

- 2.3.30 The Quarter 4 position for the Highways, Parks & Leisure Services portfolio includes pressures relating to the Totally Local Company and Street Lighting Energy. There were also income pressures in the Leisure & Events services caused by changes in behaviour due to the lasting impacts of the pandemic which are offset by a temporary budget allocation of £1.034m from the Covid-19 Financial Scarring Impact contingency.
- 2.3.31 After this adjustment, the Quarter 4 position is a deficit of £0.421m (£0.837m at Quarter 3) and this represents 2.6% of the cash limit budget. The deficit is caused by the increased cost of Street Lighting Energy (£0.459m) and the unfunded 2022/23 pay award (£0.277m) which relates to the highways and parks services provided by the Totally Local Company.
- 2.3.32 These pressures are partly offset mainly by surplus income in Cemeteries & Crematoria (£0.216m) and Registrars (£0.090m).

2.3.33 The Quarter 4 deficit is lower than forecast in Quarter 3 because of additional income in Cemeteries & Cremations, and additional Car Parking / Bus Gate income which were both higher in Quarter 4 than was previously forecast in Quarter 3. Energy costs in Quarter 4 in Street Lighting were also lower than previously forecast and some additional fuel costs previously flagged up as a pressure by Totally Local Company did not materialise at year end.

## 2.4 Positive investments

2.4.1 As part of the 2021/22 and 2022/23 Budgets, the council approved a range of positive investments through the utilisation of one-off resources, 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.

### ***2021/22 Digital inclusion – (£0.500m) (£0.370m opening balance in 2022/23)***

2.4.2 £0.171m was spent in the 2022/23 financial year, the second year of intervention, and the Strategy team hope to continue this into 2023/24 with the remaining allocation of £0.199m.

### ***2021/22 Libraries Open Plus (£0.300m) (£0.061m opening balance in 2022/23)***

2.4.3 This scheme provided additional funding for Open Plus enhancements at Library sites; £0.058m was spent in 2022/23 with the remaining balance of £0.003m in 2023/24.

### ***2021/22 Health and Wellbeing Mental Health (£0.100m) (£0.100m opening balance in 2022/23)***

2.4.4 This investment is 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.

2.4.5 £0.009m was spent in 2022/23. The remaining investment is committed for 2023/24 against VCFSE support (£0.040m), a CYP VSFCE Support post (£0.030m), mental health awareness training (£0.020m) and further communications (£0.001m).

### ***2021/22 Tackling Climate Change (£0.600m) (£0.502m opening balance in 2022/23)***

2.4.6 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 set specific targets and expenditure covering a range of interventions in 2022/23 was £0.252m. The outstanding balance of £0.250m will be utilised in 2023/24.

### ***2021/22 Hopes Carr Memorial Park (£0.300m) (£0.233m opening balance in 2022/23)***

2.4.7 Work to deliver a memorial park on the site of Hopes Carr was completed during 2022/23 and expenditure in 2022/23 was £0.233m.

### ***2021/22 Parks & Greenspace conditions investment (£0.300m) (£0.191m opening balance in 2022/23)***

2.4.8 During the Covid-19 pandemic Parks and Greenspaces were heavily used and appreciated as places to exercise and take a break, to boost mental health and wellbeing. With more use, more upkeep and maintenance are required alongside new planting that will improve the space. The funds are being spent in consultation with ward councillors and expenditure in 2022/23 was £0.187m. The outstanding balance of £0.004m will be utilised in 2023/24.



