



Corporate Performance and Resources

Mid-Year Report 2023/24



Date	10 November	Version	1.0 (Scrutiny)	Approved by	MH
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INTRODUCTION

I am pleased to present the Corporate Performance and Resources 2023/24 Mid-Year Report, setting out progress in delivering the council's priorities and spending plans for the first half of the financial year, from April to September 2023.

Throughout last year in these reports, I talked about the economic pressures affecting us all – interest rates, inflation and energy costs. It is therefore more important than ever that we are as well-prepared as we possibly can be to address the challenges that lie ahead. Implementation of our Medium-Term Financial Plan (MTFP), and ensuring it is updated to reflect changing circumstances, remains key to ensuring we are in a constant state of readiness to address whatever comes our way.

Despite these financial challenges, we still have a lot to be positive about and we are continuing to deliver great things. Stockport Town of Culture is going from strength to strength with over 80 events already delivered. These have included the Secret Street Party in June, Stockport Moves in July, Art Battle and Heritage Open Days. Plus the incredible La Boca to La Stocka in September.

We have also received more positive press attention. Stockport was named as one of the country's 12 best places for first time buyers to get on the property ladder by the Times newspaper and one of the 12 best places in the UK to live during retirement by consumer group Which? These articles recognised our £1 billion regeneration programme, which will see thousands of new homes alongside wider improvements in the town centre and across the borough.

We are also championing innovation. In partnership with Age UK Stockport and Sky TV, we opened the first Sky Up Digital Hub in Greater Manchester. It is one of ten such projects nationally and is helping to get older people online and supporting jobseekers and young people leaving care.

Working closely with partners we have launched One Stockport Family Hubs, a one-stop shop of information and support for families, from pregnancy to young people becoming adults. Stockport is one of 12 local authorities to receive funding from the Department for Education (DfE) Family Hubs Local Transformation Fund for this work and will have seven Family Hub networks across the borough by September 2024.

We continue to tackle big challenges, for example our Climate Action Now (CAN) work. Our third annual CAN Summit took place on 3rd November, following a week of activity to encourage collaboration across the borough as part of Stockport's Green Print for the future

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 2023/24. 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 2023/24 Quarter 2 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	2023/24 Portfolio Reports
Communities and Transport	20 November	Communities, Culture and Sport Parks, Highways and Transport Services
CRMG	21 November	Finance and Resources Corporate Report
Children and Families	22 November	Children, Families and Education
Adult Social Care and Health	23 November	Health and Adult Social Care
Economy, Regeneration and Climate Change	23 November	Climate Change and the Environment Economy, Regeneration and Housing

Summary Financial Position

Revenue Budget Forecast Position 2023/24				Reserves and Balances	
	Revenue Budget £000	Out-Turn £000	(Surplus)/ Deficit £000	Balance at 30/09/23 £000	
Cash Limits	233,023	239,828	6,805	<u>Non-Ring fenced:</u>	
Non-Cash Limits	79,881	77,801	(2,080)	General Fund Balances	15,183
Total	312,904	317,629	4,725	Earmarked Reserves	82,754
				<u>Ring fenced:</u>	
2023/24 Capital Programme (£000)			161,393	DSG and School Reserves	1,595
2024/25 Capital Programme (£000)			152,821	HRA Reserves	2,614
2025/26 Capital Programme (£000)			71,235	Total Reserves and Balances	102,146

1.3 Delivering our priorities

It continues to be a period of unprecedented uncertainty for local communities, businesses, and indeed local government itself. The cost-of-living crisis has created ever-challenging circumstances for residents. High inflation is increasing costs across the board, energy prices are challenging, interest rates are making borrowing much more difficult and there are still the residual impacts of the pandemic. Despite the above challenges we have been delivering some great things across our seven portfolios over the last quarter, including:

- Stockport Town of Culture has been going from strength to strength with over 80 events already delivered. These have included the Secret Street Party in June, Stockport Moves in July, Art Battle, Heritage Open Days and La Boca to La Stocka in September. All these events were extremely well attended, received positive media attention, and helped to ensure that Town of Culture has a high profile within and beyond Stockport. The programme will continue over the next two quarters, aiming to ensure coverage of different audiences and artforms right across the borough.
- Our Climate Action Now (CAN) work continues to be a crucial cross-cutting objective at the council with recent work on Biodiversity Net Gain legislation implementation being a good example of how different areas of the council come together to develop new processes. Our third annual CAN Summit took place on 3rd November and was a huge success, with engagement from a wide range of stakeholders.
- Good progress has been made with delivering our Economic Plan. Key pieces of work that have been progressed in the first half of the year includes the Good Employment Charter, the Work Shop, GC Business Growth Hub and Merseyway Innovation Centre – which is now open and has the first tenants in place.
- Construction activity continues across multiple residential, transport and commercial schemes in Town Centre West, with Phase 4 of Stockport Exchange nearing completion, the Interchange well advanced and progress on Weir Mill continuing. Great Places' residential development on King Street West is also well underway.
- Between May and July 2023, we carried out a successful pilot of 'Invest in Play' (IiP), a new parenting intervention. This is the first pilot of the intervention in the UK, with Stockport being recognised as a trailblazer and early adopter
- Our Schools Strategy document has been agreed and circulated to headteachers. It will frame the basis of our first formal conversation with school leaders at the Directorate meeting on 10 November 2023.
- The Mental Health and Wellbeing Strategy has been agreed and is available on the One Stockport website. Ambition leads have been identified, to lead on implementation. We are now working on delivering the strategy, developing relevant action plans for each of the ambitions within the strategy, and setting up appropriate governance structures to hold us to account.

