

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: Medium Term Financial Plan (MTFP)

Part A: Medium Term Financial Plan Update

Part B: Cabinet Response: Responding to Our Medium Term Financial Plan

Report to: Cabinet Meeting

Date: 19 September 2023

Report of: (a)

Part A Report of the Deputy Chief Executive

Part B Report of the Council Leader and the Cabinet Member for Resources and Finance

Key Decision: (b)

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

Summary:

The Medium Term Financial Plan update is in two parts:

- Part A - Medium Term Financial Plan Update
- Part B – Cabinet Response: Responding to Our Medium Term Financial Plan

Part A: Medium Term Financial Plan Update

Part A outlines the outcome of the review of the Council’s Medium Term Financial Plan (MTFP) 2023/24 to 2025/26.

The review revisits the assumptions and forecasts underpinning the MTFP, given the changes in the unprecedented adverse national economic conditions in terms of increasing inflationary costs, increasing interest rates and increasing demand for services, to ensure they continue to be based on the latest available information.

The report highlights the expected budgetary impact which Councils are facing due to significant inflationary costs and increasing service demand, particularly for those services supporting the most vulnerable.

Due to the uncertainty, volatility, and risk inherent within the financial landscape it is recommended that the MTFP continues to be an iterative process, and that the underpinning assumptions and forecasts are retested throughout the year and reported to Cabinet and Scrutiny Committees as part of the Council’s ongoing 2024/25 budget setting process.

Part B: Cabinet Response: Responding to Our Medium Term Financial Plan

Part B outlines the Cabinet's response to addressing the uncertainty, volatility and risk outlined within the review of the MTFP.

The Cabinet's focus is on delivering impactful and outcomes-focused transformational change for communities and businesses across Stockport. A resilient and robust budget is key to this.

Our evolving strategy to address the medium term budget challenges are focused around budget adjustments, local taxation considerations, the use of reserves and change proposals. Our focus on redesigning services to support residents to reduce reliance on long term services, ensuring our commissioning and procurement process is offering effective value for money, reviewing staffing and non-staffing spend alongside service reviews to automate processes and increase self service account for our change proposals that support the budget challenges.

The report provides an overview of the approach the Cabinet will be taking to respond to the financial impact identified in the Part A report. This will involve careful consideration of a series of budget options and some difficult decisions to ensure that the Council continues to have a balanced budget. Delivering a longer term transformation programme alongside more immediate financial decisions will be key to its success.

Comments/Views of the Cabinet Member: (c)

This is a period of unprecedented uncertainty for local communities, businesses and indeed local government itself. The increasing pressures as a result of the cost of living crisis and adverse national economic conditions is resulting in ever challenging circumstances for many of our residents. Increasing costs across the board, alongside the residual impacts of the Covid-19 pandemic, are placing acute pressure on local government financing at a time when we are seeing increasing demands on our levels of support.

This review and our cabinet response accompanying it outline the careful choices and decisions that we as a Cabinet, with Council more widely, have to make over the coming months.

We firmly believe that being a financially stable and resilient Authority is vitally important for our organisation and communities. Over the coming months we will need to make some difficult but thoughtful decisions, we will work closely with our partners and other stakeholders including our communities to understand the impact that and service changes may have.

Recommendation(s) of Cabinet Member: (d)

Part A

Cabinet is recommended to:

1. Note the outcomes of the MTFP Update including the continuing financial scarring impacts of the pandemic, the increased inflationary pressures including pay award, increased demand in Children's services and the highlighted changes to the MTFP forecasts and assumptions approved in February;
2. Approve the forecast and assumption adjustments as a result of the MTFP Update outlined in the report;
3. Note that the Council's savings requirement has slightly decreased to £10.861m in 2024/25 rising to £44.059m in 2027/28 as a result of the adjustment highlighted and subject to further review and updates during the financial year;

4. Note that due to the significant uncertainty, volatility, and risk of the financial landscape the assessment of the MTFP forecasts and assumptions will continue to be iterative with further updates to the MTFP reported to Cabinet as part of the 2024/25 budget setting process; and
5. Approve the recommended use of one-off resources identified during the financial year to support the Council's 2024/25 Budget and MTFP.

Part B

Cabinet is recommended to:

1. Note the approach and endorse the next steps, including agreeing to share with scrutiny, for comment, the proposals which support a resilient and sustainable MTFP; and
2. Support the ongoing development of our MTFP response and transformation programme.

Relevant Scrutiny Committee (if decision called in): **(e)**
Corporate, Resource Management & Governance

Background Papers (if report for publication): **(f)**

Contact person for accessing
background papers and discussing the report

Officer: Gill Lawton / Jonathan Davies
Tel: 0161 474 3686 / 0161 218 1025

'Urgent Business': **(g)**

Yes/**(No)** *(Please circle)*

Certification (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor _____ and the Chief Executive/Monitoring Officer/ Borough Treasurer for the decision to be treated as 'urgent business' was obtained on /will be obtained before the decision is implemented.