

2024/25 CABINET REVENUE BUDGET

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

1 INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the cabinet's proposed 2024/25 revenue budget. The report highlights our strategic approach to responding to the significant medium-term financial pressures whilst ensuring a sustainable and stable financial position to deliver our overarching priorities and desired outcomes.
- 1.2 Recognising the unprecedented uncertainty and financial pressures facing local government, we continue to commit to developing opportunities that enhance the lives of our residents and support Stockport businesses. However, we recognise that this sits within a context of national economic uncertainty and the fact that local government funding nationally is failing to keep pace with the increasing costs to deliver vital services that support our most vulnerable residents.
- 1.3 Our change proposals address the financial challenges and balance the rising cost of delivering services to the people in our communities who need it most. The robust and resilient medium-term financial position underpins the delivery of the Borough Plan and Council Plan included elsewhere on this agenda.
- 1.4 This report needs to be considered in conjunction with the Deputy Chief Executive and Section 151 Officer's Medium-Term Financial Plan Financial Landscape and Forecasts 2024/25 to 2027/28 report (MTFP Update) presented elsewhere on this agenda. The MTFP Update sets out the forecasts and assumptions underpinning the council's MTFP and the budget challenges facing the council over the medium-term period.
- 1.5 This report also takes account of other reports that have been presented to previous cabinet and scrutiny committee meetings and those presented elsewhere on this agenda including:
 - MTFP Update: retesting of the underpinning MTFP assumptions and forecasts to ensure they are robust and based on the latest available information to inform decision making (presented to the cabinet meeting in September and Corporate, Resource Management & Governance Scrutiny Committee meeting in October);
 - MTFP Cabinet Response: Responding to our Medium-Term Financial Plan – setting out the cabinet's response to the MTFP and the change proposals being considered to support the balancing of the Council's 2024/25 Budget (presented to the cabinet meeting in September and Scrutiny Committee meetings in October, November, and January);
 - Stockport Billing Area: 2024/25 Council Tax Taxbase and Non-Domestic Rates Forecast (presented to the cabinet meeting in December);
 - 2023/24 Quarter 2+ Budget Monitoring Update (presented to the Cabinet meeting in January);

- 2024/25 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy presented elsewhere on this agenda; and
- 2024/25 Capital Strategy and Capital Programme presented elsewhere on this agenda.

1.6 Our proposed 2024/25 Budget and updated MTFP forecasts take account of several factors including:

- The 2023/24 Quarter 2+ revenue budget and Capital Programme monitoring position;
- The issues, challenges and financial prospects facing the council over the medium-term period;
- The proposed change proposals for 2024/25 to support the balancing of the council's budget;
- The Provisional Local Government Finance Settlement announced by government in December.
- Written statement announced by government on 24 January;
- The Final Local Government Finance Settlement announced by government on 5 February;
- The Council Tax Taxbase approved at the council meeting on 11 January; and
- Our proposed Council Tax increase in 2024/25 ensuring the council has a robust and sustainable budget to support the robustness of the council's financial position, delivery of essential services to Stockport residents and businesses and enabling our transformation priorities whilst understanding the impact an increase has.

2 COUNCIL PLAN

2.1 The Council Plan, presented elsewhere on this agenda, accompanies our proposed 2024/25 Revenue Budget, setting out our priorities and how we will deliver these over the next 3 years. The Council Plan is a public-facing summary document that sits above annual (detailed) portfolio performance and resource agreements that provide key performance measures for each portfolio area of the council. It provides a high-level framework for decision making throughout the financial year.

2.2 The 2024 to 2027 Council Plan has been developed around four "Big Ambitions" and two cross-cutting priorities. Our four big ambitions represent our key programmes of work and are focused on helping us achieve our mission 'to create opportunities for Stockport'.

1. Investment, regeneration and creating jobs.
2. Education, employment, and skills.
3. Wellbeing in neighbourhoods.
4. Delivering for those who need it most.

2.3 These ambitions are underpinned by our clear focus on delivering against our **Climate Action Now** and **Fair and Inclusive Stockport** priorities to realise a greener and fairer Stockport. Our Council Plan has reducing inequality and responding to climate change at its heart, recognising that these are our biggest challenges.

2.4 Progress in delivering the Council Plan will be reported over the course of the year through our portfolio performance and resource agreements along with our performance dashboards.

3 CONTEXT

3.1 We provide over 800 services to support and improve the lives of residents, businesses, and visitors in Stockport. Over 70% of the council's budget is used to provide essential services to Stockport's most vulnerable children and adults, services where we are seeing significant increases in costs and a growing need for support. Significant budgetary pressures are being faced by councils across the country, evidenced by the increasing number of council Section 114 (effectively, bankruptcy) notices issued during the year. Across the country councils are facing significant and urgent funding gaps which cannot be balanced. Like other councils, the cost of delivering services in Stockport is increasing. This comes at the same time as an increasing need for support from residents and businesses. Funding of essential services is not keeping pace with increasing service cost, making managing the council's budget in the years ahead extremely challenging.

3.2 In this context resilient local public services are critical in providing much needed local leadership as well as support and services for local people. Our strong financial management and place leadership role was recognised and praised in our Peer Review in autumn 2022. Recognising how we act as an enabler of real and ambitious change through close working with local partners to commission and deliver high-performing services that meet the needs of the local people well. During November 2023, we welcomed back members of the Peer Review team for our progress review. Again, the council was recognised for its robust and resilient approach to financial challenges and its 'sophistication' of our approach to neighbourhood working. We are proud that our ambitious Neighbourhoods and Prevention Programme is enhancing collaborative working between statutory and Voluntary, Community, Faith, and Social Enterprise (VCFSE) sector partners and delivering outcomes in our communities. The programme is supporting Stockport communities to get the help they need at the right time and in the right place. We will continue to work closely with partners, residents, businesses, and colleagues to do this, with a clear focus on creating opportunities for everyone in Stockport.

3.3 Our Council Plan shapes our strategic, including budget, decisions over the medium term period. We know we need to keep an eye on the future financial robustness and resilience of the council whilst delivering our ambitions and priorities for the borough. The consequences of not achieving this are stark and increasingly visible with increased borrowing and further council Section 114 notices and capitalisation directives issued because of council financial failure. We are committed to delivering efficient and effective core local services to our residents and communities focussing on our Council Plan ambitions to do this. Our transformation priorities are underpinned by a focus on invest to save to deliver longer term financial sustainability and reduce the need for support which increases demand on our services. We recognise this will be challenging and know we need to be radical and ambitious, transforming what we do, how we do it and being clear on why we are doing it, putting local people and businesses at the heart of our new ways of working at all times.

3.4 Now more than ever the council needs a robust and stable budget that mitigates and smooths the financial impact of significant uncertainty. Balancing the need to support residents, alongside core service delivery requirements, whilst delivering

longer term change, which is vital for our future sustainability, is acutely challenging. Delivering a robust and resilient budget can only be achieved through difficult decisions, prioritisation, and ambitious changes in the way we work if we are to continue to meet the needs of local people today and in the future.

- 3.5 It is testament to the continuing work of this council, members and officers alike, that we are in the position to continue to be able to provide and demonstrate that the council has a stable, robust, and resilient budget despite the many financial challenges faced. We continue to carefully balance our longer term ambitions and priorities for the borough, with the challenging financial landscape ahead and more recently the acute pressures placed on our residents due to the increased cost of living. We recognise that the increasing demand for council services, and the resulting cost, is due to rising need in our local communities facing these pressures. Working collaboratively across the organisation to provide robust and resilient financial management enables us to achieve this challenging balance. This allows us to recommend a budget that transforms and protects service provision supporting Stockport residents and businesses, delivers on our ambitions and priorities and meets the challenges over the medium-term period.