- We are delighted that the Making it Real Board, which brings together adults with experience of seeking or drawing on care and support (people with lived experience) and senior leaders from Adults, Health and Wellbeing, was able to hold its inaugural meeting in mid-October following some extensive preparatory work over the summer.
- In Quarter 2 we launched the Age UK/Sky Flagship in Edgeley, a digital skills initiative. It is one of ten such projects nationally and is helping to get older people online and supporting jobseekers and young people leaving care.
- Our Resident Advice and Support has been established. It brings key council teams and other key advice-giving agencies together to work as one alliance. This has supported residents who are currently struggling with the cost of living, as have a range of other initiatives, such as the Stockport School Meal Support Scheme, the Spend Well, Live Well campaign, Stockport Food Bank, a school uniform pop-up shop and our Household Support Fund Programme.
- Work is progressing on developing the Cheadle station design and the council is working with Transport for Greater Manchester (TfGM) on promoting Metrolink coming to Stockport as part of its Next Stop Stockport campaign
- A range of projects have been progressed to improve diversity and accessibility of our public spaces. This has included Covid Memorial seating areas at Gatley Hill, Grafton Street Park and Bramhall Park.

1.4 Portfolio Performance Highlights

Each of the seven PPRs includes a range of performance measures. These are [available here](#) in the seven portfolio dashboards. The portfolio highlights below briefly set out key issues relating to these measures in Quarter 2, highlighting where we are performing particularly well and also some areas of challenge.

Highlights at Quarter 2 include:

- Educational attainment shows strong performance. Stockport's Good Level of Development (GLD) at age five has increased to 67.6% (compared to 65.5% in 2022) and is slightly above the national figure of 67.3% (2022 65.2%).
- This year's provisional data shows reading, writing and maths at Key Stage 1 (70.2%, 61.8%, 72.1%) are all above the national average. Results for combined reading/writing/maths at Key Stage 2 (61.4%) and our GCSE outcomes for English and maths at both the standard pass (68.3%) and strong pass (47.8%) are also above the national average.
- Engagement in climate action is strong with numbers completing carbon literacy training, attendees at the Climate Action Business Forums and Numbers of people and local organisations involved in the Stockport Green Network all forecast to meet target.
- Numbers of museum visits and use of a range of library services and activities are currently exceeding expectations.

- Occupancy rates of units in Stockport Town Centre and our eight main district centres are holding up, as is footfall in the Business Improvement District, which is forecast to be up on last year.
- Business Rates and Council Tax collection rates are holding up well and the % of invoices we pay on time is increasing – though still falling slightly short of target rates.
- Contact Centre response to calls and responses to complaints are improving and on target.
- Around 1,600 trees (including 500 fruit trees) have been ordered and these will be planted from November to March. This year's new meadow creation has been established at Maple Avenue Park, Cheadle Hulme.
- The street cleanliness measure is holding up well (the measure on quality of greenspace will be reported in Quarter 4).
- Medium-term housing delivery objectives are largely on course to be delivered between now and 2026/27 in the MDC area and elsewhere in the borough. Precise delivery dates can be unpredictable however and it seems likely that this year's target for delivery in Neighbourhood Management Areas will not be achieved.

Areas of challenge at Quarter 2 include:

- In educational attainment, though outcomes for our disadvantaged learners have improved in almost all measures, some are below the national average for this group. This attainment gap remains a key priority.
- There continues to be pressure on services. The number of households presenting to the council as homeless is still relatively high and numbers actually assessed as being homeless is forecast to be up on last year's figure.
- Use of hotels to accommodate homeless people continues to rise, though typical length of stay in such accommodation has stabilised.
- Freedom of information request response times are also improving, but still falling slightly short of the prescribed national 95% target.
- There has been a downturn in our performance in relation to both the number of carers assessments carried out and the number of carers receiving direct payments. Both our external providers and ourselves have experienced some workforce shortages which may have contributed to this position. However, we have recently invested additional resource into our external provider to support our invaluable carers and we are closely monitoring our performance in this area.
- Weight management services are under pressure, with demand exceeding capacity. Waiting times are a particular issue in the Tier 3 weight management service commissioned by the Greater Manchester Integrated Care Board. We are currently working with Greater Manchester commissioners to scope the full range of services available in the borough and nationally.



