

2023/24 QUARTER 2+ BUDGET MONITORING UPDATE

Report of the Deputy Chief Executive (Section 151 Officer) and Cabinet Member for Finance & Resources

1 INTRODUCTION AND BACKGROUND

- 1.1 The purpose of the report is to provide an update on the revenue budget forecast outturn for the period to the end of November 2023 (Quarter 2+). The report also provides an update on the council's Medium Term Financial Position, Dedicated Schools Grant, Housing Revenue Account (HRA), Collection Fund and Capital Programme.
- 1.2 The Quarter 2+ update also helps to inform the 2024/25 budget setting process, as the Quarter 3 report will follow the Full Council Budget meeting on 22 February 2024.
- 1.3 The economic and financial landscape facing the council in-year remains challenging. While the council's processes for financial management and forecasting our financial position are robust, there is significant uncertainty, volatility and risk in the financial landscape impacting the council's in-year cost base which means that forecasting the financial position until year end remains challenging and subject to this risk.

2 REVENUE BUDGET

- 2.1 The table summarises changes to the revenue budget that have arisen during Quarter 2+ since the Quarter 2 CPRR Report that was presented to CRMG on the 21 November and Cabinet on 5 December.

2023/24 Revised Budget as at 30 November 2023

	Approved Budget £000	Revised Budget 30/11/2023 £000	Increase (Reduction) £000
Cash Limits	233,023	241,778	8,755
Non-Cash Limits	79,881	71,126	(8,755)
Total	312,904	312,904	0

- 2.2 The table reflects the net movement of budgets of £8.755m from non-cash Limit to cash-limit. This relates to the allocations of corporate contingency budgets to cash limit budgets during Quarter 2+ in the main to support the agreed 2023/24 pay award and inflationary cost increases which have crystallised.
- 2.3 A breakdown of the virements during Quarter 2+ are shown in the table below.

Virements Presented for Approval by Cabinet

Item	Type*	Amount £000	From	To	P/T**
Pay Award Allocation	V	6,094	NCL	Var	P
Contingency Allocations	V	2,556	NCL	Var	P
Contingency Allocations	V	325	NCL	Var	T
Reallocation of Place Savings	V	55	CC&E	Var	P
Reallocation of Place Savings	V	43	F&R	Var	P
14-19 Service	BR	13	ER&H	EC&F	P
Resident Advice Service Management	BR	29	F&R	CC&S	P

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

* BR = Budget re-alignment i.e. the transfer of budget and activity from one service area to another

** P = Permanent and T = Temporary

= Revenue Budget Control Total

Var = Various Portfolios

2023/24 Quarter 2+ Revenue Forecast Outturn Position

- 2.4 The Quarter 2+ forecast outturn position for the council's revenue budget is a deficit of £3.944m, following the provisional allocation of £6.772m of Covid-19 Financial Scarring Contingency, as set out in the table below. This deficit is made up of a projected £6.921m deficit in cash limit Portfolios which is partially offset by a projected £2.977m non-cash limit surplus.
- 2.5 Officers will continue to work on financial recovery plans to address the in-year pressures to bring cost in line with budgets and mitigate the recurrent impact of the council's medium term financial position. Any deficits not offset by non-cash limit surpluses will be funded via one off resources from earmarked reserves and the council's General Fund Balance at year end.

2023/24 Forecast Revenue Outturn as at 30 November 2023

Portfolio	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
Climate Change & Environment	8,226	10,410	10,410	0
Communities, Culture & Sport	7,214	7,826	7,483	(343)
Economy, Regeneration & Housing	996	1,383	1,620	237
Education, Children & Families	51,005	54,223	59,625	5,402
Finance & Resources	27,246	32,784	34,094	1,310
Health & Adult Social Care	115,451	121,484	121,484	0
Parks, Highways & Transport Services	11,050	13,668	13,983	315
Total (Cash Limits)	221,188	241,778	248,699	6,921
Pay Inflation	6,072	357	95	(262)
Inflation - Price and National Living Wage	13,477	3,033	349	(2,684)
Demand Pressures	500	0	0	0
Apprenticeship Levy	428	428	428	0
Covid-19 Financial Scarring Impacts	8,580	8,580	6,772	(1,808)
Other Non-Cash Limits	60,161	58,728	60,505	1,777
Total (Non-Cash Limits)	89,218	71,126	68,149	(2,977)
Total (Cash & Non-Cash Limits)	310,406	312,904	316,848	3,944
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 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	884	884	884	0
	310,406	312,904	312,904	0
	0	0	3,944	3,944