4 MTFP UPDATES, 2023 AUTUMN STATEMENT AND PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT (PLGFS)

- 4.1 Throughout the year the Deputy Chief Executive and Section 151 Officer has kept us up to date with the council's financial position over the medium-term period. These updates have taken account of the information available including government's 2023 Autumn Statement, the Provisional Local Government Finance Settlement (PLGFS) announcements, to inform the underpinning MTFP assumptions and forecasts. The continual retesting of the assumptions and forecasts during the 2024/25 budget setting process has helped to address the uncertainty and volatility of the financial landscape to better inform decision making and ensure the council's MTFP remains robust and resilient.
- 4.2 We are disappointed that the Autumn Statement and settlement provided no certainty about funding for local government beyond 2024/25. This is the sixth annual one-year settlement received by the council despite councils continuing to ask for a multi-year settlement to provide certainty about future years funding. Announcements were focussed on fiscal forecasts and government's delivery of its fiscal rules. There was no mention of local government funding beyond what has previously been announced in the 2022 Autumn Statement and 2023/24 settlement. As our in-year monitoring position demonstrates, funding of Local Government is not keeping pace with the increasing costs and demand for services. No confirmation of the continuation of the Household Support Fund (HSF) in 2024/25 presents further budgetary pressure in terms of meeting the need for ongoing resident support with the increased cost of living and poverty. Without HSF we are certain that the council will have to deal with the consequences and financial impacts that will result.
- 4.3 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. Whilst we recognise that an upcoming General Election and subsequent Spending Review will have a bearing on government's future spending plans, reviewing the government's departmental medium-term spending forecasts presents a concerning outlook for local government funding. Local government is considered to be an unprotected sector in terms of future government Spending Reviews. Commentators suggest this poses a risk of funding cuts for the sector in future to ensure funding commitments to other protected sectors such as Health and

Education can be delivered. Whilst we ask for greater certainty of the council's resource allocations over the medium-term via multi-year settlements, we remain cautious about the impact that changes to government priorities and funding reforms will have on the council's future funding and medium-term financial planning.

- 4.4 We note government's heavy reliance on local taxation in its calculation of the council's Core Spending Power (CSP). Government's continuing assumption is councils will increase Council Tax by the maximum increase allowable before triggering a local referendum and that the Council Tax Taxbase will continue to grow. In addition, the government allocation of social care funding also takes account of these assumptions. The council's ability to raise income through an Adult Social Care Precept to support social care services is now embedded in the government's methodology for Adult Social Care funding allocations and thus not increasing the Adult Social Care Precept means we forgo funding that is needed to support significant budget pressures in this service area.
- 4.5 Whilst we warmly welcomed the social care funding announcements in the 2022 Autumn Statement and settlement, we are disappointed that the amount made available to meet the increasing social care needs of residents experienced during 2023/24 was not appropriately recognised by government in the provisional settlement in December. Greater certainty is needed about the future of this funding linked to the rising cost and demand for services as well as delayed reforms. Whilst the previous additional funding and the modest increases announced in the provisional settlement go some way to doing this, it will not resolve the significant cost increases because of inflation, demand, and demographic costs of providing social care services. These pressures do not only impact on the council but also on our partners who, alongside the council, provide essential services to vulnerable residents. The challenge of sustainable social care funding (Adults and Children's) remains significant in providing resilient public services. Alongside officers, we will continue to work with government to deliver the planned national social care reform and continue to transform our service provision to deliver on this priority.
- 4.6 We continue to oppose the government's stance of placing significant reliance on funding local services through Council Tax and placing an increasing burden on local taxpayers to fund local services. We recognise that increases in local service demand, and residents' needs from, and expectations of the council and its services is unsustainable and cannot continue to be funded by annual increases in Council Tax, a regressive form of taxation. This puts the council in a challenging position to ensure a robust and resilient budget whilst recognising the impact Council Tax increases have on residents particularly given the current economic climate and the financial hardship being experienced. However, whilst government continues to place heavy reliance on Council Tax to fund local services, we must consider Council Tax increases as part of the council's budget setting process and continuing delivery of essential local services particularly to the most vulnerable residents.
- 4.7 The PLGFS confirms that the 2024/25 Council Tax increase referendum limits (increases allowed before triggering a local referendum) will be set as follows:
- 3% increase on the general element of Council Tax; and
 - 2% increase on the Adult Social Care Precept element of Council Tax.
- 4.8 We note and support the council's PLGFS consultation response included in the MTFP Update report. We have made clear our disappointment that government have failed to recognise the significant costs of increasing need for our statutory services in the settlement. In Stockport these services provide safety and support for

over 450 vulnerable children, provide care and support to over 6,000 vulnerable adults, provide transport to school to children who need it for example. As statutory and heavily inspected services there is little discretion to reduce costs and where we can there is often an impact on the vulnerable residents these services support. We ask that government do more to address budget pressures and find a sustainable funding model with sufficient funding fairly allocated across all councils. Alongside officers, we will continue to work with government to ensure the financial challenges faced by the council are considered as part of any changes.

5 WRITTEN STATEMENT – LOCAL GOVERNMENT FINANCE UPDATE AND FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT (FLGFS)

- 5.1 We note the written statement on ‘Local Government Finance Update’ that was announced on 24 January prior to the final settlement and in response to the provisional settlement consultation and lobbying by councils and MPs for greater recognition of the budgetary pressures being faced particularly relating to the provision of social care services in the final settlement. Whilst we welcome the additional £500m of national funding for social care announced and the council’s £2.673m funding allocation as a result, making such a significant funding announcement so late in councils budget setting process is not helpful to making informed decisions and our medium term financial planning. We note that it is considered unprecedented for such a large amount of additional funding to be announced only a month after the provisional settlement.
- 5.2 The FLGFS confirmed the council will receive an additional social care grant funding allocation of £2.673m in 2024/25. We note from the MTFP Update report that this funding allocation is assumed to be one-off until further clarification is received from government about the continuation of the funding in future year’s settlements.
- 5.3 We have carefully considered Government’s intentions for the use of the funding and the Section 151 Officer’s recommendation to ensure our response supports the council’s medium term position. We have always been clear that the council’s response needs to be across the medium term. We 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. Therefore, aligned to the recommendation set out in the MTFP Update report, we are proposing using 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.

5.4 The FLGFS was announced via written statement on 5 February and debated by parliament on 7 February. The forecasts presented in this report have been updated to reflect the additional funding allocations announced. Further detail of the additional funding allocations can be found in the MTFP Update report presented elsewhere on this agenda.

6 DELIVERING A STABLE AND RESILIENT BUDGET

Cabinet Change Proposals

6.1 As part of our response to the MTFP and ensuring the council's 2024/25 budget is robust and resilient, we have developed a series of change proposals. Our proposals continue to be shaped around the 4 cross cutting MTFP programmes working with officers to identify areas where change is needed to improve the effectiveness of service delivery and deliver budget reductions.

Demand Management: Redesigning services and pathways to support people to live independently through a cross organisational focus which seeks to prevent long term reliance on services. A focus on maximising prevention, independence, and community assets. We will maximise the use of Technology Enabled Care to support more people within the community. Within Children and Young Peoples services, proactively work together with partners to address growing areas of spend and by working intensively to support our vulnerable families and young people so we can reduce our longer term spend and enable better outcomes for families in Stockport.