**Targeted Youth Support (2021/22 - £0.150m) (£0.099m opening balance in 2022/23 + 2022/23 allocation - £0.150m)**

2.4.9 The aim of this scheme is to reduce Anti-Social Behaviour and 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. The 2022/23 allocation (£0.150m) is additional to the £0.150m allocation in 2021/22 of which £0.099m was carried forward to 2022/23 due to delays in recruitment. The utilisation of funding for 2022/23 is £0.103m which is all of the remaining 2021/22 allocation and £0.004m of the 2022/23 allocation. £0.146m will be carried forward to continue the work into 2023/24. The carry forward has increased due to maximisation of 2022/23 Youth work grants. The achievements so far are shown below:

- Recruited 4 youth workers and commissioned some youth work sessional workers through 2 local Third Sector providers with youth work expertise to deliver community-based youth work sessions after schools and in the evenings. We have also funded a qualified youth worker employed by Stockport Homes to work with our team.
- Put 2 members of staff through the Youth Work apprenticeship scheme as part of their employment.
- Currently running 7 sessions a week covering Brinnington (x2), Offerton Estate (x2), Woodley, Bridgehall, and Lancashire Hill. These range from youth work sessions in community centres, sporting activities (inc. football) and outside engagement through street-based activity.
- Operating a session in Edgeley that is currently under review.
- A Town Centre based Girls Group is scheduled to start January 2023.
- Continue to work alongside our colleagues in Life Leisure and Stockport Homes to coordinate and jointly deliver activities.

**2022/23 Digital Inclusion – Enhancing Library Provision (£0.100m)**

2.4.10 This investment will enable a targeted digital inclusion approach for those communities who are at most risk of being digitally left behind.

**2022/23 Health and Wellbeing – Supporting Mental Health (£0.150m)**

2.4.11 The additional investment in mental health and alcohol and drugs services will enable the continued targeted outreach support to our communities with high needs. This delivery model of care has made significant progress over the last year and the extension of the funding will allow this bespoke model of support to expand to address the additional needs and health inequalities made even worse by the pandemic.

2.4.12 Plans are in place for this investment, however given challenges in staff recruitment, it is anticipated that the investment of £0.150m will be spent in 2023/24, with £0.090m committed against two posts, £0.020m committed for further mental health awareness training and the remainder to be determined by the emerging Delivery Plan for the Mental Health Strategy.

**2022/23 Flooding Remediation and Environmental Infrastructure (£0.500m)**

2.4.13 Stockport has experienced serious flooding issues over recent few years. A great deal of work has been done to mitigate future excessive rainfall but more needs to be done to remediate the damage caused by flooding and ensure that our infrastructure is as robust as possible. As part of this drive to reduce flooding we have also committed, through our Climate Change Strategy (CAN), to plant as many trees as possible. Expenditure in 2022/23 is £0.086m and the remainder will be utilised in 2023/24 and will focus on greenspace.

**2022/23 District & Local Centres Infrastructure (£0.250m)**

2.4.14 Stockport's District Centres all have an important and broad ranging role at the heart of the local communities they serve. Following our partnership with the Institute of Place Management (IPM) the District Centre Managers, in partnership with local stakeholder, businesses and residents, have developed individual Action Plans for each District Centre. The Plans reflect local priorities and include quick wins and longer-term priorities with local stakeholder groups established to oversee delivery. The £0.005m assigned to each District Centre in 2022/23 has now been allocated to specific projects considered a priority for achieving a healthy and vibrant District Centre and the fund will be utilised in 2023/24.

**2022/23 Armed Forces Veterans Engagement & Development (£0.100m)**

2.4.15 This priority intervention utilised £0.010m in 2022/23.

**Cost of Living Rebate (£1.579m)**

2.4.16 This intervention was set up to provide a £15 payment, as a supplement to the DLUCH funded energy bill discount scheme, to qualifying resident households. A total of £1.575m was paid to residents, mainly around August 2022. The scheme, along with the main national scheme concluded in autumn.

**2.5 Contain Outbreak Management Fund (COMF)**

2.5.1 The council received £12.245m of COMF income from the Department of Health and Social Care (DHSC) covering 2020/21 and 2021/22, including £1.474m Test and Trace funding. This was to support a wide range of schemes which were either directly or indirectly supporting the management of outbreaks of infection.

2.5.2 At 2021/22 outturn there was £2.609m unspent COMF balances, which were brought forward into 2022/23. These balances were spent in full by Quarter 3 2022/23.

