

## **2024/25 BUDGET REPORTS – UPDATE SINCE CABINET MEETING**

### **Joint report of the Leader of the Council and Cabinet Member for Finance & Resources**

#### **1. INTRODUCTION**

1.1. There have been a number of significant announcements affecting Local Government funding since the 2024/25 budget reports were published and presented to the Cabinet meeting on 30 January. This has resulted to changes to the following reports ahead of the Budget Council meeting:

- Medium Term Financial Plan – Financial Landscape and Forecasts 2024/25 to 2027/28 (MTFP Update)
- 2024/25 Cabinet Revenue Budget

1.2. The purpose of this report is to set out relevant detail of the announcements made and highlight where these announcements have impacted on the MTFP Update and proposed 2024/25 Cabinet Revenue Budget.

#### **2. ANNOUNCEMENTS**

2.1. In a written statement on 24 January, the Secretary of State for Levelling Up, Housing and Communities Rt Hon Michael Gove MP announced additional funding for councils. The statement ahead of the final settlement being announced, was made in response to the provisional settlement consultation and lobbying from councils and MPs about the significant financial challenges and budgetary pressures which were not recognised in the council funding announced in the provisional settlement.

- Additional £500m of national funding to support the provision of social care services. Government is clear on the intentions of the additional funding to enable councils to continue to provide crucial social care services, particularly for children, and for councils to invest to help place children's social care services on a sustainable financial footing, whilst also being mindful of the level of adult social care provision. Government suggested areas of investment include investing in expanding family help and targeted early intervention, expanding kinship care, and boosting the number of foster carers.
- An increase in the minimum funding guarantee that means councils Core Spending Power will increase by a minimum of 4% rather than minimum of 3% announced in the provisional settlement.
- Requirement for councils to provide 'productivity plans' to the Department for Levelling Up, Housing and Communities before Government's summer recess. These *plans* 'will set out how local authorities will improve service performance and reduce wasteful expenditure' and

should be *'short'* and *'draw on work councils have already done'*. The plans will be reviewed a new productivity review panel, made up of sector experts including the Office for Local Government and the Local Government Association. Plans will need to be agreed by Council Leaders and Members, and published on council websites, together with updates on progress.

2.2. The Final Local Government Finance Settlement (FLGFS) was announced via written statement on 5 February and debated by parliament on 7 February. The following changes to the Council's provisional settlement funding allocations were announced in the final settlement:

- Confirmation of the additional social care grant funding allocation to councils. The Council's 2024/25 funding allocation was confirmed as £2.673m and is ringfenced to social care.
- Increase to the Services Grant of £0.030m, total funding allocation for 2024/25 is £0.335m;
- Payment of Business Rates Green Plant and Machinery Compensation to compensate for lost Business Rates income because of the introduction of the green plant and machinery exemption in 2022/23. The Council will receive £0.124m of compensatory grant in 2024/25 and 2025/26.

### 3. KEY CHANGES – PROPOSED 2024/25 CABINET REVENUE BUDGET

3.1. The following key changes have been made to the proposed 2024/25 Cabinet Revenue Budget since the Cabinet meeting:

**Social Care, Neighbourhoods and Prevention Investment** – Government is clear on the intentions of the additional funding to enable councils to continue to provide crucial social care services, particularly for children, and for councils to invest to help place children's social care services on a sustainable financial footing, whilst also being mindful of the level of adult social care provision. Government suggested areas of investment include investing in expanding family help and targeted early intervention, expanding kinship care, and boosting the number of foster carers. Cabinet have carefully considered Government's intentions for the use of the funding to ensure the response supports the Council's medium term position. Cabinet have always been clear that the Council's response needs to be across the medium term and recognise that use of the additional funding needs to be set in the context of the very significant savings requirement for 2025/26 and future years.

Noting the Section 151 Officer's recommendation, Cabinet propose to use this funding to support investments that increase the pace of our neighbourhoods and prevention transformation programme and areas we know will have a positive impact on the delivery of longer term financial sustainability and reduction in the need for reactive support which increases expensive demand on our services. Specifically, we are proposing using the £2.673m funding allocation to:

- Invest to increase the pace and capacity of neighbourhood and prevention working, linked to the delivery of family hubs in Stockport expanding in 2024/25 family help and targeted earlier intervention;
- Invest to promote, support, and increase the number of internal foster and kinship carers within Stockport who play such a vital role in providing secure and loving environments to enable some of our most vulnerable children and young people to thrive in their lives;
- Invest to increase the delivery and capacity of our supported housing offer within adults and for those leaving care to ensure over the medium term we have the right provision and reducing the need for expensive external placements and temporary accommodation that are causing significant pressures on our budget; and
- Invest to reduce the current risk in social care service delivery and the council's medium term financial plan due to surges in demand, pressures in the system workforce and capacity of the social care market especially during winter.