Value for Money and Commissioning: Working with STaR Procurement and suppliers to ensure procurement and commissioning across our services offer effective value for money. The programme of work across Adult Social Care will focus on managing our external care market to manage spend within the sector and ensure packages of care meet the assessed need of individuals. Within Children and Young Peoples services we will review accommodation options for care leavers and increase capacity within our own children's homes to reduce the reliance on external placements.

Robust Corporate Governance: Review both non-staffing and staffing spend, service structures, service redesign in line with an affordable resource envelope and continue to set fees and charges in line with inflation and existing 'balancing the cost of services' policy. We will pursue opportunities to further align and integrate functions with associated bodies and locality public sector partners and develop a corporate core for Stockport. This includes functions such as human resources, policy, service transformation and change, finance, communications, governance and digital alongside a shared use of estates.

Radically Digital: We will continue to improve the online experience of our residents. This includes reviewing our processes and increasing access to on-line solutions such as digital self-serve and automation options, so that our residents can easily access information and support. We will also continue to review internal processes to maximise automation opportunities.

6.2 The table below provides the total of each cross-cutting programmes' contribution of change proposals to the Council's MTFP. Appendix 3 shows the split of the change proposals by council portfolio and directorate.

Programme	2024/25 £000
Demand Management	2,250
Value for Money and Commissioning	250
Robust Corporate Governance	2,802
Radically Digital	60
Total	5,362

6.3 We have taken a collaborative approach to developing our change proposals and committed to working together openly and honestly. We have engaged and consulted with partners, elected members, our workforce, trade unions and local people to understand the potential impact of our proposals and inform our decision-making process. We carried out an overall budget public consultation between 15 November and 13 December. This was an online consultation with paper versions available across libraries. We also did a targeted libraries engagement exercise around the proposals for libraries opening hours changes. We targeted all libraries users in this engagement. Employee engagement for those potentially affected by the proposed changes was also completed as part of an internal process. Our change proposals were presented to scrutiny committees in October, November and January for consideration, comment, and oversight. The change proposals are presented for final consideration and approval elsewhere on this agenda.

Consideration of Local Taxation

6.4 The consideration of Council Tax increases as part of our response to the MTFP are not taken lightly. We recognise the difficulties our residents, communities and businesses are experiencing with the increased cost of living. However, government continues to place councils in a challenging position, where the use of local taxation to support the funding of local services is expected and thus unavoidable; government's stance remains that councils should use local taxation as a means of funding local services.

6.5 Whilst we recognise this is unsustainable and disagree with government's stance and failure to adequately fund local government, it does mean we are forced to carefully consider Council Tax increases to ensure financial sustainability over the medium-term period and protect services, particularly for those vulnerable residents who need this support the most. Out of a desire to make our vital local services sustainable over the medium term, we have had to carefully weigh up this decision so we can deliver a balanced budget.

6.6 Our discussions on Council Tax increases in 2024/25 have included careful consideration of:

- The financial impact of the increased cost of living on residents and the financial hardship experienced;
- The strength of the council's Local Council Tax Support (LCTS) scheme, Resident Advice Service and other relevant support services supporting residents who face financial difficulties. Our LCTS scheme ensures the highest level of support providing up to 100% discount (subject to income means test) capped at Council Band B to eligible residents. Circa 13,000 working age residents are in receipt of Local Council Tax Support with more than 7,500

working age residents receiving 100% reduction in their Council Tax liability. In monetary terms the scheme provides circa £23m of support direct to eligible residents via reductions to their Council Tax liability;

- Discretionary support provided to residents not eligible to receive Council Tax Support from LCTS scheme who can demonstrate financial hardship impacting on their ability to pay;
- The significance of Council Tax and assumed increases as part of the Government's Local Authority funding assessment and other grant funding allocations;
- The importance and need for a robust and resilient budget and MTFP as we face the challenges ahead whilst delivering our ambitions and priorities for Stockport;
- The impact of not increasing Council Tax and instead further cutting service budgets (particularly non-statutory services) and/or rationalising service provision to manage demand and increasing costs to balance the council's budget over the medium-term period; and
- The need to find a sustainable funding solution for the provision of health and social care services that support our most vulnerable residents.

6.7 We find ourselves having to balance the need to minimise the impact of Council Tax increases on residents whilst ensuring the council's financial sustainability over the medium-term period. In doing this, we must recognise that a Council Tax increase below the 4.99% maximum allowable increase, results in forgone income. This is income that government expects the council to raise. Furthermore, within the Adult Social Care Precept, which funds increasing pressures on delivering services in that area, the grant we receive from government has already been reduced to reflect the 2% precept being levied. For this reason and the increasing cost pressures of providing essential social care services to vulnerable children and adults, the MTFP approved at the Budget Council in February 2023 assumed a 2% increase of the Adult Social Precept in 2024/25.

6.8 Following careful consideration of the above cabinet is recommending to the Budget Council for approval as part of its proposed 2024/25 Revenue Budget:

- A 2.99% General Council Tax increase in 2024/25; and
- A 2% Adult Social Care Precept Council Tax increase in 2024/25.

6.9 As a result of the increase in the Council Tax Taxbase approved by the council meeting on 11 January reflecting the proposed total Council Tax increase of 4.99% will generate £10.873m (£1.626m additional income for the Council Tax Taxbase increase and £9.247m additional income from our proposed increase) of additional Council Tax income when compared to the 2023/24 Budget. The annual and monthly increase on a Band D equivalent dwelling (band equivalent used for budget setting) is shown below:

	Annual	Per Month Over 12 Months
	£	£
Council Tax - General Increase (2.99%)	56.31	4.69
Council Tax - Adult Social Care Increase (2%)	37.67	3.14
Mayoral Police and Crime Commissioner Precept	13.00	1.08
Mayoral General (including Fire Services) Precept	5.00	0.42
Council Tax - Total Increase including Precepts	111.98	9.33

MTFP Financial Landscape and Forecasts 2024/25 to 2027/28

- 6.10 The cabinet has noted the Deputy Chief Executive and Section 151 Officer's MTFP update report and the recommended adjustments to the council's MTFP forecasts and assumptions to ensure the council's MTFP is set on a robust and resilient basis. Given the continuing uncertainty, complexity, and risk inherent in the financial landscape, the cabinet asks that the Deputy Chief Executive and Section 151 Officer continues to provide regular MTFP Updates. This will ensure the MTFP forecasts and assumptions continue to be based on the latest information and provide an up to date outlook on the council's medium-term financial position to inform the council's decision making. Continuous updates of the MTFP will be important to address the continuing uncertainty within the financial landscape.
- 6.11 The MTFP Update report also asks the cabinet to consider several items in setting the council's proposed 2024/25 Revenue Budget.

Allocation of Corporate Contingency Budgets

- 6.12 Cabinet supports the recommendation to provide additional support to Cash Limit service budgets through the allocation of corporate contingency budgets of £16.543m as part of the 2024/25 budget setting process. We note that this includes:
- £10.235m allocated to Adult Social Care to fund forecast inflationary cost including the Real Living Wage increase, and demand increase costs due to growing service need in 2024/25;
 - £3.112m allocated to Education, Children and Families to fund structural in-year budget pressures, fund forecast inflationary and demand increase costs due to growing service need in 2024/25; and
 - £2.474m of carried forward in-year contingency to support the budget and MTFP (contingency is being used as one-off resource in-year to mitigate the forecast deficit position so becomes available on a recurrent basis in 2024/25).
- 6.13 The contingency allocation resolves structural budget problems on a permanent basis and supports our commitment to ensuring the council's 2024/25 Budget and MTFP is robust and resilient. Significant investment in the council's social care services recognising the growing need for support for Stockport's most vulnerable children and adults. This investment support continuation of important preventative services which by supporting residents early help to reduce demand created by increased need and reduce costs.