2. FINANCIAL OVERVIEW AND ANALYSIS

REVENUE BUDGET

2.1 Revenue Budget

This section of the report sets out the 2023/24 revenue forecast outturn position. It includes:

- A summary of the revenue budget and forecast outturn position for the council as of 30 September 2023.
- Details of the revenue forecast 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; and
- Details on Reserves and Balances as of 30 September 2023.

2.2 Revenue Budget Adjustments

2.2.1 The following table summarises changes to the revenue budget that have arisen during Quarter 2 since the Quarter 1+ Budget Monitoring Update Report that was presented to CRMG on the 5 September and Cabinet on the 19 September.

2023/24 Revised Budget as of 30 September 2023

	Approved Budget £000	Revised Budget 30/09/23 £000	Increase (Reduction) £000
Cash Limits	229,643	233,023	3,380
Non-Cash Limits	81,309	79,881	(1,428)
Total	310,952	312,904	1,952

2.2.2 The table reflects the net movement of budgets of £1.428m from Non-Cash Limit to Cash Limit and relates to allocations across portfolios from contingency budgets to address service inflationary cost pressures identified. On top of this an additional allocation of the Market Sustainability and Improvement Fund of £1.952m was allocated to the Health and Adult Social Care portfolio increasing the council's net expenditure budget to £312.904m. The additional grant funding was announced by Government in July and is being used to support the costs of providing adult social care services. A breakdown of the Quarter 2 budget virements are shown in the table below. The revised budget by portfolio is shown in Appendix 1.

Virements Presented for Approval by Cabinet

Item	Type*	Amount £000	From	To	P/T**
MSIF Additional Allocation	V	1,952	#	H&ASC	T
Contingency Allocation	V	1,375	NCL	X portfolios	P
Contingency Allocation - Temporary	V	150	NCL	E,R&H	T

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

* BR = Budget re-alignment – transfer of budget and activity from one service area to another

** P = Permanent and T = Temporary

= Revenue Budget Control Total

2.3 2023/24 Revenue Outturn Forecast

- 2.3.1 The overall forecast outturn position for the council's revenue budget is a deficit of £4.725m, following the provisional allocation of £7.091m (£8.444m projected at Quarter 1+) from the Covid-19 Financial Scarring Impact contingency. The reduction in the provisional allocation between quarters reflects an improvement in forecasts since Quarter 1+ particularly in relation the funding to support Stockport Active CIC and the provision of leisure, health and wellbeing services across the borough. This deficit is made up of a £6.805m deficit in cash limit portfolios offset by a £2.080m non-cash limit surplus.
- 2.3.2 It should be noted that any further costs associated with Covid-19 during the year will call on the available Covid-19 scarring contingency thus reducing the non-cash limit surpluses available to offset the cash limit deficit. Any year end deficits not offset by non-cash limit surpluses will be funded via one off resources from General Balances or Earmarked reserves.
- 2.3.3 Officers are continuing to work through financial recovery plans to address the service area deficit positions and mitigate further costs. In addition several corporate measures will be introduced across the council to respond to the forecast outturn position. This builds on our robust financial management across the council with a focus on vacancy management controls and recruitment controls, greater consideration of discretionary spend decisions and maximisation of grant funding available. Putting these measures in place will provide a collective and collaborative response across the council to the overspend position and support the council's financial position in 2024/25 and beyond.

2023/24 Forecast Revenue Outturn as of 30 September 2023

	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
Climate Change & Environment	8,226	10,054	10,054	0
Communities, Culture & Sport	7,214	7,275	7,097	(178)
Economy, Regeneration & Housing	996	1,160	1,544	384
Education, Children & Families	51,005	52,941	57,691	4,750
Finance & Resources	27,246	29,587	31,106	1,519
Health & Adult Social Care	115,451	119,651	119,651	0
Parks, Highways & Transport Services	11,050	12,355	12,685	330
Total (Cash Limits)	221,188	233,023	239,828	6,805
Pay Inflation	6,072	6,502	6,502	0
Inflation - Price and National Living Wage	13,477	5,914	3,314	(2,600)
Demand Pressures	500	0	0	0
Apprenticeship Levy	428	428	428	0
Covid-19 Financial Scarring Impacts	8,580	8,580	7,091	(1,489)
Other Non-Cash Limits	60,161	58,457	60,466	2,009
Total (Non-Cash Limits)	89,218	79,881	77,801	(2,080)
Total (Cash & Non-Cash Limits)	310,406	312,904	317,629	4,725
Financed by				
Council Tax	158,726	158,726	158,726	0
Adult Social Care Precept	24,969	24,969	24,969	0
Business Rates Income	79,939	79,939	79,939	0
Business Rates Tariff	(21,001)	(20,455)	(20,455)	0
Grants in Lieu of Business Rates	28,238	28,238	28,238	0
New Homes Bonus Grant	134	134	134	0
Better Care Fund Allocation	6,619	6,619	6,619	0
Social Care Grant	18,578	18,578	18,578	0
Sustainability and Improvement Fund	3,005	4,957	4,957	0
Services Grant	1,938	1,938	1,938	0
Collection Fund One off Available Resources	6,636	6,636	6,636	0
Collection Fund 2022/23 Declared	3,860	3,860	3,860	0
Covid-19 Collection Fund Deficit Deferral	(2,119)	(2,119)	(2,119)	0
Appropriation from reserves - balance	884	884	884	0
	310,406	312,904	312,904	0
	0	0	4,725	4,725