Cash Limit

- 2.6 Cash limit Portfolios are forecasting a £6.921m deficit which largely relates to the Education, Children and Families Portfolio (£5.402m), with other significant deficits in the Finance and Resources Portfolio (£1.310m), Parks, Highways and Transport Services Portfolio (£0.315m) and Economy Regeneration and Housing Portfolio (£0.237m). These are partially offset by a projected surplus in the Communities, Culture and Sport Portfolio (£0.343m).

Climate Change and Environment

- 2.7 The Quarter 2+ forecast position for the Climate Change & Environment Portfolio is a balanced budget.
- 2.8 The position assumes that costs related to some Totally Local Company (TLC) projects will be offset by reserves funding. The position also assumes that Climate Action Now (CAN) expenditure will be funded from the Post-Covid Investment Reserve and the Positive Investment Reserve.

Communities, Culture & Sport

- 2.9 The Quarter 2+ forecast position for the Communities, Culture & Sport Portfolio is a surplus of £0.343m which represents 4.4% of the cash limit budget.
- 2.10 The surplus is mainly due to the delay in opening Stockroom causing a temporary surplus on the Stockroom budget provision.
- 2.11 Income pressures relating to Taxi Licensing, Premises Licensing, Hygiene Action and Pest Control reduce the overall surplus on the Portfolio, with these also being partially funded by a temporary budget allocation from the council's Covid-19 Financial Scarring contingency.
- 2.12 The position includes the Management Fee for leisure provision which includes 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 from the council's Covid-19 Financial Scarring contingency and other reserves.

Economy, Regeneration & Housing

- 2.13 The Quarter 2+ forecast position for the Economy, Regeneration & Housing Portfolio is a deficit of £0.237m which represents 17.1% of the cash limit budget.
- 2.14 Most of this deficit is caused by an expected under recovery of income in the Planning & Building Control areas although this has improved since Quarter 2. The Local Plan is set to balance on the assumption that a pending request for circa £0.313m of reserve funding is approved.
- 2.15 The position includes an estimate for the expected charge to the Investment and Development (I&D) account within the Finance and Resources Portfolio (£0.428m).

Education, Children and Families

- 2.16 The Quarter 2+ forecast position for the Education, Children and Families Portfolio is a deficit of £5.402m which represents 10% of the cash limit budget.

Education:

- 2.17 There is a forecast deficit of £1.269m at Quarter 2+ on Education, a slight increase from the £1.110m at Quarter 2.
- 2.18 This deficit continues to be a reflection of the ongoing demand, challenges and cost pressures associated with the statutory requirement to provide Special Educational Needs (SEN) transport for our most vulnerable pupils across the

borough. The demand for specialist school provision placements over the last 12 months has continued to rise and put pressure on the system. The number of eligible pupils has seen consistent rises recently from circa 785 in May 2022, circa 880 in July 2023, circa 940 at the start of the new academic year and now stands at 974, with a further increase in routes/personal budgets, rising up to 339 routes (inclusive of personal budget arrangements).

- 2.19 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 related to external placements where there are no other children attending from the same area/proximity.
- 2.20 The service continues to review all costs and options available on a regular basis and as part of the strategic cost avoidance plan 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 council costs.