Pandemic Financial Scarring Impact Contingency

- 6.14 Noting the Deputy Chief Executive and Section 151 Officer's recommendations in the MTFP Update report, the cabinet support the proposal to continue to hold Covid financial scarring contingency corporately to offset the financial legacy impact of the pandemic in the short term whilst the council's recovery process continues.

Use of One-Off Resources to Support the MTFP

- 6.15 The importance of the council's 2024/25 Budget and MTFP being robust and resilient on a recurrent basis is demonstrated by financial challenges faced by

other councils. We are acutely aware learning from other councils Section 114 notices highlight the precarious position that an overreliance on one-off resources held in reserves to fund recurrent budget pressures places on the ability to smooth and mitigate unexpected financial pressures and risks should they crystallise. We note that a key part of the assurance of the council's medium-term financial planning is based on the robustness of the Reserves Policy and the certainty it provides about the level of resources it has available to mitigate the impact of unplanned and unexpected events.

6.16 Reserves play an essential role in the robust financial management of the council. Whilst one-off resources held in reserves do not provide a permanent source of funding, they do provide the council with the short-term budget robustness and resilience to address the uncertainty. These resources also support the delivery of our ambitions and priorities supporting investment in service transformation and regeneration schemes for example. We disagree with government's continuing call for councils to fund budgetary pressures and balance their budgets with the use of these one-off resources. We note that the MTFP Update report highlights the council is not an outlier in terms of the amount of resources held in reserves when compared to other similar sized councils. We note the warning that significant accelerated use of reserves to fund budget pressures and balance budgets adversely impacts on this position and exposes the council to a resilience risk in terms of its ability to invest and absorb financial shocks.

6.17 It is important that the council has the flexibility to appropriately and prudently use the resources held in reserves. Aligned to the above and the council's 2023/24 Reserves Policy, we are supportive of the recommendation to use reserves of a reasonable and prudent amount to support the balancing of the council's 2024/25 Budget. On this basis £0.160m of resources held in reserves will be used to support the balancing of the budget. The required use of reserves will be subject to the announcement of the final settlement; any favourable adjustment will reduce the amount required.

7 POSITIVE INVESTMENTS

7.1 As part of the 2023/24 budget setting process, cabinet committed to investing £1.578m of available one-off resources to deliver the School Meal Support Scheme. The scheme has supported those Stockport children not eligible for nationally funded universal and means tested free school meals living in households who are in receipt of housing benefit and/or Local Council Tax Support with a paid for school/college meal each day of term during the 2023/24 academic year.

7.2 At the time of writing the report, the scheme is supporting over 1,000 Stockport children and young people. Current forecast of the costs of the scheme indicates circa £0.500m of the resources identified will not be needed. We recognise that use of this surplus needs to be considered in the context of the in-year £3.944m deficit highlighted in the MTFP Update report and the significant financial challenges over the medium-term highlighted in this report. However, if the surplus position remains at the end of the scheme, we wish to set out our priorities for the use of the available resources as a result including:

- Recognising the expected loss of the Household Support Fund (HSF) which has provided circa £4m of direct support to residents in 2023/24, cabinet proposes using part of this to fund the continuation (albeit at a much-reduced amount) of

our Trusted Partners, food network and strategic investment supporting vulnerable residents.

- Cabinet believes it is important to continue the additional holiday activity and food programme (HAF) investment that was previously funded by the Household Support Fund. This will ensure that vital activities continue into 2024/25 providing essential school holiday food and activity support to those families who need it. This investment will help extend HAF to half terms in May, October and February in addition to existing plans for Easter, Summer and Winter.

7.3 The precise surplus funding available to reallocate to these positive investment priorities will be determined following the 2023/24 year end when the council's outturn position has been finalised. These resources will be held in reserve and released during the year as expenditure against these priorities is incurred. If government, whilst unlikely and not expected to be at the same amount as 2023/24, do confirm the continuation of HSF in 2024/25 any available one-off resource will be used to provide additional direct support to residents.

7.4 We have previously recognised our 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 we 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. We therefore propose to use a small additional call on reserves of £0.046m in addition to the £0.154m general fund resource to fund our proposed positive investment in these priorities and areas of focus within our proposed budget. This therefore removes the need to re-set and use the balances held in delegated ward budgets as previously proposed.

7.5 Whilst we still believe in the benefits of making available annual investments to delegated ward budgets so that local members can support local priorities, we are proposing a review of the delegated ward budgets is 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.

8 SALES, FEES AND CHARGES

8.1 The proposed 2024/25 Cash Limit service budgets are supported by income generation through sales, fees, and charges. A list of charging areas and an estimate of the income expected to be generated from each group of charges is set out in the Fees and Charges Schedule shown in Appendix 4. The estimates are based on demand forecasts and inflation assumptions, including the impact of our change proposals that result in additional income, that are specific to each charging area and have been developed in consultation with the appropriate council officers and cabinet member. The setting of specific fees and charges is a matter for the cabinet and cabinet members. Any decision to change the fees and charges levied by the council will be made in accordance with the council's Fairer Charging Policy.

9 RISK ASSESSMENT

9.1 Whilst there is significant uncertainty, volatility and risk in the financial forecasts and assumptions underpinning the MTFP, we are confident that our proposed 2024/25 Budget can be delivered albeit not without some risks and challenges.

- 9.2 Under Section 25 of the Local Government Act 2003, the Section 151 Officer (Deputy Chief Executive and Section 151 Officer) is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. The Section 151 Officer reminds Members that any budget proposals which are to be tabled at the Budget Council Meeting must first be subject to such a risk assessment.
- 9.3 The Section 151 Officer has undertaken a detailed risk assessment of the cabinet's change proposals and a summary is attached at Appendix 5. Also included in Appendix 5 is the required statement by the Section 151 Officer on the adequacy of the reserves and the robustness of the estimates. The minimum recommended level of general balances required to support the budget is £15.183m. This is the current balance and will be carried forward into 2024/25.

10 FUTURE YEARS

- 10.1 The updated MTFP forecasts for 2024/25 to 2027/28 are shown in Appendix 6. This illustrates the revised MTFP position and reflects cabinet's recommendations relating to Council Tax increases and use of available one-off resources to set a balanced 2024/25 Budget. We recognise that the position presented is subject to government's announcement of the Final Local Government Finance Settlement following consultation.
- 10.2 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 the increasing need for support from residents and businesses. This is particularly acute in relation to services supporting our most vulnerable residents where we have faced in-year budgetary pressures. Whilst we are confident about the robustness of our proposed balanced budget in 2024/25, the saving requirement in 2025/26 and future years is significant.
- 10.3 Despite our continuing ask of government alongside other councils for greater certainty we are cautious about the impact of an upcoming General Election and subsequent government Spending Review. We note the caution from commentators about the government's future fiscal forecasts and departmental funding commitments which suggest an adverse funding position and funding cuts for local government as a sector in future years. We have seen in the 2024/25 settlement government redistribute existing funding across the sector to meet inflationary uplifts and minimum funding guarantees rather than address the fact the overall amount of funding for local government remains insufficient to fund essential services. We ask government to recognise these pressures and find a sufficient and sustainable funding model for the sector before any future consideration of fair funding allocation reforms.
- 10.4 The insufficiency of council funding comes at a time when there is an increasing need for support from Stockport residents and businesses. The increased cost of living continues to create challenging circumstances for our local communities. We will have to support our local communities alongside our partners in 2024/25 with the expectation that the Household Support Fund which has provided over £4m of direct support to residents in 2023/24 will cease at the end of March. We continue to lobby government for confirmation of the continuation of this funding in 2024/25.
- 10.5 We will continue to shape our work around the Borough Plan and Council Plan framed by four unifying themes, designing new ways of working for the modern, person centred and ambitious organisation we strive to be:

- We are a council that has **One Vision** for an ambitious Stockport, a place everyone is proud to call home;
- We are a council that has **One Mission** to create opportunities for Stockport residents and businesses and values partnerships and collaboration;
- We are a council that has **One Team Values** caring about our colleagues and engaging them in the future; and
- Above everything we are **ONE STOCKPORT**

10.6 The MTFP Update and our cabinet response framed by our Council Plan highlights the careful choices and decisions that we have to make together over the coming months. We firmly believe that investing in longer term transformation is vitally important for our organisation and communities but to ensure we remain financially resilient we will need to make thoughtful, careful, and robust decisions over the coming months. We recognise that we will have to make challenging decision together to achieve this. We will work closely with our partners and other stakeholders including our communities to understand the impact of our change proposals and how best our council can support all our residents, businesses, and voluntary sector organisations as we face the financial challenges ahead.

10.7 We recognise that the council needs a robust and resilient budget and MTFP that provides a stable financial platform. We feel we have achieved this with our proposed 2024/25 Revenue Budget.

11 CAPITAL STRATEGY AND CAPITAL PROGRAMME

11.1 The Capital Strategy and Capital Programme is presented elsewhere on this agenda for approval. The council continues with its ambitious capital investment plans for the borough helping to regenerate the economy, create jobs and develop strong communities. Future capital investment plans are extensive and varied. The report outlines the planned programme of expenditure and financing, allowing member engagement, risk management and governance. It has regard to the council's wider strategic framework, including alignment with priorities set out in the Borough Plan and Council Plan, but also taking a long-term view of capital investment, including debt, borrowing and Treasury Management. The Capital Strategy underpins the council's capital investment plans and includes a key objective to deliver an annual Capital Programme for the forthcoming financial year and the preceding two financial years.

12 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

12.1 The financial implications are outlined in the body of this report.

13 LEGAL CONSIDERATIONS

13.1 The monitoring officer has reviewed the report and confirms that all the proposals are appropriate from a legal and statutory perspective.

14 HUMAN RESOURCES IMPACT

14.1 The workforce's dedication, resilience, and commitment to local communities are essential in providing outstanding services, delivering high-quality support, and leading innovative, future-focused change and improvement. The invaluable insights gathered from our recent all-colleague survey shape the ongoing development of our People Plan. This plan sets out how we will continue to build a

place where staff can grow and thrive in a positive workplace environment that remains responsive and dynamic, firmly focussed on employee wellbeing. As we have previously noted, the changes outlined within this response can only be achieved by working very differently and invariably this will affect how colleagues work and the size and skill set of our workforce across the organisation.

14.2 Updated modelling indicates that our change proposals will mean a reduction in posts in the workforce. This is being managed through vacancy management wherever possible and staff consultation and employee engagement has taken place for those impacted by any proposals. We recognise that this inevitably is a period of significant change for all who work for the council. We will continue to work closely with our colleagues and with trade unions as we implement and further develop our plans and will ensure that the right support mechanisms are in place to support colleagues going through change.

15 EQUALITIES IMPACT

15.1 A fair and inclusive Stockport underpins the ambitions of our Council Plan. To understand the impact of our change proposals included within our 2024/25 Budget on our community we have undertaken Equality Impact Assessments (EqIAs). These EqIAs have considered the impacts on those with protected characteristics alongside other groups that experience discrimination and have also detailed mitigating actions taken to lessen any negative impact upon these groups. We have also considered the cumulative impact of multiple proposals against any specific groups. EqIAs accompanied the final change proposals.

16 ENVIRONMENTAL IMPACT

16.1 As part of our commitment to tackling climate change and our journey to being carbon neutral, we have considered and understood the environmental impacts of our change proposals. Environmental Impact Assessments (EIAs) completed have identified any likely environmental impacts and consequences of our change proposals included in our proposed 2024/25 budget across the borough and have suggested how negative impacts may be reversed or mitigated. EIAs have been completed and accompanied the final change proposals.

17 CONCLUSIONS

17.1 Within this report we have set out our response to the MTFP forecasts for 2024/25 to 2027/28 set out in the MTFP Update report. It proposes a 2024/25 balanced net revenue budget of £335.801m. Through delivering a balanced budget we have bridged the funding gap of £11.611m at the start of the year and presented a robust and resilient budget, that supports the delivery of our ambitions whilst focusing on supporting our residents and businesses in what continues to be a challenging time.

17.2 Proposing a Council Tax increase of 4.99% (2.99% General and 2% Adult Social Care Precept) in 2024/25 has been given careful consideration. We recognise the impact an increase will have on residents but feel the strength of the safety net provided by our Local Council Tax Support scheme will provide support to those who need it. We therefore feel this increase achieves the right balance between the impact on Stockport residents and the need to ensure the council's budget and MTFP is set on a robust and resilient basis.

17.3 Our proposed budget supports the continuation the council's priority to be a recognised Real Living Wage employer. Importantly this ensures a minimum hourly rate of at least £12 for Council Officers whilst encouraging and supporting the council's strategic partners, suppliers, and providers to do the same for their employees. Our proposed budget also provides required investment in children's social care services to address growing need for support and continue important services supporting vulnerable children living in the borough.

17.4 Our aim in proposing our budget is to ensure the council can meet the financial challenges ahead whilst delivering on our ambitions and priorities that will deliver the desired outcomes for the borough. We recognise continuing uncertainty, volatility and risk in the financial landscape presents significant financial challenge ahead. Financial planning and decisions will continue to pose challenges about the services the council delivers and how it delivers them. The skills and commitments of Members and Officers alike will help the council meet these challenges.

18 RECOMMENDATIONS

18.1 The Council Meeting is recommended to:

- Approve the Budget for 2024/25 described in the report and set out in Appendix 2 and 3;
- Approve the use of available one-off resources to support the positive investment detailed in Section 6 subject to the council's 2023/24 outturn position and the 2024/25 final settlement;
- Note the risk assessment of the 2024/25 Budget at Appendix 5 and the report of the Deputy Chief Executive and Section 151 Officer on the adequacy of proposed financial reserves and robustness of the estimates also included at Appendix 5;
- Approve the required Council General Fund Balance to reflect the Deputy Chief Executive and Section 151 Officer's assessment of risks;
- Note, comment upon, and approve the financial forecasts and assumptions for 2024/25 to 2027/28 at Appendix 6, and the key issues to be addressed in formulating a response to the future financial challenges facing the council; and
- Pass the appropriate Council Tax resolutions which produce a Council Tax increase of 4.99% in 2024/25 (2.99% General increase, 2% Adult Social Care Precept increase) as illustrated in Appendix 7.

BACKGROUND PAPERS

There are none.