### **Positive Investment – Highways, Parking Enforcement and Road Safety –**

Cabinet previously recognised their priorities to invest in the maintenance of the borough's drainage infrastructure network, and parking enforcement and road safety as key issues for additional focus during 2024/25. Prior to the final settlement Cabinet proposed to earmark £0.200m of balances held within the delegated ward budgets to invest in these areas. However, the final settlement has provided additional general fund resources of £0.154m compared to the provisional settlement. Cabinet propose to use a small additional call on reserves of £0.046m in addition to the £0.154m general fund resource to fund the proposed positive investment in these priorities and areas of focus within their proposed budget. This therefore removes the need to re-set and use the balances held in delegated ward budgets as previously proposed.

Whilst Cabinet still believes in the benefits of making available annual investments to delegated ward budgets so that local members can support local priorities, a review of the delegated ward budgets is proposed to be undertaken in 2024/25. No amendment to current delegated ward balances will be made prior to 2025/26 financial year and following consideration by Area Committees in the next municipal year.

- 3.2. The forecasts presented in the MTFP Update and proposed 2024/25 Cabinet Revenue Budget reports have been updated to reflect the Government's announcements. Forecasts have also been updated to reflect the confirmed 2024/25 Public Health Grant increase and Business Rates forecasts aligned to the NNDR1 (Business Rates Budget) return to Government at the end of January.
- 3.3. The table below shows the updated proposed 2024/25 Cabinet Revenue Budget highlighting the changes since the Cabinet meeting on 30 January.

#### **4. RECOMMENDATIONS**

- 4.1. The Council meeting is recommended to note the content of this report and the changes made to the 2024/25 budget reports since publication and presentation at the Cabinet meeting on 30 January.

#### **BACKGROUND PAPERS**

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on 07891 949012 or by email on [jonathan.davies@stockport.gov.uk](mailto:jonathan.davies@stockport.gov.uk)

	2024/25 Proposed Revenue Budget - Presented to Cabinet £000	2024/25 Proposed Revenue Budget - Updated £000	Change Increase/ (Decrease) £000	
Climate Change & Environment	10,459	10,459	0	
Communities, Culture & Sport	7,409	7,409	0	
Economy, Regeneration & Housing	1,173	1,173	0	
Education, Children & Families	62,052	62,052	0	
Finance & Resources	32,809	32,809	0	
<b>Health &amp; Adult Social Care</b>	<b>127,316</b>	<b>127,462</b>	<b>146</b>	***Public Health Grant increase
Parks, Highways & Transport Services	12,904	12,904	0	
<b>Cash Limit Service Budgets</b>	<b>254,122</b>	<b>254,268</b>	<b>146</b>	
Pay Inflation	5,063	5,063	0	
Pensions - Superannuation and Auto Enrolment	50	50	0	
Inflation - Price, Energy, Real Living Wage & Supplier Impact	4,762	4,762	0	
<b>Social Care, Neighbourhoods and Prevention Investment</b>	<b>0</b>	<b>2,673</b>	<b>2,673</b>	***Cabinet Positive Investment budget
<b>Highways Drainage and Parking Enforcement &amp; Road Safety</b>	<b>0</b>	<b>200</b>	<b>200</b>	***Cabinet Positive Investment budget
Apprenticeship Levy	441	441	0	
Covid-19 Financial Scarring Impacts	8,501	8,501	0	
Non-Cash Limits	59,843	59,843	0	
<b>Total Net Expenditure</b>	<b>332,782</b>	<b>335,801</b>	<b>3,019</b>	
<b>Less General Financing Resources:</b>			0	
<b>Business Rates District Share</b>	<b>86,156</b>	<b>85,113</b>	<b>(1,043)</b>	***Business Rates forecast changes aligned to NNDR1
<b>Business Rates - Tariff</b>	<b>(21,916)</b>	<b>(21,770)</b>	<b>146</b>	***Public Health Grant increase confirmed alongside final settlement
<b>Business Rates Section 31 Grants</b>	<b>29,154</b>	<b>30,197</b>	<b>1,043</b>	***Business Rates forecast changes aligned to NNDR1
<b>Business Rates Green Plant and Machinery Compensation</b>	<b>0</b>	<b>124</b>	<b>124</b>	***Final settlement funding allocation
New Homes Bonus Grant	24	24	0	
Better Care Fund	6,619	6,619	0	
<b>Social Care Grant</b>	<b>21,785</b>	<b>24,458</b>	<b>2,673</b>	***Additional Social Care funding
<b>Services Grant</b>	<b>305</b>	<b>335</b>	<b>30</b>	***Final settlement funding allocation
Market Sustainability and Improvement Fund	5,614	5,614	0	
One Off GMCA Waste Reserve	2,476	2,476	0	
Return & AGMA Reserve Return				
2022/23 Collection Fund Undeclared Surplus	3,860	3,860	0	
2023/24 Collection Fund Declared Surplus	4,023	4,023	0	
<b>Appropriation From Reserves – Balancing</b>	<b>114</b>	<b>160</b>	<b>46</b>	***Appropriation from reserve to support Cabinet positive investment
<b>Proposed Council Tax Requirement</b>	<b>194,568</b>	<b>194,568</b>	<b>0</b>	
<b>Council Tax Requirement - Memorandum:</b>				
Adult Social Care Precept Element	28,896	28,896	0	
Council Tax Requirement (Excluding Adult Social Care Precept)	165,6	165,672	0	