**2.6 Non-Cash Limit**

2.6.1 The reported Non-Cash Limit outturn position is a surplus of £6.734m of which £5.649m is the balance from the Covid-19 Financial Scarring Impact contingency as highlighted earlier in the report.

2.6.2 Other significant surpluses include £1.173m on debt charges relating to re-phasing of the delivery of capital schemes and related costs to later years, £0.472m on Housing benefit overpayments and £0.436m on price inflation contingencies.

2.6.3 In year pension capital costs relating to the pension strain costs of early and ill health retirements over and above the provision set aside in the council's pension fund (£1.031m) have offset some of the surplus.

2.6.4 Additional costs relating to the 2022/23 pay award, over and above that included in the Non-Cash Limit budgets agreed in February 2022, have been funded from reserves. The reserve request relating to pay awards for 2022/23 is £3.700m with £2.138m used to fund part of the NJC pay award whilst the remainder will be held for other pay bodies that are still to agree uplifts. This reserve commitment will be reviewed as part of the council's 2023/24 Reserves Policy.

## 2.7 Dedicated Schools Grant (DSG)

- 2.7.1 The Dedicated Schools Grant (DSG) of circa £204m is made up of four blocks (schools, early years, high needs and central school services). The schools delegated budgets are considered spent at the point of delegation as individual school budgets are managed at school level with the governing body.
- 2.7.2 The total DSG allocation which is centrally held is £61.748m comprising the early years block (£21.846m), high needs block (£33.517m), de-delegated funding for services to LA maintained schools (£3.188m), central reserve (£1.219m) and central school services (£1.978m).
- 2.7.3 The final year-end outturn position on the centrally held DSG is a deficit of £5.767m.
- 2.7.4 The significant cost pressure experienced in-year are:
- More pupils in mainstream schools accessing High Needs top-up support funding;
  - Requirement to increase local specialist capacity further for SEN placements;
  - Increase in placements in high cost external/independent providers; and
  - Increase in occupational health and speech and language support contracts for the increased special school pupil cohort.
- 2.7.5 The above is a demonstration of the continual increase in demand for pupils with high needs who require education and support in a specialist provision.
- 2.7.6 The above deficit will be carried forward as part of the cumulative deficit (£11.253m) into the 2023/24 financial year.
- 2.7.7 The council has recently concluded the module training for the DfE delivering better value (DbV) support program with external consultants. Our grant application bid for £1.000m of non-recurrent investment as part of this has been submitted. This funding will be used to identify opportunities, invest in key priorities and review deployment of financial resources to ensure a sustainable budgetary position going forward.

## 2.8 Housing Revenue Account (HRA)

- 2.8.1 The HRA outturn position for the year is a surplus of £0.707m which is £0.677m higher than the budget. This surplus is earmarked towards the project currently underway to update the housing management software system.
- 2.8.2 Some positive movements can be seen within the HRA outturn position including lower interest and bad debts, along with higher rental income forecast due to better than budgeted voids and Right to Buys (RTBs) to date and additional Renewable Heat Incentive (RHI) income. These are offsetting the lower rent from new build development due to later completions of schemes than budgeted, including Gordon Street, along with the impact of the imposed 2022/23 pay award through the investment reserve.

## 2.9 Collection Fund

2.9.1 The table below provides a summary of the Collection Fund outturn for 2022/23:

	<b>Council Tax £000</b>	<b>Business Rates £000</b>	<b>Total £000</b>
Collection Fund Income	(209,443)	(75,857)	(285,300)
Section 31 Grant - Council Tax Hardship	(284)	0	(284)
Collection Fund Expenditure	207,562	68,781	276,343
<b>2022/23 Surplus</b>	<b>(2,165)</b>	<b>(7,076)</b>	<b>(9,241)</b>
<b>Allocated to:</b>			
Stockport Metropolitan Borough Council	(1,825)	(7,005)	(8,830)
Mayoral Police and Crime Commissioner	(236)		(236)
Mayoral General including Fire Services Share	(104)	(71)	(175)
	<b>(2,165)</b>	<b>(7,076)</b>	<b>(9,241)</b>

2.9.2 The outturn position is a surplus of £9.241m made up of a £2.165m surplus on the Council Tax and a £7.076m surplus on Business Rates. The council's share of this surplus is £8.830m made up of £1.825m on Council Tax and £7.005m on Business Rates.