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies: jonathan.davies@stockport.gov.uk

Appendix 1 – 2024/25 to 2027/28 MTFP – Changes to Forecast Savings Requirement

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Savings Requirement Approved on 23 February 2023	11,611	23,817	32,790	41,348
MTFP Forecast and Assumption Changes				
Pay Inflation	1,194	2,452	2,487	2,574
Price Inflation – including Real Living Wage (RLW) & Energy	5,448	11,397	14,859	18,113
Social Care, Neighbourhoods and Prevention Investment	2,673	0	0	0
Positive Investment - Highways Drainage, Parking Enforcement & Road Safety	200	0	0	0
Demand/Increased Need for Support	0	1,000	2,000	3,000
Waste Levy (5%) and Transport Levy (2.74%) Increase	130	342	565	799
Pension Triple Lock Increase – Impact on Adults Income	(1,980)	(2,992)	(3,517)	(4,054)
Council Tax – Taxbase Growth	(297)	(297)	(297)	(297)
Council Tax – Unfurnished Empty Property Premiums	(411)	(411)	(411)	(411)
Council Tax – Furnished Empty Property Premiums	0	(766)	(766)	(766)
Collection fund 100% Business Rates Pilot Benefit	(2,672)	(2,779)	(2,835)	(2,892)
Business Rates – 2024/25 Multiplier Inflation, Retention Basis to 100% from 2025/26 and Forecast	(1,733)	(4,003)	(4,081)	(4,106)
Recurrent Borrowing Cost Budget	0	1,500	500	0
Pandemic Financial Scarring Impacts				
Pandemic Financial Scarring Forecast Adjustment	56	1,022	841	988
2023 Autumn Statement and Settlement Adjustments				
Social Care Funding	(3,200)	(527)	(527)	(527)
Services Grant	1,603	1,938	1,938	1,938
New Homes Bonus	(24)	0	0	0
Public Health Increase	374	374	374	374
Business Rates Green Plant and Machinery Compensation	(124)	(124)	0	0
Additional Expenditure Pressures				
Childrens Recurrent Pressure – Increased Demand/Need for Support	4,212	4,676	3,469	3,501
Education Recurrent Pressure – Increased Demand/Need for Support	1,969	1,735	1,762	1,788
Other – Staffing, Public Realm, IT Licencing, and IT Maintenance	377	526	535	533
Homelessness	0	800	800	800
Ash Tree Die Back	280	280	280	280
TLC Waste Collection Fleet Vehicles	350	350	350	400
Cabinet Proposals - Council Tax Increase Assumed				
Council Tax Increase - General 2.99%	(5,541)	(5,591)	(5,619)	(5,647)
Cabinet Change Proposals				
Transformation Programme/Change Proposals 2024/25 (subject to approval)	(5,362)	(5,362)	(5,362)	(5,362)
One Off Resources				
GMCA Waste Reserve Return & AGMA Reserve Return	(2,476)	0	0	0
2023/24 Collection Fund Surplus Declared	(4,023)	0	0	0
2023/24 Unallocated Contingencies Brought Forward	(2,474)	(2,919)	(3,479)	(3,479)
Appropriation From Reserves - Balancing	(160)	0	0	0
Revised Savings Requirement	0	26,438	36,656	48,895

Appendix 2 – 2024/25 Proposed Revenue Budget

	2024/25 Proposed Revenue Budget £000
Climate Change & Environment	10,459
Communities, Culture & Sport	7,409
Economy, Regeneration & Housing	1,173
Education, Children & Families	62,052
Finance & Resources	32,809
Health & Adult Social Care	127,462
Parks, Highways & Transport Services	12,904
Cash Limit Service Budgets	254,268
Pay Inflation	5,063
Pensions - Superannuation and Auto Enrolment	50
Inflation - Price, Energy, Real Living Wage & Supplier Impact	4,762
Social Care, Neighbourhoods and Prevention Investment	2,673
Highways Drainage and Parking Enforcement & Road Safety	200
Apprenticeship Levy	441
Covid-19 Financial Scarring Impacts	8,501
Non-Cash Limits	59,843
Total Net Expenditure	335,801
Less General Financing Resources:	
Business Rates District Share	85,113
Business Rates - Tariff	(21,770)
Business Rates Section 31 Grants	30,197
Business Rates Green Plant and Machinery Compensation	124
New Homes Bonus Grant	24
Better Care Fund	6,619
Social Care Grant	24,458
Services Grant	335
Market Sustainability and Improvement Fund	5,614
One Off GMCA Waste Reserve Return & AGMA Reserve Return	2,476
2022/23 Collection Fund Undeclared Surplus	3,860
2023/24 Collection Fund Declared Surplus	4,023
Appropriation From Reserves – Balancing	160
Proposed Council Tax Requirement	194,568
Council Tax Requirement - Memorandum:	
Adult Social Care Precept Element	28,896
Council Tax Requirement (Excluding Adult Social Care Precept)	165,672

Appendix 3 – 2024/25 Proposed Portfolio Cash Limit Budgets

Portfolio	2023/24 Q2+ Budget (2024/25 Starting Point) £000	2024/25 Indicative Adjustments* £000	2024/25 Proposed Savings £000	2024/25 Contingency Allocations/ Adjustments** £000	2024/25 Proposed Revenue Budget £000
Climate Change & Environment	10,410	(188)	0	237	10,459
Communities, Culture & Sport	7,826	0	(417)	0	7,409
Economy, Regeneration & Housing	1,233	0	(60)	0	1,173
Education, Children & Families	54,060	4,880	0	3,112	62,052
Finance & Resources	32,740	27	(420)	462	32,809
Health & Adult Social Care	119,532	987	(3,292)	10,235	127,462
Parks, Highways & Transport Services	13,387	455	(953)	15	12,904
Cash Limit	239,188	6,161	(5,142)	14,061	254,268
Non Cash Limit	71,764	9,981	(220)	8	81,533
Total	310,952	16,142	(5,362)	14,069	335,801

*Indicative adjustments reflect previously agreed adjustments to the base Cash Limit and Non Cash Limit budgets.

**Total contingency allocation of £16.543m at budget setting, £2.474m is being used to support balancing of the 2024/25 Budget.

Appendix 3 (continued) – 2024/25 Proposed Directorate Cash Limit Budgets

Directorate	2023/24 Q2+ Budget (2024/25 Starting Point) £000	2024/25 Indicative Adjustments* £000	2024/25 Proposed Savings £000	2024/25 Contingency Allocations/ Adjustments** £000	2024/25 Proposed Revenue Budget £000
<u>Corporate and Support</u>					
Communities, Culture & Sport	4,338	0	(370)	0	3,968
Economy, Regeneration & Housing	982	0	(60)	0	922
Finance & Resources	27,745	277	(420)	382	27,984
	33,065	277	(850)	382	32,874
<u>Services to People</u>					
Education, Children & Families	47,812	3,028	0	3,112	53,952
Education, Children & Families (Education)	6,248	1,852	0	0	8,100
Health & Adult Social Care	107,154	613	(3,292)	10,235	114,710
Health & Adult Social Care (Public Health)	12,378	374	0	0	12,752
	173,592	5,867	(3,292)	13,347	189,514
<u>Services to Place</u>					
Climate Change & Environment	10,410	(188)	0	237	10,459
Communities, Culture & Sport	3,488	0	(47)	0	3,441
Economy, Regeneration & Housing	251	0	0	0	251
Finance & Resources	4,995	(250)	0	80	4,825
Parks, Highways & Transport Services	13,387	455	(953)	15	12,904
	32,531	17	(1,000)	332	31,880
Cash Limit	239,188	6,161	(5,142)	14,061	254,268
Corporate and Support	3,948	0	(220)	0	3,728
Services to Place	42,773	1,392	0	8	44,173
Technical	25,043	8,589	0	0	33,632
Non Cash Limit	71,764	9,981	(220)	8	81,533
Total	310,952	16,142	(5,362)	14,069	335,801

*Indicative adjustments reflect previously agreed adjustments to the base Cash Limit and Non Cash Limit budgets.

