

## **2023/24 QUARTER 3 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 December 2023 (Quarter 3). The report also provides an update on the council's Dedicated Schools Grant, Housing Revenue Account (HRA), Collection Fund and Capital Programme.
- 1.2 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 3 since the Quarter 2+ Budget Monitoring Update Report that was presented to CRMG on the 16 January and Cabinet on 30 January.

##### **2023/24 Revised Budget as at 31 December 2023**

	<b>Approved Budget £000</b>	<b>Revised Budget 30/11//2023 £000</b>	<b>Increase (Reduction) £000</b>
Cash Limits	241,778	241,778	0
Non-Cash Limits	71,126	71,126	0
<b>Total</b>	<b>312,904</b>	<b>312,904</b>	<b>0</b>

- 2.2 The table indicates no budget movements during Quarter 3, since the Quarter 2+ report.

##### **2023/24 Quarter 3 Revenue Forecast Outturn Position**

- 2.3 The Quarter 3 forecast outturn position for the council's revenue budget is a deficit of £3.887m, 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 £6.611m deficit in cash limit Portfolios which is partially offset by a forecast £2.724m non-cash limit surplus.

2.4 Surpluses in general financing have partially offset the overall deficit in cash limit and non-cash limit. This relates to confirmation of resources included in announcements made ahead of 2024/25 budget setting:

- Greater Manchester Combined Authority (GMCA) budget setting reports confirm a £10m return of waste reserves held to each of the nine Greater Manchester Authorities. The council's allocation of this return is £1.214m.
- The Final Local Government Finance Settlement confirmed £100m of the 2022/23 national Business Rates Growth Levy Surplus held by Government would be returned to councils in 2023/24 based on their 2013/14 settlement funding assessment allocations. The council expects to receive a funding allocation of £0.402m – final allocations are yet to be confirmed by Government.
- The Final Local Government Finance Settlement confirmed councils will receive compensatory grant for the Green Plant and Machinery Business Rates exemption introduced by Government in 2022/23. This was announced in the 2022 Spring Budget and follows a consultation in summer 2022. Government have decided to pay this grant outside of the Business Rates system due to the complexity of collecting data and adjustments needed to NNDR1 (Business Rates budget) and NNDR3 (Business Rates outturn) returns. The council will receive £0.245m of grant in-year to compensate for loss of Business Rates income due to the application of the exemption in 2022/23 and 2023/24.

## 2023/24 Forecast Revenue Outturn as at 30 December 2023

Portfolio	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
Climate Change & Environment	8,226	10,410	10,320	(90)
Communities, Culture & Sport	7,214	7,826	7,430	(396)
Economy, Regeneration & Housing	996	1,383	1,663	280
Education, Children & Families	51,005	54,223	59,877	5,654
Finance & Resources	27,246	32,784	33,727	943
Health & Adult Social Care	115,451	121,484	121,484	0
Parks, Highways & Transport Services	11,050	13,668	13,888	220
<b>Total Cash Limit</b>	<b>221,188</b>	<b>241,778</b>	<b>248,389</b>	<b>6,611</b>
Pay Inflation	6,072	357	89	(268)
Inflation - Price and National Living Wage	13,477	3,033	0	(3,033)
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	61,113	2,385
<b>Total Non-Cash Limit</b>	<b>89,218</b>	<b>71,126</b>	<b>68,402</b>	<b>(2,724)</b>
<b>Total</b>	<b>310,406</b>	<b>312,904</b>	<b>316,791</b>	<b>3,887</b>
<b>Financed by</b>				
Council Tax Income	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
Grants in Lieu of Business Rates - Green	0	0	245	245
Plant and Machinery Compensation				
Business Rates Growth Levy Surplus*	0	0	402	402
New Homes Bonus Grant	134	134	134	0
Better Care Fund	6,619	6,619	6,619	0
Social Care Grant	18,578	18,578	18,578	0
Sustainability and Improvement Fund	3,005	4,957	4,957	0
Services Grant	1,938	1,938	1,938	0
Collection Fund One off Available Resources	6,636	6,636	6,636	0
Collection Fund 2022/23 Declared	3,860	3,860	3,860	0
Covid-19 Collection Fund Deficit Deferral	(2,119)	(2,119)	(2,119)	0
Appropriation From Reserves	884	884	884	0
GMCA Waste Levy Reserve Return	0	0	1,214	1,214
	<b>310,406</b>	<b>312,904</b>	<b>314,765</b>	<b>1,861</b>
	<b>0</b>	<b>0</b>	<b>2,026</b>	<b>2,026</b>

\*Council funding allocation to be confirmed by Government

## **Cash Limit**

- 2.5 Cash limit Portfolios are forecasting a £6.611m deficit which largely relates to the Education, Children and Families Portfolio (£5.654m), with other significant deficits in the Finance and Resources Portfolio (£0.943m), Economy Regeneration and Housing Portfolio (£0.280m) and Parks, Highways and Transport Services Portfolio (£0.220m). These are partially offset by a projected surplus in the Communities, Culture and Sport Portfolio (£0.396m) and Climate Change & Environment (£0.090m).
- 2.6 Since Quarter 2, financial recovery work has taken place across the Portfolios to improve the in-year deficit forecast. This has resulted in a reduction to the forecast deficit position before general financing of £4.725m deficit forecast at Quarter 2 to £3.887m deficit forecast at Quarter 3.
- 2.7 Financial recovery work undertaken includes:
- Deep dive into areas of significant budgetary pressure such as SEN Transport and Children's social care to consider service delivery models and spend pressures and how increasing costs can be addressed;
  - Delaying spend activities particularly relating to discretionary spend whilst ensuring there is no additional pressure on the next financial year as a result;
  - Tighter control of discretionary spend by budget holders in terms of value for money considerations;
  - Putting additional vacancy management and recruitment controls in place;
  - Delays to recruitment to support vacancy management budget savings where possible; and
  - Ensuring the use of grant funding is maximised to fund existing spend rather than committing to additional new spend where possible.