2.9.3 During 2022/23, discretionary Local Council Tax Support was provided using the Council Tax Hardship grant that was carried forward from 2021/22. The relief given to residents created a deficit of £0.284m on the Collection Fund due to the resulting Council Tax income loss. As required by Collection Fund accounting, this loss is not borne by the Collection Fund but is instead charged to the council's general fund and is then offset by the balance of the Council Tax Hardship grant brought forward from 2021/22. This has been reflected in the Council Tax position in the table above.

2.9.4 On 25 March 2021, the 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, known as the Covid-19 Additional Relief Fund (CARF). The relief has been awarded to eligible Stockport businesses throughout 2022/23, not 2021/22 as originally planned, and the amount awarded by the end of the financial year was £5.263m. This has created a deficit position on the Collection Fund which will be reimbursed in 2023/24 using the surplus created in 2021/22 due to over declaring the CARF deficit when it was assumed the relief would be awarded in 2021/22.

2.9.5 The Autumn statement of 2021 also included a Business Rates relief scheme for retail, hospitality and leisure (RHL) companies. This relief has been awarded to eligible Stockport businesses throughout 2022/23. However, due to relief cap applied per business, the RHL relief awarded in 2022/23 was £4.348m less than expected when budgeted for in the NNDR1. This means that the council has been able to collect more Business Rates income than expected during the year due to the lower reliefs given to businesses. The compensatory Section 31 grant budgeted for in the NNDR1 has reduced by an equivalent amount again to reflect the lower reliefs given to businesses. However, as the Section 31 grants are paid on account the over allocation of grant in-year will need to be accrued for at year end and repaid to Government in 2023/24. Therefore, the in-year surplus created on the Collection Fund from the lower than budgeted RHL relief will be used to offset the required Section 31 grant repayment.



2.9.6 The table below shows the Business Rates position adjusted for CARF and RHL reliefs:

	Variance £000s	CARF £000s	RHL £000s	Variance £000s
SMBC Business Rates Income	(7,005)	(5,210)	4,305	(7,910)
MGFS Business Rates Income	(71)	(53)	43	(81)
<b>Total (Surplus)/Deficit</b>	<b>(7,076)</b>	<b>(5,263)</b>	<b>4,348</b>	<b>(7,991)</b>

2.9.7 The adjusted Business Rates position results in a total surplus of £10.156m made up of £2.165m surplus on Council Tax and £7.991m surplus on Business Rates. The council's share of the surplus is £9.735m made up of £1.825m surplus on Council Tax and £7.910m surplus on Business Rates.

2.9.8 As required by Collection Fund accounting legislation a Collection Fund outturn surplus of £5.064m was declared in January. The council's share of the declared surplus is £4.965m, which will be released into the council's General Fund in 2023/24. As part of the 2023/24 budget setting process, this has been earmarked to support the council's 2023/24 Budget and other priorities including discretionary Council Tax hardship support for vulnerable residents and the council school meal support for children living in families/households in receipt of Local Council Tax Support and/or Housing Benefit. The balance of £4.770m will be considered as part of the council's 2023/24 budget monitoring and 2024/25 budget setting process.

2.9.9 There is always volatility in Collection Fund accounting making forecasting difficult and this has been intensified by the cost-of-living crisis and the uncertainties created when support to be offered to businesses and households was unknown. The variance on the declared outturn position compared to the actual outturn includes the following differences:

- The gross Business Rates at outturn were higher than forecasted;
- Lower than forecasted levels of Empty Premises relief;
- Collection rates at year end remained at previous year's levels despite the cost-of-living crisis leading to a lower bad debt provision for both Council Tax and Business Rates; and
- Lower top up to appeals provision following continuous monitoring of the Valuation Office Agency data on appeals.