Cash Limit Portfolios

2.3.4 Cash Limit portfolios are projecting a deficit of £6.805m at the Mid-Year point which largely relates to the Children, Families and Education portfolio (£4.750m) with other variances in Finance and Resources portfolio (£1.519m), Economy, Regeneration and Housing portfolio (£0.384m) and Parks, Highways and Transport Services portfolio (£0.330m). These are partially offset by a surplus in the Communities, Culture and Sport portfolio (£0.178m).

2.3.5 Details for each portfolio can be found in the respective Portfolio Performance and Resources Reports (Quarter 2 Finance section) on the relevant scrutiny committee meeting agendas. The following summarises the main areas of note:

Climate Change and Environment

2.3.6 The Quarter 2 forecast position for the Climate Change and Environment portfolio is a balanced budget.

2.3.7 This position assumes that costs related to Totally Local Company (TLC) projects and Climate Action Now expenditure will be offset by earmarked reserves.

Communities, Culture & Sport

2.3.8 The Quarter 2 forecast position for the Communities, Culture and Sport portfolio is a surplus of £0.178m which represents 2.4% of the cash limit budget.

2.3.9 The main surpluses are on the Stockroom budget provision, due to the delay in opening the Stockroom and vacancies across the portfolio.

2.3.10 These are offset by pressures relating to Taxi, Premises Licensing Hygiene Action, and Pest Control income, partly offset by a temporary budget allocation from the council's Covid-19 Financial Scarring contingency. There is also a small pressure in the Security contract.

2.3.11 The position also includes the Management Fee for leisure provision which include pressures on income caused by changes in behaviour due to the lasting impacts of the pandemic and by increased energy costs. These pressures will be fully offset by a temporary budget allocation and reserves.

Economy, Regeneration and Housing

2.3.12 The Quarter 2 forecast position for the Economy, Regeneration and Housing portfolio is a deficit of £0.384m, 33.1% of the cash limit budget. Most of this deficit is due to expected under recovery of income in the Planning & Building Control areas. There are potentially some major schemes in the pipeline, as well as anticipated nationally set fee price increases. The Planning service is currently transforming itself with a new structure that aims to be more dynamic and be better placed to offer fee earning pre-application advice.

2.3.13 The Quarter 2 position also includes an estimate for the expected charge to the Investment and Development (I&D) account within the Finance and Resources portfolio (£0.423m).

Education, Children and Families

2.3.14 There is a forecast deficit at Quarter 2 of £4.750m which represents 9% of the cash limit budget. A breakdown of the forecast is shown below.

Education

2.3.15 There is a forecast deficit of £1.110m on Education.

2.3.16 This deficit continues to reflect the ongoing demand, challenges and cost pressures associated with the statutory requirement to provide Special Educational Needs transport for our most vulnerable pupils across the borough. The demand for specialist school provision placements over the last 12 months continues to rise and put pressure on the system. The number of eligible pupils has risen from c.785 in May 2022 to c.880 in July 2023 and now 940 as at the start of the new academic year, with a further increase in routes/personal budgets, rising from c.260 to 300 in the same period.

- 2.3.17 Within the above, a large number of routes relate to pupil placement in other local authority/external provision, which is costly, with the additional factor of new “solo” routes from September 2023 related to external placements.
- 2.3.18 The service continues to review all costs and options available on a regular basis and as part of the strategic cost avoidance plan for the future is assessing all personal budgets options, increasing independent travel training numbers and seeking to reduce costs where parental preference/choice has been activated and had a negative impact on local authority costs.

Children & Family Services

- 2.3.19 There is a forecast deficit of £3.640m for Children and Family Services. The deficit reflects the challenges currently facing the service in the securing of placements for Children Looked After (CLA), the increased complexity of cases and the rising cost of placements in the external market. The deficit relating to looked after children placements accounts for 57% of the overall deficit. There are now 32% of placements in external provision above the average weekly cost in the GM residential framework contract. Included within the forecast is an estimated cost for future CLA of £0.625m. This is based on the net increase of CLA going into external placements so far this year, adjusted for an expected small decrease in this trend and in the average cost. This reflects recovery work being undertaken by the service.
- 2.3.20 A further part of the deficit relates to Section 17 payments to prevent young people from becoming looked after and CLA maintenance in correlation to the increased number in care. There are further deficits in the Children with Disabilities service with a number of high-cost respite care packages supporting young people with complex needs and disabilities who would otherwise be in higher cost residential placements.
- 2.3.21 There is also a deficit in leaving care related to accommodation for those over 18 who cannot secure tenancies and move out of their funded semi-independent placements.
- 2.3.22 A recovery plan is in place to address the deficit including the development of a joint commissioning and funding panel (with Health partners). It is hoped that new internal children’s homes provision will be open at the start of the 2024/25 financial year and a further business case is in progress for the development of 18+ accommodation for care leavers.