Children & Family Services:

- 2.21 There is a forecast deficit at Quarter 2+ of £4.133m for this Portfolio. 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. There are 34% of placements in external provision above the average weekly cost of circa £5k per week per child in the Greater Manchester residential framework contract. The deficit relating to CLA placements accounts for 60% of the overall deficit. Included within the forecast is an estimated cost for future CLA of £0.475m. 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 the recovery work being undertaken by the service.
- 2.22 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, because of high-cost respite care packages supporting young people with complex needs and disabilities who would otherwise be in higher cost residential placements, and in leaving care, related to accommodation for those over 18 who cannot secure tenancies and move out of their funded semi-independent placements.
- 2.23 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.
- 2.24 The Quarter 2+ forecast position for 14-19 Service is a balanced budget.

Finance and Resources

- 2.25 The Quarter 2+ forecast position for the Finance and Resources Portfolio is a deficit of £1.310m which represents 4.0% of the cash limit budget. This represents an improvement of £0.209m on the reported Quarter 2 position.
- 2.26 Most areas of the Portfolio's activities, particularly the support accounts, have seen modest reductions to the forecasted net outturn with the main exception being Legal services, whose predicted costs have risen by a further £0.130m due to a combination of the use of locums and external support to maintain service levels particularly in the children's and property teams.
- 2.27 Estates and Asset Management (EAM), including the Single Property Budget (SPB) have shown the main improvement (£0.222m) due to a more optimistic view of gas and electricity consumption and prices although a caveat is that the forecast is based upon a limited amount of data readings (up to early autumn).
- 2.28 The Investment and Development Account (I&D) outlook remains similar to the previous position.

Health and Adult Social Care

- 2.29 The Quarter 2+ forecast position for the Health and Adult Social Care Portfolio is a balanced position.

Adult Social Care:

- 2.30 The service is forecasting a balanced position at Quarter 2+ against a cash limit budget allocation of £109.106m.
- 2.31 Revised forecasts included an increase in the outturn projections of £1.2m. This predominantly related to further increases in direct care costs to individuals in receipt of care. These forecasted increases were offset as a result of reviewing the need to top-up provisions held and a drawdown of £0.6m of residual balances of an Adult Social Care reserve.
- 2.32 These adjustments enable the service to continue to report a balanced position.

Health and Adult Social Care (Public Health):

- 2.33 The service is forecasting a balanced position at Quarter 2+ against a cash limit budget allocation of £12.378m. There is a forecast underspend of £0.125m at Quarter 2+ predominantly from short term staffing vacancies (£0.065m), the Greater Manchester GUM (Genitourinary Medicine) Cross Charging agreement being below budget for 2023/24 (£0.034m), and net forecast underspends across demand led services (£0.026m).
- 2.34 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 of £0.280m from reserves to achieve a balanced position, net of the above forecast underspend.

Parks, Highways & Transport Services

- 2.35 The Quarter 2+ forecast position for the Parks, Highways & Transport Services Portfolio is a deficit of £0.315m which represents 2.3% of the cash limit budget.
- 2.36 The position includes a significant pressure on Car Parking income. The pressure on Car Parking income has been partially offset by a temporary budget allocation from the council's Covid-19 Financial Scarring contingency. There is still some uncertainty regarding car parking income as use of car parks has not yet returned to pre-pandemic levels.
- 2.37 The position includes a cost estimate for ash tree removal and assumes that this cost will be fully offset by use of reserves during 2023/24. The position also assumes that statutory redundancy costs related to Totally Local Company (TLC) will be fully offset by reserves funding.

Positive Investments

- 2.38 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.

Non-Cash Limit

CSS:

- 2.39 The CSS non-cash limit items, including the Insurance Fund; Housing Benefits; bank, audit and other fees; Coroners; Members; and airport rent share is forecast to be in surplus by £0.110m. The combined net budget is £3.948m, and the main assumptions made are that the Insurance Fund and Housing Benefits will be balanced with no significant year-end adjustments required after the actuary assessment and grant claim respectively.

Place:

- 2.40 The position includes a small net surplus of £0.040m.