**Total contingency allocation of £16.543m at budget setting, £2.474m is being used to support balancing of the 2024/25 Budget

Appendix 4 – Estimate of 2024/25 Income Generated Through Sales, Fees and Charges

Service Area	Budgets In Scope 2023/24 £000	Additional Yield Savings Programme £000	Additional Yield Adjustments £000	Forecast Yield 2024/25 £000
Climate Change & Environment				
* Wheelie Bins & Bulky Waste Collection	457	0	80	537
Services which generate income from Partners	163	0	0	163
	620	0	80	700
Communities, Culture & Sport				
* Art Gallery and Museums	327	0	0	327
* Events	673	0	0	673
* Libraries (including Leisure Key)	166	0	0	166
* Registrars	577	20	0	597
* Annual Subsistence Fee for Pollution	12	1	0	13
* Food & Safety	68	4	0	72
* Housing Standards (inc Land Searches)	18	1	0	19
* Licensing - Taxis	420	25	0	445
* Pest Control (inc Hygiene Action)	296	8	0	304
* Premises Licensing	307	8	0	315
	2,864	67	0	2,931
Economy, Regeneration & Housing				
* Building Regulation	546	0	0	546
* Planning	1,487	60	0	1,547
* Town Centre Managed Sites	268	0	0	268
Services which generate income from Partners	20	0	0	20
	2,321	60	0	2,381
Education, Children & Families				
Services which generate income from Partners	1,949	0	0	1,949
	1,949	0	0	1,949
Finance & Resources				
* Conveyancing fees / Local Land Charges	240	0	0	240
* Digital Advertising	22	0	0	22
* Disabled Parking Blue Badges	60	0	0	60
* Garages Rentals	463	0	0	463
Legal Services (inc Conveyancing Fees)	593	0	0	593
Printing & Communications	25	0	0	25
* Venue Management	91	0	0	91
Services which generate income from Partners	3,161	5	0	3,166
	4,655	5	0	4,660
Health & Adult Social Care				
* Care Charges (Residential & Non-Residential)	23,301	0	1,981	25,282
	23,301	0	1,981	25,282
Parks, Highways & Transport Services				
* Allotments & Pitch Hire	301	18	0	319
* Burial / Cemetery Fees	1,512	320	0	1,832
* Car Parking	4,052	423	0	4,475
* Country Park Car Parks	136	0	0	136
* Highways Advertising	132	0	0	132
* Highways Inspection Fees	22	1	0	23
* Permits for Skips / Scaffolding / GMRAPS	795	70	0	865
* Vehicle & Footpath Crossings	189	11	0	200
	7,139	843	0	7,982
Non-Cash				
Income generation from Partners and further efficiencies	2,012	0	0	2,012
	2,012	0	0	2,012
Total Income Budget:	44,861	975	2,061	47,897

*Public and external business facing services

Appendix 5 – Risk Assessment and Calculation of Minimum Level of General Fund Balances

	Budget Assumption	Possible Variance	Impact Cost/ (Benefit)
	£000/%	£000/%	£000
<u>Previous Financial Year</u>			
Variance between forecast & actual outturn	310,952	0.5%	1,555
<u>Corporate Contingency</u>			
Pay Inflation - Impact of 23/24 pay award terms	5,063	1,174	1,174
<u>Savings</u>			
2023/24 Saving Proposals	(5,362)	-10.0%	536
<u>Fees and Charges</u>			
Income from Sales, Fees and Charges	(44,861)	-3.0%	1,346
<u>Demand/Demographics</u>			
Adult Social Care	108,887	1.0%	1,089
Children's Social Care	24,135	1.0%	241
Public Health	17,644	1.0%	176
SEN Transport	4,863	1.0%	49
Highway Maintenance	2,002	5.0%	100
Winter Maintenance - Severe Weather	499	5.0%	25
<u>Capital Financing Costs</u>			
Impact of increase in interest rates - 1% increase	0	887	887
10% reduction on income streams	0	3,059	3,059
25% reduction in funds supporting internal borrowing	0	2,446	2,446
Risk Assessment of Budget			12,683
Major Disaster/Emergency	7,500	33%	2,500
Minimum Level of General Fund Balances			15,183

Local Government Act 2003 – Section 25

Statement on the Adequacy of Proposed Financial Reserves and Robustness of the Estimates

Report of the Deputy Chief Executive and Section 151 Officer

1 GENERAL FUND REVENUE BALANCES

- 1.1 A risk assessment of the cabinet's budget proposals has concluded that the recommended minimum level of General Fund Balances for 2024/25 is £15.183m. The forecast outturn for 2023/24 anticipates general balances as at 31 March 2023 will be at this level prior to taking account of the forecast cash limit (service budgets) and non-cash limit (corporate core budgets) position.
- 1.2 The council's reserves and balances are reviewed annually in line with the Medium-Term Financial Plan, the Reserves Policy, best practice guidance on Local Authority Reserves and Balances, and as required by the Local Government Act 2003. Use of reserves and balances are monitored on a regular basis to identify and report any proposals which carry ongoing risks or financial implications.
- 1.3 The Section 151 Officer must consider the resilience of the council and its ability to withstand and mitigate the impact of unknown costs because of local and national changes across the medium-term period. There is no doubt that the financial landscape is challenging due to the adverse national economic conditions which have increased costs and demand for local services. A robust and resilient financial position ensures the council can mitigate the financial impact in the short term whilst permanent funding options are identified and implemented. There are a number of ways the council demonstrates its financial robustness and resilience to Members and Stockport residents:
- **MTFP Summer Review and Updates** – regular reviews of the key assumptions and forecasts that underpin the council's MTFP to ensure they remain robust and based on the most up to date information throughout the year;
 - **Reserves Policy** – annual update of the council's Reserves Policy to ensure earmarked reserves are aligned to the council's corporate and strategic objectives over the medium-term period;
 - **Budget Risk Assessment** – annual assessment of the adequacy of the council's General Fund Balance to mitigate the impact of risks;
 - **Scrutiny Committee and Audit Committee** - regular Member scrutiny of the Council's Financial Management throughout the year; and
 - **Internal and External Audit** – independent audits of the council's financial management throughout the year. During 2022/23 an internal audit of the council's financial governance and financial resilience gave the council assurance on the strength of its financial management and financial resilience.
 - **Peer Review** – During November 2022 the council invited officer and political peers from the Local Government Association (LGA) and other councils to take part in a Corporate Peer Challenge. The aim of the Corporate Peer Challenge was for the council to showcase its successes, and also to allow the peers to respectfully challenge processes and offer suggested improvements. The Peer Review Team commented on the strength of the council's robust and resilient financial management which will support it to address the significant financial challenges ahead.
 - **CIPFA Financial Management Code** – a self-assessment has been completed against the requirements of the code which provides guidance for good and

sustainable financial management in local authorities and provides assurance that authorities are managing resources and risk effectively.