14-19 Service

- 2.3.23 The Quarter 2 forecast position for the 14-19 service is a balanced budget.

Finance and Resources

- 2.3.24 The Quarter 2 forecast position for the Finance and Resources portfolio is a deficit of £1.519m, an increase of £0.140m from Quarter 1+, and represents 5.1% of the cash limit budget. This is after the funding of £9.958m of expenditure from earmarked reserves and, in the case of the Investment and Development Account (I&D), Covid-19 scarring contingency.
- 2.3.25 Pressure areas include Human Resources (£0.100m); Data and Technology (£0.350m); Legal Services (£0.500m) and Estates and Asset Management (£0.500m), with more minor variations in other support activities.

- 2.3.26 The main change to the forecast is in Legal Services, which continues to have difficulties recruiting and retaining experienced staff, along with an increase in cases including complex child brief and commercial work. This is leading, amongst other things, to the increased use of locums and external professional support necessary to provide service continuity.
- 2.3.27 The Investment and Development Account (I&D) is brought to a balanced position by an anticipated use of reserves – mainly the corporately held Income and Interest Rate Mitigation Reserve; and support from the Covid-19 scarring contingency, although the use of the reserve and contingency has increased by a combined £0.677m due to higher than previously anticipated borrowing repayments across the I&D schemes.

Health and Adult Social Care

- 2.3.28 The portfolio is reporting a balanced position against a current Quarter 2 cash limit budget of £119.651m.

Adult Social Care

- 2.3.29 The service is reporting a balanced position against a current Quarter 2 cash limit budget of £107.364m.
- 2.3.30 There has been a significant increase in externally commissioned care service forecasts, initially identified within Period 5 monitoring which is exacerbated within the Period 6 (Quarter 2) position.
- 2.3.31 The additional costs focus on a net increase in demand and average price for care home residential and nursing care placements, with regards to initial short term bed-based placements and then bed-based placements which are made permanent. There are also ongoing financial pressures from further one-to-one support within care homes as client needs within bed-based services increases.
- 2.3.32 In addition is a continued increase in Younger Adults with complex needs accessing Adult Social Care Services, both for Learning Disabilities and Mental Health Services. The costs of these placements are high due to the support required to meet more complex individuals Care Act eligible needs.
- 2.3.33 At Quarter 2 the full £1.952m additional Market Sustainability and Improvement Fund (MSIF) has been allocated to the service to fund new clients in receipt of services, which supports the management of waiting lists, alongside the increased average fee rate paid to external care providers for standard bed-based placements and more specialist bed-based provision.

Health and Adult Social Care (Public Health)

- 2.3.34 The service is forecasting a balanced position at Quarter 2 against a cash limit budget allocation of £12.287m. There is a forecast underspend of £0.079m at Quarter 2, mainly from short-term staffing vacancies (£0.046m) and the Greater Manchester GUM (Genitourinary Medicine) Cross Charging agreement being below budget for 2023/24 (£0.034m).
- 2.3.35 Ongoing possible pressures on the Public Health reserve in respect of the Healthy Child Programme and a non-recurrent contribution to the All-Age Programme result in an anticipated drawdown from reserves to achieve a balanced position, net of the above forecast underspend.

Parks, Highways & Transport Services

- 2.3.36 The Quarter 2 position for the Parks, Highways & Transport Services portfolio is a deficit of £0.330m which represents 2.7% of the cash limit budget.
- 2.3.37 This position includes a significant pressure on Car Parking income along with other smaller deficits which include pressures on rental income within Parks and Open Spaces and additional expenditure on Street Cleaning, Network Assets, Network Management, Road Safety and Feasibility. These deficits are partly offset by vacancy savings within the Neighbourhoods Team and a surplus on income within the Traffic Management service.
- 2.3.38 The pressure on Car Parking income has been partly offset by a temporary budget allocation from the council's Covid-19 Financial Scarring contingency.
- 2.3.39 The position includes an estimate for ash tree removal and assumes this will be fully offset by use of reserves during 2023/24. It also assumes that project costs related to TLC projects will be offset by reserves or by an additional budget allocated later in the year.
- 2.3.40 Finally, it should also be noted that the increased cost of Street Lighting Energy continues to impact upon expenditure, and that the position also assumes that additional expenditure will be fully offset by an additional budget allocation which will also be allocated later in the year.

Non-Cash Limit**CSS**

- 2.3.41 The Quarter 2 Non-cash limit activity, attributed to CSS, is forecast to be in surplus by £0.078m; a favourable revision of £0.038m on the previous forecast. The key assumption underpinning the forecast is a largely neutral position emerges with the Insurance Fund and Housing Benefits payments and grant reconciliation. Both activities cannot be ascertained with any certainty until year end.