Technical:

- 2.41 The Quarter 2+ forecast for technical non-cash limit is a surplus of £2.827m which is an increase of £0.835m from Quarter 2.
- 2.42 The position includes a decrease in expected Price Inflation contingency allocations of £0.516m as well as a decrease in the expected allocation of Covid-19 scarring contingencies of £0.319m. The position also includes the reduction in forecast borrowing costs following review of the council's Capital Programme by the Capital Board (favourable forecast adjustments relating to this were included in the Quarter 2 forecast position).

3 Dedicated Schools Grant (DSG)

- 3.1 DSG 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.
- 3.2 The remaining budgetary resource is the Centrally Held Budget (CHB) managed by the local authority on behalf of schools and consists of a range of services to schools and pupils.
- 3.3 The total DSG allocation which is centrally held is £45.412m (largely the high needs block in support of our most vulnerable pupils)
- 3.4 The Quarter 2+ forecast outturn position provides an in-year deficit of £5.870m in addition to the planned original budget deficit set at circa £1m in April 2023, thus totalling a total year-end deficit forecast at £6.870m
- 3.5 The significant cost pressures within the overall DSG Quarter 2+ forecast are the continued cost increase and demand in the high needs block pertaining to:
 - More pupils in mainstream schools accessing Higher Needs (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.
- 3.6 The above deficit will be carried forward as part of the overall cumulative deficit (estimated at £18m as at 31 March 2024).
- 3.7 The LA 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.

4 Housing Revenue Account (HRA)

- 4.1 The HRA forecast position is illustrating a surplus of £0.125m. This surplus is lower than budgeted due to an increased projected management fee for additional pay award cost and pension cost increases.

	Budget £000	Quarter 2 £000	Variance £000
Total Management and maintenance	38,024	36,690	(1,334)
Total Other Expenditure	24,423	24,501	78
Total Expenditure	62,447	61,191	(1,256)
Total Income	(62,832)	(61,254)	1,578
Net Cost of Services	(385)	(63)	322
Investment Income	(30)	(75)	(45)
Net Operating Expenditure	(415)	(138)	277
Revenue Contribution to Capital Spend	0	13	13
(Surplus)/Deficit for year	(415)	(125)	290
(Surplus)/Deficit brought forward	(1,000)	(1,000)	0
Future Investment Reserve - Budgeted	318	28	(290)
Future Investment Reserve - Additional	0	0	0
Accumulated (Surplus)/Deficit	(1,097)	(1,097)	0

5 Collection Fund

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

	Council Tax £000	Business Rates £000	Total £000
Collection Fund Income	(218,344)	(93,264)	(311,608)
Council Tax Support Fund	(512)		(512)
Collection Fund Expenditure	217,954	89,497	307,451
2023/24 Surplus	(902)	(3,767)	(4,669)
Allocated to:			
Stockport Metropolitan Borough Council	(760)	(3,729)	(4,489)
Mayoral Police and Crime Commissioner	(98)		(98)
Mayoral General including Fire Services	(44)	(38)	(82)
	(902)	(3,767)	(4,669)

5.2 The forecast outturn position is a surplus of £4.669m made up of a £0.902m surplus on Council Tax and a £3.767m surplus on Business Rates. The council's share of this surplus is £4.489m made up of a £0.760m surplus on Council Tax and a £3.729m surplus on Business Rates. As required by Collection Fund accounting legislation, the net surplus position will be declared and released to the council's General Fund in 2024/25. As set out in the Collection Fund forecasts report approved by Cabinet in December, the surplus will be considered as part of the council's 2024/25 budget setting process and MTFP robustness in the context of increasing budget pressures linked to price inflation, pay inflation particularly relating to recent Real Living Wage increase, high interest rates impacting the council's borrowing costs and increasing demand for services.

- 5.3 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.
- 5.4 Collection Rates for both Council Tax and Business Rates continue to remain resilient indicating that the actual top up to bad debt provisions at year end will be lower than budgeted and this is contributing to the overall surplus position.
- 5.5 The ongoing review of the Business Rates appeals to the rating list also continues to indicate that the actual top up will be lower than budgeted further contributing to the overall Collection Fund surplus. 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 monthly to review any significant changes and their impact on the Collection Fund outturn position.
- 5.6 The projected 100% retention benefit from the above outturn position is £10.052m. This is an increase of £1.687m compared to the budgeted benefit of £8.365m with the council receiving a 75% share equivalent to £1.265m.