2.9.10 Alongside the other Greater Manchester Authorities, the council has continued the 100% retention of Business Rates income in 2022/23. The benefit from the 100% retention included in the Collection Fund outturn position is a total of £5.605m of locally retained Business Rates income. As agreed with GMCA, this will be shared 75% to the council and 25% to GMCA (to fund GMCA approved Greater Manchester investment priorities). The council's share of the benefit is £4.204m. Members are asked to note that the benefit reflects the calculation of the difference between the council's Collection Fund outturn position if it was part of the 50% share scheme with Government compared to being able to retain 100% of its Business Rates locally. The £4.204m benefit is not additional income on top of the position set out above.

## 2.10 Reserves and Balances

2.10.1 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 on 31 March 2023**

	<b>Balance as at 01/04/2022 £000</b>	<b>Reserves Policy adjustments £000</b>	<b>Transfers to / (from) Reserves £000</b>	<b>Balance as at 31/03/2023 £000</b>
General Fund Balances	17,367	(2,184)	(267)	14,916
<b>Total General Fund Balances</b>	<b>17,367</b>	<b>(2,184)</b>	<b>(267)</b>	<b>14,916</b>
Reserve Linked to Budget	23,988	7,386	(10,972)	20,402
Strategic Priority Reserve	42,197	(2,523)	(10,344)	29,330
Budget Resilience Reserve	3,314	2,917	(827)	5,404
Corporate Reserves	47,187	(5,752)	(18,852)	22,583
Directorate Reserve	595	156	(192)	559
<b>Total Earmarked Reserves</b>	<b>117,281</b>	<b>2,184</b>	<b>(41,187)</b>	<b>78,278</b>
DSG and School Balances	16,116	0	(2,156)	13,960
HRA Balances	1,610	0	(610)	1,000
HRA Earmarked Reserves	1,611	0	3	1,614
<b>Total Ring-fenced Reserves</b>	<b>19,337</b>	<b>0</b>	<b>(2,763)</b>	<b>16,574</b>
<b>Total Reserves and Balances</b>	<b>153,985</b>	<b>0</b>	<b>(44,217)</b>	<b>109,768</b>

2.10.2 General Fund Balances have decreased by £2.451m from £17.367m at the start of the year to £14.916m. The movement relates to:

- £2.184m reduction relating to the 2021/22 outturn surplus realigned to earmarked reserves as per the Reserves Policy approved during the year; and
- £0.267m reduction relating to the 2022/23 outturn deficit as reported in section 3.3.

2.10.3 The recommended minimum level of General Fund Balances as set out in the 2023/24 Budget is £15.183m. As a result, the year-end balance of £14.916m will be increased to the recommended minimum level through the realignment of earmarked resources held in reserves as part of the 2023/24 Reserves Policy. This will be reported to Corporate Resources, Governance and Management scrutiny committee and Cabinet in September 2023.

2.10.4 Total Earmarked Reserves have decreased by £39.003m to £78.278m during the year. This includes:

- £4.059m approved use of reserves to support the council's 2022/23 Budget;
- £1.948m use of reserves relating to the 2021/22 100% Business Rates retention benefit included in the 2022/23 Budget; and
- £23.277m use of reserves to smooth the volatility of Business Rates income and accounting timing differences in the main due to Section 31 grants received to compensate for income loss due to the reliefs given to businesses and how these are required to be accounted for in the Collection Fund and the council's General Fund.

2.10.5 Other notable appropriations from reserves includes:

- £7.059m from the Capital Programme Investment reserve to fund capital expenditure;
- £3.290m from the Workforce Investment/Change Reserve – this includes £2.138m to fund the 2022/23 pay award in year;
- £1.248m from the Income and Interest Rate Risk Mitigation Reserve;
- £1.228m to fund Cabinet Positive investments;
- £0.827m from the Children’s reserve;
- £0.825m from the Waste Smoothing reserve;
- £0.731m from the Post-Covid Investment reserve; and
- £0.669m from the Transformation – Double Running reserve.