Place

- 2.3.42 The Quarter 2 position includes a minor net surplus of £0.010m due to a slight overspend in waste offset by the transport levy.

Technical

- 2.3.43 The Quarter 2 forecast for technical non-cash limit is a surplus of £1.992m which is an increase of £0.342m from Quarter 1+.
- 2.3.44 The position includes an increase in projected debt charge costs of £1.396m. This is offset by a reduction in the provisional allocation of Covid-19 Scarring contingency of £1.353m when compared with Quarter 1+, £0.750m of one-off resources which relates to the winding down of Stockport Sports Trust following the setup of Stockport Active CIC with income from this offsetting the need for these contingencies.
- 2.3.45 Other variances include a reduction in the expected use of Energy inflation contingency, £0.400m, amongst other minor variances to price inflation contingencies.

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. Balances brought forward from 2022/23 are predominantly committed in 2023/24 and updates of the positive investments will be provided in the respective mid-year PPRRs.

2.5 Dedicated Schools Grant (DSG)

2.5.1 The Dedicated Schools Grant (DSG) is made up of four blocks (schools, early years, high need 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.

2.5.2 The remaining budgetary resources are the Centrally Held Budget (CHB), managed by the local authority on behalf of schools. It consists of a range of services to schools and pupils.

2.5.3 The total DSG allocation which is centrally held is £45.084m (largely the high needs block in support of our most vulnerable pupils).

2.5.4 The Quarter 2 forecast outturn position provides an in-year deficit at £5.240m in addition to the planned original budget deficit set at c £1m in April 2023, thus totalling a total year-end deficit forecast at £6.240m.

2.5.5 The significant cost pressure within the overall DSG Quarter 2 forecast are the continued cost increase and demand in the high needs block relating to:

- More pupils in mainstream schools accessing HN top-up support funding;
- Requirement to increase local specialist capacity further for SEN placements;
- Increase in placements in high cost external/independent providers; and
- Increase in occupational health and speech and language support contracts for the increased special school pupil cohort.

2.5.6 The above deficit will be carried forward as part of the overall cumulative deficit (estimated at £17.493m for 31 March 2024).

2.5.7 The council continues to seek new transformational ways of working, efficiencies, and cost saving options as part of the DfE delivering better value (DbV) support program and will be working with the project team to review our spend and deploy resources to ensure a sustainable budgetary position going forward.

2.6 Housing Revenue Account (HRA)

2.6.1 The HRA forecast position for the year is illustrating a surplus of £0.125m. This surplus is lower than budgeted due in the main to an increased projected management fee for additional pay award costs and pension increase.

2.7 Collection Fund

2.7.1 The table below provides a summary of the latest Collection Fund outturn forecast for 2023/24:

	Council Tax	Business Rates	Total
	£000	£000	£000
Collection Fund Income	(218,344)	(93,252)	(311,596)
Council Tax Support Fund	(512)		(512)
Collection Fund Expenditure	217,954	89,497	307,451
2023/24 Surplus	(902)	(3,755)	(4,657)
Allocated to:			
Stockport Metropolitan Borough Council	(760)	(3,717)	(4,478)
Mayoral Police and Crime Commissioner	(98)		(98)
Mayoral General including Fire Services Share	(44)	(38)	(81)
	(902)	(3,755)	(4,657)

2.7.2 The forecast outturn position is a surplus of £4.657m made up of a £0.902m surplus on Council Tax and a £3.755m surplus on Business Rates. The council's share of this surplus is £4.478m made up of a £0.760m surplus on Council Tax and a £3.717m surplus on Business Rates).

2.7.3 The forecast position for Council Tax includes an allocation of £0.512m Council Tax Support Fund from Government intended to support economically vulnerable households in the area.

2.7.4 The Council Tax surplus arises from a review of the bad debt provision; collection rates of Council Tax continue to remain resilient, and this indicates that the top up to the provision will be lower than budgeted leading to a Council Tax surplus.

2.7.5 Similar indications for the Business Rates Bad Debt provision are contributing to the Business rates surplus position and in addition, an ongoing review of the provision for Business Rates appeals is currently suggesting a lower than expected top up.

2.7.6 However, a small number of large appeals to the rating list can significantly affect this position and impact on the provision required. The ratings list will continue to be closely monitored on a monthly basis to review any significant changes and their impact on the Collection Fund outturn position.

2.7.7 The GM benefit arising from the current forecasted position is £10.053m and will be shared between Stockport MBC and GMCA on 25%/75% proportions. The GM benefit arises from the 100% Business Rates retention pilot and is the difference between the income from business rates under 100% retention versus remaining in the 50% retention scheme. The benefit will be used to support the balancing of the 2024/25 Budget and MTFP as part of the budget setting process.