6 Reserves and Balances

- 6.1 A summary of the Quarter 2+ movements on reserves are shown in the table below.

	Balance as at 01/10/2023 £000	Transfers to / (from) Reserves £000	Balance as at 30/11/2023 £000
General Fund Balances	15,183	0	15,183
Total General Fund Balances	15,183	0	15,183
Reserve Linked to Budget	8,748	0	8,748
Strategic Priority Reserve	26,463	0	26,463
Budget Resilience Reserve	21,077	0	21,077
Corporate Reserves	25,716	11	25,727
Directorate Reserve	750	0	750
Total Earmarked Reserves	82,754	11	82,765
DSG and School Balances	1,595	0	1,595
HRA Balances	1,000	0	1,000
HRA Earmarked Reserves	1,614	0	1,614
Total Ring-fenced Reserves	4,209	0	4,209
Total Reserves and Balances	102,146	11	102,157

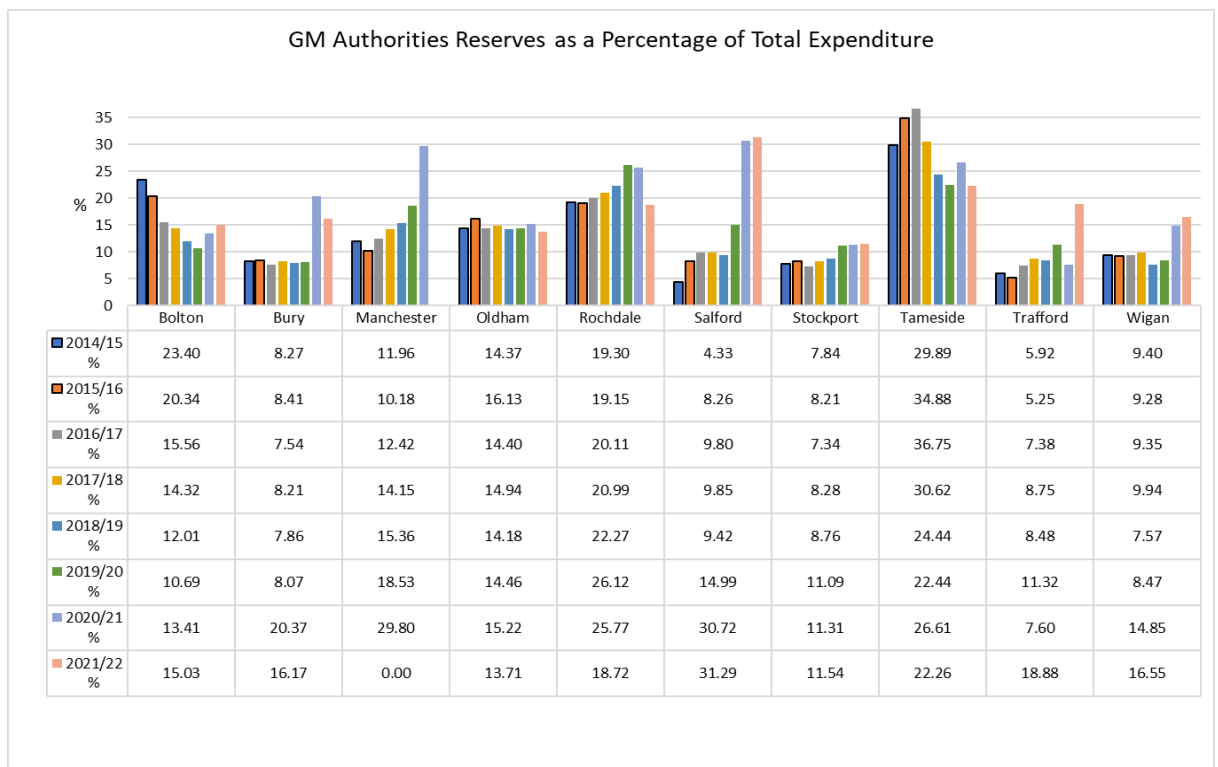
**Figure includes £4.705m of funds expected to be received in year which have been recognised as part of the available resources in the Reserves Policy.*