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

- £2.184m from General Fund Balances relating to the realignment of the 2021/22 surplus to earmarked reserves as part of the Reserves Policy;
- £1.942m to the Insurance reserve following an equivalent release from the insurance provision following the Actuary’s in year review of the council’s insurance cover position;
- £0.948m to the Health and Social Care Integration reserve;
- £0.878m to the Revenue Contribution to Capital Outlay (RCCO) reserve to support the funding of planned capital costs; and
- £0.382m to the Legislative and Statutory Requirements reserve.

2.10.7 DSG and School Balances decreased by £2.156m to £13.960m.

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

**2.11 2022/23 Statement of Accounts**

2.11.1 The draft Statement of Accounts for 2022/23 are being prepared and are planned to be submitted to the council’s External Auditors ahead of the audit start date of 3 July 2023. Following the completion of the external audit, the audited statement of accounts is planned to be presented to the Audit Committee for approval before the audit deadline of 30 November 2023.

2.11.2 As reported to Audit Committee in March, the external audit of the council’s 2021/22 Statement of Accounts remains open. Ongoing local and national audit issues with the valuation of pension fund assets and the timing of the valuations have delayed the audit process and completion. Our External Auditors and the Pension Fund (GMPF) are working with the pension Actuary to assess the impact of any required changes to determine the materiality of any required adjustments to enable the audit process to be completed.

2.11.3 Whilst the 2021/22 and 2022/23 audits remain open, 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 disclosed 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 Finance and Resource. Any material changes will be reported to the Cabinet at the earliest opportunity.

# 3. FINANCIAL OVERVIEW AND ANALYSIS

## CAPITAL PROGRAMME



### 3.1 2022/23 Capital Programme

3.1.1 The council's 2022/23 three-year capital programme is £461.087m and includes outturn expenditure of £144.867m in 2022/23.

#### 2022/23 Three-Year Capital Programme

Portfolio	2022/23 Programme £000	2023/24 Programme £000	2024/25 Programme £000	Programme 2025/26 and beyond £000
Communities & Housing	21,591	38,026	44,386	95,081
Economy & Regeneration	76,940	124,649	47,480	13,717
Education, Children & Families				24
Finance & Resources	45,329	50,568	10,053	30,771
Health & Adult Social Care	32	308		
Highways, Parks & Leisure	975	710	40	120
<b>TOTAL</b>	<b>144,867</b>	<b>214,261</b>	<b>101,959</b>	<b>139,713</b>

3.1.2 The table below provides the position of the 2022/23 Capital Programme as of 31 March 2023.

Portfolio	2022/23 Programme £000	Expenditure as at Quarter 4 £000
Communities & Housing	19,944	21,591
Economy & Regeneration	80,313	76,940
Finance & Resources	49,307	45,328
Health & Adult Social Care	273	33
Highways, Parks & Leisure	1,620	975
<b>TOTAL</b>	<b>151,457</b>	<b>144,867</b>

### 3.2 Capital Programme Adjustments

3.2.1 Since last reported to Members on 14 March 2023, there has been a net increase in the overall three-year Capital Programme of £33.731m due to funding allocations and capital scheme approvals. Details of the changes are set out in the paragraphs below. Further information for each Portfolio can be found in the respective Portfolio Performance and Resources Reports (PPRRs - Quarter 4 Finance section) on the relevant scrutiny committee meeting agendas. Links to the PPRRs are included in the Executive Summary to this report.