2.8 Reserves and Balances

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

Reserves and Balances on 30 September 2023

	Balance as at 01/04/2022 £000	Reserves Policy Adjustments* £000	Transfers to / (from) Reserves £000	Balance as at 30/09/2022 £000
General Fund Balances	(14,916)	(267)	0	(15,183)
Total General Fund Balances	(14,916)	(267)	0	(15,183)
Reserve Linked to Budget	(14,452)	5,704	0	(8,748)
Strategic Priority Reserve	(29,330)	2,867	0	(26,463)
Budget Resilience Reserve	(11,354)	(9,723)	0	(21,077)
Corporate Reserves	(22,583)	(3,094)	(39)	(25,716)
Directorate Reserve	(558)	(192)	0	(750)
Total Earmarked Reserves	(78,277)	(4,438)	(39)	(82,754)
DSG and School Balances	(13,960)	0	12,365	(1,595)
HRA Balances	(1,000)	0	0	(1,000)
HRA Earmarked Reserves	(1,614)	0	0	(1,614)
Total Ring-fenced Reserves	(16,574)	0	12,365	(4,209)
Total Reserves and Balances	(109,767)	(4,705)	12,326	(102,146)

*Figure includes £4.705m of funds expected to be received in year which have been recognised as part of the available resources in the Reserves Policy.

2.8.2 General Fund Balances have increased by £0.267m to the recommended balance of £15.183m following the Reserves Policy annual review.

2.8.3 Total Earmarked Reserves have increased by £4.477m to £82.754m during the first half of the year. This is largely due to £4.705m of funds expected in year being recognized as part of the available resources in the Reserves Policy as well as Reserves Policy Adjustments.

2.8.4 DSG and School Balances decreased by £12.365m to £1.595m and relates to the redistribution of school balances back to schools.

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

3. FINANCIAL OVERVIEW AND ANALYSIS

CAPITAL PROGRAMME



3.1 2023/24 Capital Programme

3.1.1 The council's 2023/24 three-year capital programme is £385.449m as at 30 September, with planned expenditure of £161.393m in 2023/24.

2023/24 Three-Year Capital Programme

	2023/24 Programme £000	2024/25 Programme £000	2025/26 Programme £000	Programme 2026/27 onwards £000
Communities, Culture & Sport	857	8,101	12,539	500
Economy, Regeneration & Housing	93,216	104,458	31,369	63,678
Education, Children and Families				24
Finance & Resources	28,963	22,889	4,703	30,041
Health & Adult Social Care	348			
Parks, Highways & Transport Services	38,009	17,373	22,624	6,304
TOTAL	161,393	152,821	71,235	100,547

3.1.2 The table below provides the position of the 2023/24 Capital Programme as of 30 September 2023.

	2023/24 Programme £000	Expenditure as at Quarter 2 £000
Communities, Culture & Sport	857	68
Economy, Regeneration & Housing	93,216	35,393
Finance & Resources	28,963	10,286
Health & Adult Social Care	348	
Parks, Highways & Transport Services	38,009	12,307
TOTAL	161,393	58,054

3.2 Capital Programme Adjustments

3.2.1 During this latest reporting period, there has been a net decrease in the overall three-year Capital Programme of £10.973m. This decrease is made up of a reduction in schemes offset by a number of funding allocations, and re-phasing of £4.374m in schemes to beyond the current three-year Programme. Details of these changes made to the programme are set out at paragraphs 3.2.2 to 3.2.3 below. Progress on individual schemes for each portfolio during Quarter 2 can be found in the respective Portfolio Performance and Resources Reports on the relevant scrutiny committee meeting agendas.

3.2.2 There has been a net reduction in schemes of £6.599m during the last quarter. The reduction is on the whole due to the removal of £14.590m corporate unsupported borrowing funding for schools conditions from the 2024/25 Schools Estate Programme (Finance and

Resources), which is no longer required following academy conversions. Offsetting this are a number of new funding allocations, the most significant of which include the following (additions to the 2023/24 Programme unless otherwise stated):

- £1.436m National Lottery Heritage Funding and directly funded borrowing match funding for Markets and Underbanks (Economy, Regeneration and Housing);
- £4.283m of directly funded borrowing for the Adswold Depot Purchase (Finance and Resources); and,
- £1.298m of Mayoral Walking and Cycling Challenge capital grant funding (Parks, Highways and Transport Services).

3.2.3 Capital schemes often span many years and their spending profiles are regularly reviewed as the schemes progress and the programme is adjusted accordingly. There has been some substantial re-phasing of schemes during the quarter, with a net value of £15.296m being re-phased from 2023/24 to 2024/25 or later. The significant schemes being re-phased are set out below (re-phasing is from 2023/24 to 2024/25 unless otherwise stated):

- £1.407m of Revenue Contributions to Capital Outlay (RCCO) funding for HRA New Build Schemes (Economy, Regeneration and Housing);
- £2.874m of directly funded borrowing for Merseyway Development (Economy, Regeneration and Housing);
- £5.500m of Future High Streets grant funding (Economy, Regeneration and Housing);
- £2.550m grant funding from 2023/24 to 2024/25 and then £10.173m of directly funded borrowing from 2024/25 is being re-phased to 2025/26 for the Academy of Living Well scheme (Economy, Regeneration and Housing);
- A total of £2.074m of grant funding for Schools Estate schemes (Finance and Resources); and,
- £0.600m of directly funded borrowing for the Town Centre Access Plan Highways Scheme (Parks, Highways and Transport Services).