7 Medium Term Financial Position Update

- 7.1 The council's financial position over the medium term is increasingly challenging. Local Government funding is not keeping pace with increasing service costs due to price inflation and demand for services particularly for those supporting vulnerable residents. This is evidenced in the in-year deficit outturn forecast presented above in terms of a £5.402m deficit forecast for the Education, Children and Families Portfolio. Whilst the council remains confident about setting a robust and balanced budget for 2024/25, the savings requirement in 2025/26 and future years is significant.
- 7.2 The 2023 Autumn Statement provided no certainty about funding for Local Government beyond 2024/25. Announcements focussed on fiscal forecasts and Government's delivery of its fiscal rules. There was no mention of Local Government funding beyond what had previously been announced in the 2022 Autumn Statement and 2023/24 settlement. No confirmation of the continuation of the Household Support Fund (HSF) in 2024/25 presents further budgetary pressure in terms of meeting demand of ongoing resident support with the cost of living which has been supported by £4.3m of HSF funding during this financial year.
- 7.3 Within the Autumn Statement the Chancellor confirmed his aim to improve productivity in the public sector and to reduce the size of the civil service to pre-pandemic levels. Reviewing the Government's Departmental medium term spending forecasts presents a concerning outlook for Local Government funding over the medium term. Local Government is considered to be an unprotected sector in terms of future funding settlements. Commentators suggest this poses a risk of funding cuts for the sector in future Government Spending Reviews to ensure Government's funding commitments to other protected sectors such as Health and Education can be delivered.
- 7.4 The 2024/25 Provisional Local Government Finance Settlement (PLGFS) was announced on 18 December. Again previous funding announcements were confirmed, with (as expected) no new additional funding announced despite the increasing budgetary pressures faced by many councils across the country. Redistribution of grant resource, notably the Services Grant, across councils within the settlement has adversely impacted the council's Medium Term Financial Plan (MTFP) by circa £1.1m in 2024/25 and circa £1.3m from 2025/26. It is disappointing that Government gave no indication of the significance of the grant resource redistribution on councils prior to the settlement being announced particularly given the Government's Settlement Policy Statement was released on 6 December for this purpose. Finance Officers are reviewing Business Rates forecasts following the decoupling of the Business Rates multipliers from 2024/25, confirmed in the settlement, which may partly offset the impact of the grant resource redistribution. Overall the 2024/25 settlement MTFP impact is adverse and places further pressure on an already challenging medium term financial position.
- 7.5 There is significant uncertainty, risk and volatility in the financial forecasts and assumptions underpinning the MTFP due to the financial landscape. Addressing this medium-term financial challenge will rely on the continuing

robustness and resilience of the council’s financial position. Reserves play an essential role in the robust financial management of the council over the medium term. Whilst reserves do not provide a permanent source of funding, they provide the council with short-term budget resilience to mitigate the impact of unexpected financial pressures and funding changes. They also support the delivery of transformational change to support the delivery of budget efficiencies and delivery of the council’s ambitions and priorities.

7.6 Whilst councils continue to be encouraged by Government to use reserves to fund pressures and balance their budgets, it is important to recognise that significant use of reserves will impact on the council’s financial robustness and resilience. As set out in the Reserves Policy, as at 31 March 2023 the council had circa £83m of earmarked unallocated resources held in reserves. In general these resources are earmarked to support the council’s budget resilience, investments and comply with accounting requirements. This equates to circa 11% of the council’s total expenditure (revenue and capital).