3.2.2 As stated above, a net total of £33.731m has been added to the three-year Capital Programme since last reported at Quarter 3. The most significant funding allocations and amendments (to the 2022/23 Programme unless otherwise stated) include the following:

- £2.886m Disabled Facilities Grant has been allocated to 2023/24 (Communities & Housing);
- £4.118m of directly funded borrowing for HRA New Build Schemes is now included in 2024/25 (Communities & Housing);
- £1.130m of ERDF grant funding from the Department of Levelling Up, Housing and Communities (DLUHC) and UK Special Projects Fund from GMCA towards Merseyway Innovation Centre (Economy & Regeneration);
- £9.605m of GMCA Brownfield Site Grant and Homes England Housing Infrastructure Fund (HIF) towards the Weir Mill project, allocated £6.996m in 2022/23 and £2.609m in 2023/24 (Economy & Regeneration);
- £7.207m of grant funding and directly funded borrowing, made up of £0.8m Homes England HIF, £1.176m GMCA Mayoral Walking & Cycling Challenge Fund for Podium Park, and £4.659m of directly funded borrowing allocated in 2022/23 and £0.572m in 2023/24 (Economy & Regeneration);
- £1.913m of largely Devolved Capital grant funding for schools (Finance & Resources);
- £2.321m of additional directly funded borrowing (£1.725m) and external contributions (£0.596m) towards the Town Centre Asset Review scheme (Finance & Resources); and,
- £1.218m of corporate unsupported borrowing has been added for Asset Management Plan schemes from 2023/24 onwards and a further £1.245m of corporate unsupported borrowing has been added to future years, beyond the current three-year Programme (Finance & Resources).

3.2.3 Capital schemes often span many years. The spending profiles of the schemes are regularly reviewed as they progress and the Programme is adjusted accordingly. A net total of £26.068m has been re-phased from 2022/23 to 2023/24 or later. The significant schemes being re-phased are set out below (re-phasing is from 2022/23 to 2023/24 unless otherwise stated):

- £1.393m in HRA General Capital and New Build schemes has been brought forward from 2023/24 to meet outturn expenditure in 2022/23. A further £4.900m in HRA funding has been re-phased from 2023/24 to 2024/25 (Communities & Housing);
- £1.156m in loans to Stockport Homes for Affordable Homes has been brought forward from 2023/24 to meet outturn expenditure in 2022/23 (Communities & Housing);
- A net total of £7.749m in Highways schemes in the Economy and Regeneration Portfolio has been re-phased from 2022/23, this is mostly grant funding and the most significant include the following:
  - £0.725m SEMMMS Relief Road;
  - £0.878m Poynton Relief Road;
  - £3.095m Mayoral Walking & Cycling Challenge Fund for the Interchange;
  - £0.999m City Region Sustainable Transport Settlements (CRSTS) including Highways Trees funding; and
  - £1.046m Active Travel Measures.

- £1.355m in grants and directly funded borrowing for Merseyway Innovation Centre (Economy & Regeneration);
- £1.719m Future High Streets grant funding (Economy & Regeneration);
- £0.917m in grants and directly funded borrowing for Solar PV Panels (Economy & Regeneration);
- £6m in directly funded borrowing for Weir Mill has been re-phased to 2024/25 (Economy & Regeneration);
- £6.726m across School Estate Capital Schemes (Finance and Resources); and,
- £1.010m corporate unsupported borrowing for the Asset Management Plan (Finance & Resources).

3.2.4 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. These schemes include the following:

- The proposed purchase of freehold interest in the Adswood Depot site and redevelopment of Bird Hall Lane Depot as approved by Cabinet at its meeting in June 2022. The purchase of the Adswood Depot freehold will allow the site to be redesigned, allowing the relocation of various stores, workshops and other facilities from the Bird Hall Lane Depot, which can in turn be freed up for redevelopment.
- A report on the future redevelopment of Central Library was reported to Members in September 2022. Following significant public consultation on the future of the building, the council made a number of commitments to ensure that public access is retained by ensuring that the building would not be abandoned or demolished, would not be sold and would not be redeveloped into flats or any residential use. Remedial works around the roof and mechanical and electrical services in the building are estimated to be circa £2.100m. The report proposed the building be used for Continuing Education and revised library offer and the costs of this are estimated to be circa £2.200m. An initial investment of £0.400m from reserves has been approved to fund the development of the project through planning and construction tender.
- In December 2022, Cabinet approved the establishment of a loan facility for Life Leisure to fund equipment replacement, site improvements and energy efficiency initiatives. The loan facility is up to a maximum of £5.000m and this will be funded through directly funded borrowing.