2 PROCESSES AND MONITORING

- 2.1 For many years the council has operated within very tight financial constraints. Robust budget monitoring and a thorough budget process, in which all demand led and other pressures as well as realistic spending reductions are considered, allows the council to operate with a relatively low level of General Fund Balances. The recommended minimum level of General Fund Balances is only adequate for the forthcoming financial year and for the financial planning period through the commitment of corporate directors and cabinet members to control spending.
- 2.2 Known and forecast increases in spending have been recognised by uplifts in cash limits and/or variations to spending plans, including contingencies. Similarly, opportunities to make reductions in spending at current service levels have also been reflected in the Budget. The proposals put forward by the cabinet in response to identified budget pressures, and those relating to additional investment have been subject to detailed scrutiny and risk assessment. In particular, the balance struck between ongoing reductions in base budget allocations and the targeted investment of one-off resources has been considered.
- 2.3 As in previous years, it is imperative in 2024/25 that Portfolio Holders, the cabinet and scrutiny committees critically review the regular monitoring statements to ensure that the reasons for any projected surpluses or deficits are properly identified and that resulting actions are implemented in a timely manner.

3 RISK ASSESSMENT

- 3.1 The 2023/24 projected outturn, the 2024/25 indicative budget and the cabinet's proposed budget and MTFP have all been examined and challenged to ensure that strategic, operational, and financial risks have all been 'priced' into the estimates. The calculation of the recommended minimum level of General Fund Balances takes account of this as well as the key risks and uncertainties surrounding the budget estimates and proposals.
- 3.2 The recommended minimum level of General Fund Balances for 2024/25 is £15.183m. This reflects the risks relating to additional demand on council resources and the financial risks and uncertainty this brings when setting forecasts and estimates. The Section 151 Officer's view is that the financial risks linked to the uncertainty, volatility, and complexity of the financial landscape, and the continued absence of a multi-year finance settlement could be significant. Thus, it is considered prudent to retain the Council's General Fund Balances at current levels to mitigate the potential impact of these risks.

4 CONCLUSIONS

- 4.1 Based on the above-mentioned financial planning and monitoring processes and risk assessment of the budget, the Section 151 Officer can report (in accordance with section 25 of the Local Government Act 2003) that the estimates made for the purposes of the calculation of the budget are robust and the recommended level of financial reserves are adequate.

Appendix 6 – 2024/25 to 2027/28 Medium-Term Financial Plan

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<u>Resources</u>				
Council Tax Income	165,672	167,175	168,006	168,838
Adult Social Care Precept	28,896	29,158	29,303	29,448
Business Rates Income	85,113	95,021	96,869	98,766
Business Rates Tariff	(21,770)	(22,630)	(23,436)	(24,258)
Business Rates Section 31 Grants	30,197	24,163	24,709	25,191
Business Rates Green Plant and Machinery Compensation	124	124	0	0
New Homes Bonus Grant	24	0	0	0
Better Care Fund	6,619	6,619	6,619	6,619
Social Care Grant	24,458	21,785	21,785	21,785
Services Grant	335	0	0	0
Market Sustainability and Improvement Fund	5,614	5,614	5,614	5,614
One-Off GMCA Waste Reserves Return & AGMA Reserve Return	2,476	0	0	0
One-Off Collection Fund 2022/23 Undeclared Surplus	3,860	0	0	0
One-Off Collection Fund 2023/24 Declared Surplus	4,023	0	0	0
	335,641	327,029	329,469	332,003
<u>Expenditure</u>				
Cash Limit Service Budgets	254,268	255,237	253,870	254,464
Pay Inflation	5,063	8,736	11,263	13,836
Pensions - Superannuation and Auto Enrolment	50	50	(146)	44
Inflation - Price, Energy, Real Living Wage & Supplier Impact	4,762	16,931	26,119	35,201
Social Care, Neighbourhoods and Prevention Investment	2,673	0	0	0
Positive Investment - Highways Drainage, Parking Enforcement & Road Safety	200	0	0	0
Demand/Increased Need for Support Pressures*	0	2,000	4,000	6,000
Apprenticeship Levy	441	450	459	468
Pandemic Financial Scarring Impacts	8,501	7,958	6,880	6,023
Non-Cash Limits – Corporate Core, Levies and Borrowing Costs	59,843	62,105	63,680	64,862
	335,801	353,467	366,125	380,898
Cumulative Savings Requirement	160	26,438	36,656	48,895
Appropriation from Reserves	(160)	0	0	0
Cumulative Savings Requirement - Total Expenditure less Total Resources	0	26,438	36,656	48,895

* Demand contingency allocated in full to Cash Limit service budgets in 2024/25.

Appendix 6 (continued) – 2024/25 to 2027/28 Medium-Term Financial Plan Underlying Assumptions

Assumptions	2024/25	2025/26	2026/27	2027/28
SMBC Council Tax General Increase	2.99%	0.00%	0.00%	0.00%
SMBC Council Tax Adult Social Care Precept Increase	2.00%	0.00%	0.00%	0.00%
Pay Award	4.00%	3.00%	2.00%	2.00%
Price Inflation (unless specific contract rate)	6.00%	4.00%	2.00%	2.00%
Real Living Wage	10.09%	6.15%	5.80%	5.48%
Business Rates Multiplier Increase Standard	6.62%	4.00%	2.00%	2.00%
Employer's Pension Contribution	18.70%	18.70%	18.70%	18.70%
GMCA Waste Disposal Levy	5.00%	4.59%	3.64%	3.64%
GMCA Transport Levy	2.74%	3.00%	3.00%	3.00%
GMCA Statutory Charge	2.74%	3.00%	3.00%	3.00%

MTFP Best & Worst-Case Scenarios Minus = Saving Plus = Cost		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Pay Awards	Base	4,710	3,673	2,522	2,573
	Best 0%pa	0	0	0	0
	<i>Impact on Illustrative Case</i>	<i>(4,710)</i>	<i>(3,673)</i>	<i>(2,522)</i>	<i>(2,573)</i>
	Worst 2%pa	9,419	7,347	5,045	5,146
	<i>Impact on Illustrative Case</i>	<i>4,710</i>	<i>3,673</i>	<i>2,522</i>	<i>2,573</i>
Price Inflation	Base	13,220	10,691	7,671	7,572
	Best 75%	9,915	8,018	5,753	5,679
	<i>Impact on Illustrative Case</i>	<i>(3,305)</i>	<i>(5,978)</i>	<i>(7,896)</i>	<i>(9,789)</i>
	Worst 125%	16,525	13,364	9,589	9,465
	<i>Impact on Illustrative Case</i>	<i>3,305</i>	<i>5,978</i>	<i>7,896</i>	<i>9,789</i>
Demand Pressures	Base	2,000	4,000	6,000	8,000
	Best	1,500	3,500	5,500	7,500
	<i>Cum. Impact on Illustrative Case</i>	<i>(500)</i>	<i>(1,000)</i>	<i>(1,500)</i>	<i>(2,000)</i>
	Worst	2,500	4,500	6,500	8,500
	<i>Cum. Impact on Illustrative Case</i>	<i>500</i>	<i>1,000</i>	<i>1,500</i>	<i>2,000</i>

Appendix 7 – 2024/25 Proposed Council Tax Including Mayoral Precepts

	2024/25 Proposed
<u>Council Tax Requirement and Precepts</u>	£000
Stockport Council Tax Requirement	194,568
Mayoral Police and Crime Commissioner Precept	25,219
Mayoral General Precept (including Fire Services)	11,114
	230,901
<u>Council Tax (Band D equivalent)</u>	£
Stockport Services (4.99% Increase)	1,977.39
Mayoral Police and Crime Commissioner Precept	256.30
Mayoral General Precept (including Fire Services)	112.95
	2,346.64