7.7 The Office for Local Government (OfLOG) Local Authority Data Explorer also highlights that the council’s earmarked reserves (per the 2021/22 published accounts) are within the median range when compared to its CIPFA statistical neighbouring Authorities and all English Authorities. However, significant accelerated use of reserves to fund budget pressures and balance budgets will adversely impact on this position and expose the council to a resilience risk in terms of ability to invest and absorb financial shocks.



7.8 As can be seen the Council is not an outlier in the amount of reserves held and against some comparators holds less than other similar sized Council's. This is prior to the use and allocation of reserves up to 2023/24 and also the need to finance the in-year forecast deficit. The need to use reserves to mitigate financial risk is recognised in the council's Reserves Policy. Increasing demand for services and inflationary costs requires the underpinning of the MTFP with the use of identified earmarked reserves. However, this needs to be managed over the medium term to ensure a managed approach to the use of reserves and the impact this has on the council's continuing financial robustness and resilience.

8 CAPITAL PROGRAMME

8.1 The council's 2023/24 three-year capital programme is £368.114m, with planned expenditure of £142.751m in 2023/24.

2023/24 Three Year Capital Programme

Portfolio	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	85,202	100,991	36,406	58,456
Education, Children & Families				24
Finance and Resources	25,252	27,251	1,850	5,734
Health and Adult Social Care	348			
Parks, Highways & Transport Services	31,092	18,912	19,313	6,304
TOTAL	142,751	155,255	70,108	71,018

8.2 The table below provides the position of the 2023/24 Capital Programme as at Quarter 2+. Details of the changes made to the Capital Programme during Quarter 2+ are set out in the following paragraphs.

2023/24 Quarter 2+ Capital Programme

Portfolio	2023/24 Programme £000	Expenditure Quarter 2+ £000
Communities, Culture & Sport	857	148
Economy, Regeneration & Housing	85,202	45,888
Finance & Resources	25,252	14,807
Health and Adult Social Care	348	0
Parks, Highways & Transport Services	31,092	12,632
TOTAL	142,751	73,475

8.3 During Quarter 2+ there has been a full review of the capital programme and as a result, there has been a net decrease in the overall three-year Capital Programme of £17.335m since last reported at Quarter 2. There are a small number of new funding allocations that offset this decrease. The most significant changes to the Capital Programme include the following (reductions to schemes unless otherwise indicated):

- £3.736m in HRA New Build Schemes for 2023/24 and £2.634m in 2024/25 (Economy, Regeneration and Housing);
- £1.550m additional commuted sums towards Strategic Housing Affordable Homes (Economy, Regeneration and Housing);
- £2.073m of directly funded borrowing in 2024/25 for Markets and Underbanks (Economy, Regeneration and Housing);
- £1.683m grant funding adjustment in 2024/25 for School Estate Schemes (Finance & Resources);
- £1m additional directly funded borrowing in 2023/24 for Children's Homes (Finance & Resources);

- £3.003m of capital receipts for the Reprovision of Dialstone Facility (Finance & Resources);
- £0.810m has been added to the Programme for drawdowns made on the Stockport Active CIC loan facility (Finance & Resources);
- £27.247m directly funded borrowing for Borough Care, which has been removed from the 2026/27 onwards Programme (Finance & Resources);
- £2.362m grant funding in 2023/24 and £5.587m in 2025/26 for Cheadle Town Highways Scheme (Parks, Highways & Transport Services).

8.4 As part of the in-depth review, a number of capital schemes have been re-phased to align with the anticipated timing of expenditure. During the Quarter 2+ reporting period, a net total of £15.978m has been re-phased from the 2023/24 Capital Programme to 2024/25 and later years. The more significant schemes being re-phased from 2023/24, as well as those relating to later years, include the following (the re-phasing is from 2023/24 to 2024/25 unless otherwise indicated):