### 3.3 Capital Programme Resources

3.3.1 The following table sets out the resources available to fund the 2022/23 Capital Programme:

Resources	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 onwards £000
Capital Grants	55,901	100,128	17,465	26,575
Directly Funded Borrowing	42,796	65,111	60,760	48,308
Unsupported Borrowing	16,313	28,419	2,140	3,644
Capital Receipts	4,349	3,169	7,117	13,141
External Contributions	2,967	555		
Commutated Sums	1,271	1,593	200	
Revenue Contributions (RCCO)	7,950	2,346	47	3,616
HRA funding from MRR	13,320	12,940	14,230	44,429
<b>TOTAL</b>	<b>144,867</b>	<b>214,261</b>	<b>101,959</b>	<b>139,713</b>

3.3.2 Prudential borrowing (directly funded borrowing and corporate unsupported borrowing) makes up the largest source of funding for the council's Capital Programme and is being used to finance £59.109m (40.8%) of the 2022/23 capital expenditure.

3.3.3 The council continues to receive significant capital grant funding and £55.901mm of it is being used to finance the 2022/23 Capital Programme.

### 3.4 Capital Prudential Indicators 2022/23

3.4.1 The prudential indicators for the council's 2022/23 Capital Programme are set out below. These are split into General Fund (non-HRA) and HRA and compare the budgeted 2022/23 Capital Programme to the updated 2022/23 Capital Programme per this report.

<b>Capital Expenditure</b>	<b>2022/23 Budget £000</b>	<b>2022/23 Outturn £000</b>
General Fund (non HRA)	160,745	127,450
HRA	32,649	17,417
<b>Total</b>	<b>193,394</b>	<b>144,867</b>

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

<b>Capital Financing Requirement</b>	<b>2022/23 Budget £000</b>	<b>2022/23 Outturn £000</b>
General Fund (non HRA)	755,661	707,572
HRA	164,421	155,010
<b>Total</b>	<b>920,082</b>	<b>862,582</b>

3.4.3 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>2022/23 Budget £000</b>	<b>2022/23 Outturn £000</b>
Total Financing Costs	23,029	22,201
<b>Ratio to Net Revenue Stream</b>	<b>8.33%</b>	<b>7.90%</b>

<b>HRA</b>	<b>2022/23 Budget £000</b>	<b>2022/23 Outturn £000</b>
Total Financing Costs	6,127	6,001
<b>Ratio to Net Revenue Stream</b>	<b>10.82%</b>	<b>10.58%</b>

## Recommendations

Cabinet is asked to:

- a) Review progress against delivering council priorities and capital schemes alongside budget outturns contained within the report.
- b) Note the key achievements and other issues this quarter in each of the councils seven priorities set out in the Overview of Corporate Delivery and Performance.
- c) Note the Cash Limit and Non-Cash Limit outturn positions for 2022/23 as set out in section 2.3 and 2.6.
- d) Note the update to the council's positive investments as set out in section 2.4.
- e) Note the update on the council's Contain Outbreak Management Fund (COMF) investments plan set out in section 2.5.
- f) Note the Dedicated Schools Grant, Housing Revenue Account and Collection Fund outturn positions as set out in sections 2.7, 2.8, and 2.9.
- g) Note the appropriations to/from reserves and balances during the period as set out in section 2.10 and note the resulting reserves and balances position as of 31 March 2023.
- h) Note the outturn position for the 2022/23 Capital Programme as set out in section 3.1.
- i) Note the adjustments of capital schemes during the quarter as set out in section 3.2.
- j) Approve the resourcing of the capital programme as set out in section 3.3.
- k) Approve the 2022/23 prudential indicators as set out in section 3.4, 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 2023.
2. 2022/23 Housing Revenue Account Outturn as at 31 March 2023.
3. Reserves and Balances as at 31 March 2023.