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

	Programme as at 31 Jul 2023 £000	Additional /Reduced Programme £000	Virement/ Re- phasing £000	Programme as at 30 Sept 2023 £000
2023/24				
Communities, Culture & Sport	857			857
Economy, Regeneration & Housing	104,356	858	(11,998)	93,216
Finance & Resources	26,055	4,512	(1,604)	28,963
Health & Adult Social Care	308		40	348
Parks, Highways & Transport Services	37,936	1,807	(1,734)	38,009
Total	169,512	7,177	(15,296)	161,393
2024/25				
Communities, Culture & Sport	8,101			8,101
Economy, Regeneration & Housing	101,682	(86)	2,862	104,458
Finance & Resources	38,815	(14,590)	(1,336)	22,889
Health & Adult Social Care	0			0
Parks, Highways & Transport Services	15,006	900	1,467	17,373
Total	163,604	(13,776)	2,993	152,821
2025/26				
Communities, Culture & Sport	12,539			21,196
Economy, Regeneration & Housing	22,273		9,096	32,797
Finance & Resources	4,703			4,703
Health & Adult Social Care	0			0
Parks, Highways & Transport Services	23,791		(1,167)	12,539
Total	63,306	0	7,929	71,235

3.3 Capital Programme Resources

3.3.1 The following table sets out resources available to fund the 2023/24 Capital Programme:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 onwards £000
Capital Grants	66,567	58,623	35,652	14,764
Directly Funded Borrowing	66,322	65,367	11,320	37,107
Unsupported Borrowing	8,678	7,938	1,890	2,914
Capital Receipts	3,051	4,219	7,359	12,575
External Contributions	965			
Commutated Sums	2,246	200		
Revenue Contributions (RCCO)	624	2,244	500	3,272
HRA funding from MRR	12,940	14,230	14,514	29,915
TOTAL	161,393	152,821	71,235	100,547

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 £75m (46%) of the 2023/24 capital expenditure.

3.3.3 The council continues to receive significant capital grant funding and £66.567m of it is being used to finance the 2023/24 Capital Programme.

3.4 Capital Prudential Indicators 2023/24

3.4.1 The prudential indicators for the council's 2023/24 Capital Programme are set out below. These are split into General Fund (non-HRA) and HRA and compare the budgeted 2023/24 Capital Programme to the 2023/24 Capital Programme as at 30 September 2023.

Capital Expenditure	2023/24 Budget £000	2023/24 Forecast £000
General Fund (non HRA)	152,214	133,560
HRA	36,265	27,833
Total	188,479	161,393

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

Capital Financing Requirement	2023/24 Budget £000	2023/24 Forecast £000
General Fund (non HRA)	771,456	749,158
HRA	167,942	158,325
Total	939,398	907,483

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.

General Fund	2023/24 Budget £000	2023/24 Forecast £000
Total Financing Costs	29,802	28,180
Ratio to Net Revenue Stream	9.60%	9.08%

HRA	2023/24 Budget £000	2023/24 Forecast £000
Total Financing Costs	6,096	6,132
Ratio to Net Revenue Stream	10.76%	10.82%

Recommendations

Cabinet is asked to:

- a) Note the key delivery and performance issues from the councils seven portfolios set out in sections 1.3 and 1.4.
- b) Review progress against delivering council priorities and capital schemes alongside budget outturns contained within the report.
- c) Note the Cash Limit and Non-Cash Limit forecast outturn positions for 2023/24 as set out in section 2.3.
- d) Note the update to the council's positive investments as set out in section 2.4.
- e) Note the Dedicated Schools Grant, Housing Revenue Account and Collection Fund forecast positions as set out in sections 2.5, 2.6, and 2.7.
- f) Note the appropriations to/from reserves and balances during the period as set out in section 2.8 and note the resulting reserves and balances position as of 30 September 2023.
- g) Note the position for the 2023/24 Capital Programme as set out in section 3.1.
- h) Note the adjustments of capital schemes during the quarter as set out in section 3.2.
- i) Approve the resourcing of the capital programme as set out in section 3.3.
- j) Approve the 2023/24 prudential indicators as set out in section 3.4, and
- k) Identify key areas for further investigation and responsibility for taking forward corrective action to address any existing or outturn issues or risks.

Appendices

1. Revised Revenue budget as at 30 September 2023.
2. 2023/24 Housing Revenue Account Forecast Outturn as at 30 September 2023.
3. Reserves and Balances as at 30 September 2023.