- £6.020m mixture of grant, directly funded borrowing and RCCO funding for HRA New Build Schemes has been re-phased, £1.629m brought forward to meet expenditure in 2023/24 and £4.391m to 2025/26 (Economy, Regeneration & Housing);
- £7.457m of directly funded borrowing for the Weir Mill scheme (Economy, Regeneration & Housing);
- £5.535m of grant funding for School Estates schemes (Finance & Resources);
- £1.100m of grant funding for Bus Stop and Passenger Travel Enhancements (Parks, Highways & Transport Services);
- £2.562m Cheadle Town grant funding (Parks, Highways & Transport Services); and,
- £0.893m of directly funded borrowing in 2023/24 and £2.123m in 2024/25 for the Street Lighting Investment Programme has all been re-phased to 2025/26 (Parks, Highways & Transport Services)

8.5 The changes to the Capital Programme during Quarter 2+ are set out by Portfolio in the table below:

Portfolio	Programme as at £000	Additional /Reduced £000	Virement/ Re-£000	Programme as at £000
<u>2023/24</u>				
Communities, Culture Sport	857			857
Economy, Regeneration & Finance and Resources	93,216	(2,186)	(5,828)	85,202
Health and Adult Social Care	28,963	1,884	(5,595)	25,252
Parks, Highways & Transport	348			348
	38,009	(2,362)	(4,555)	31,092
Total	161,393	(2,664)	(15,978)	142,751
<u>2024/25</u>				
Communities, Culture Sport	8,101			8,101
Economy, Regeneration & Finance and Resources	104,458	(4,904)	1,437	100,991
	22,889	(1,173)	5,535	27,251

Portfolio	Programme as at £000	Additional /Reduced £000	Virement/ Re-£000	Programme as at £000
Health and Adult Social Care	0			0
Parks, Highways & Transport	17,373		1,539	18,912
Total	152,821	(6,077)	8,511	155,255
2025/26				
Communities, Culture & Sport	12,539			12,539
Economy, Regeneration & Finance and Resources	31,369	646	4,391	36,406
Health and Adult Social Care	4,703	(2,853)		1,850
Parks, Highways & Transport	0			0
	22,624	(6,387)	3,076	19,313
Total	71,235	(8,594)	7,467	70,108

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

Resources	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 onwards £000
Capital Grants	51,278	62,737	31,881	10,706
Directly Funded Borrowing	61,429	64,159	16,378	11,839
Unsupported Borrowing	8,557	7,938	1,950	2,914
Capital Receipts	3,041	4,045	5,340	15,644
External Contributions	965			
Commuted Sums	3,917	200		
Revenue Contributions (RCCO)	624	1,946	45	
HRA funding from MRR	12,940	14,230	14,514	29,915
TOTAL	142,751	155,255	70,108	71,018

Capital Prudential Indicators 2023/24

8.7 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 updated 2023/24 Capital Programme per this report.

Capital Expenditure	2023/24 Budget £000	2023/24 Forecast £000
General Fund (non HRA)	152,214	117,025
HRA	36,265	25,726
Total	188,479	142,751

8.8 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)	755,661	742,696
HRA	164,421	159,954
Total	920,082	902,650

8.9 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	28,025
Ratio to Net Revenue Stream	9.60%	9.03%

HRA	2023/24 Budget £000	2023/24 Forecast £000
Total Financing Costs	6,096	6,135
Ratio to Net Revenue Stream	10.76%	10.83%

9 RECOMMENDATIONS

9.1 CRMG is asked to note and comment on the content of the report including the recommendation to Cabinet.

9.2 Cabinet is asked to:

- a) Approve the virements to the Revenue Budget;
- b) Note the cash limit and non-cash limit forecast outturn positions for 2023/24 as at Quarter 2+;
- c) Note the DSG, HRA and Collection Fund forecast outturn positions for 2023/24 as at Quarter 2+;
- d) Note the update on Reserves;
- e) Note the update on the council's medium term financial position;
- f) Note the forecast position for the 2023/24 Capital Programme;
- g) Note the changes to the Capital Programme and re-phasing of schemes during Quarter 2+; and
- h) Note the 2023/24 Capital Programme Prudential Indicators.

BACKGROUND PAPERS

There are none.

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on 0161 218 1025 or by email at jonathan.davies@stockport.gov.uk