## **Climate Change and Environment**

- 2.8 The Quarter 3 forecast position for the Climate Change & Environment Portfolio is a surplus of £0.090m which represents 0.9% of the cash limit budget.
- 2.9 The position assumes that the Climate Action Now (CAN) expenditure will be funded from reserves.

## **Communities, Culture & Sport**

- 2.10 The Quarter 3 forecast position for the Communities, Culture & Sport Portfolio is a surplus of £0.396m which represents 5.1% of the cash limit budget.
- 2.11 The surplus is mainly due to the delay in opening Stockroom causing a temporary surplus on the Stockroom budget provision.
- 2.12 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.

2.13 The position includes the Management Fee for leisure provision which is experiencing ongoing pressures on income, caused by changes in behaviour as one of the lasting impacts of the pandemic, and on 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**

2.14 The Quarter 3 forecast position for the Economy, Regeneration & Housing Portfolio is a deficit of £0.280m which represents 20.2% of the cash limit budget.

2.15 Most of this deficit is caused by an expected under recovery of income in the Planning & Building Control areas.

2.16 The position includes an estimate for the expected charge to the Investment and Development (I&D) account within the Finance and Resources Portfolio (£0.425m).

#### **Education, Children and Families**

2.17 The Quarter 3 forecast position for the Education, Children and Families Portfolio is a deficit of £5.654m which represents 10.4% of the cash limit budget.

#### **Education:**

2.18 There is a forecast deficit of £1.291m at Quarter 3 on Education, which is a slight increase on the Quarter 2+ forecast at £1.269m.

2.19 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 988, with a further increase in routes/personal budgets, rising up to 340 routes (inclusive of personal budget arrangements).

2.20 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.

2.21 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 budget options, increasing independent travel training numbers and supporting parents/carers to consider school placements for their children closer to where they live, benefitting their child's travel arrangements to and from school in terms of journey time and to access to independent travel options where appropriate whilst reducing costs.

### **Children & Family Services:**

- 2.22 There is a forecast deficit at Quarter 3 of £4.363m 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 29% 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 58% of the overall deficit. Included within the forecast is an estimated cost for future CLA of £0.250m. 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.
- 2.23 It is important to understand the impact of the National Transfer Scheme (NTS) for Unaccompanied Asylum Seeking Children (UASC) on the CLA numbers. There has been an overall net increase in external residential placements of 16 from April 2023 to January 2024, 15 of these are UASC. Grant income is received which covers part of the UASC cost, so this is not the direct reason for the cost increase. There is no preventative work which can be undertaken by the Council that can have an impact on the numbers received through the NTS.
- 2.23 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.
- 2.24 A recovery plan for Children's Social Care 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.

### **Finance and Resources**

- 2.25 The Quarter 3 forecast position for the Finance and Resources Portfolio is a deficit of £0.943m which represents 2.9% of the cash limit budget. This represents an improvement of £0.367m on the reported Quarter 2+ position.
- 2.26 The main change to the forecast is on electricity and gas costs in the Single Property Budget (SPB), with a favourable adjustment of £0.317m. In both cases, meter readings have been taken up to the start of 2024. The combined fuel bill is now forecast to be at £2.100m for 2023/24 and would compare with £2.600m charged in 2022/23.

### **Health and Adult Social Care**

- 2.27 The Quarter 3 forecast position for the Health and Adult Social Care Portfolio is a balanced position.

### **Adult Social Care:**

- 2.28 The service is forecasting a balanced position at Quarter 3 against a cash limit budget allocation of £109.106m.
- 2.29 There has been a further increase in externally commissioned care services of £0.8m since Quarter 2+ predominantly covering demand and price of bed-based services for Neighbourhood Services and individuals who have a Learning Disability with complex needs.
- 2.30 This has been offset by an in year forecasted increased underspend in ASC staffing due to challenges in recruitment to certain job roles alongside a reduction in the overspend forecast for staffing costs within the Opportunities Together service.

### **Health and Adult Social Care (Public Health):**

- 2.31 The service is forecasting a balanced position at Quarter 3 against a cash limit budget allocation of £12.378m.
- 2.32 There is a forecast underspend of £0.040m at Quarter 3 within the ASC Public Health services; predominantly from short term staffing vacancies (£0.069m), reduced forecasted Drug & Alcohol Prescribing costs (£0.066m) and the Greater Manchester GUM (Genitourinary Medicine) Cross Charging agreement being below budget for 2023/24 (£0.034m), offset by a contribution to the All Age Programme in CFS (£0.100m) and net forecast overspends across demand led services (£0.029m).
- 2.33 Expected pressures in respect of the Healthy Child Programme, which aligns to Childrens and Family Services Public Health results in an anticipated drawdown of £0.265m from the Public Health reserves to achieve a balanced position for the overall Public Health service.

### **Parks, Highways & Transport Services**

- 2.34 The Quarter 3 forecast position for the Parks, Highways & Transport Services Portfolio is a deficit of £0.220m which represents 1.6% of the cash limit budget.
- 2.35 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.
- 2.36 The position includes a cost estimate for ash tree removal and assumes that this cost will be fully offset by use of reserves.

### **Positive Investments**

- 2.37 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:**

2.38 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 £0.101m, a similar figure to the £0.110m forecast at Quarter 2+. 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:**

2.39 The position includes a small net surplus of £0.051m.

#### **Technical:**

2.40 The Quarter 3 forecast for technical non-cash limit is a surplus of £2.572m which is a decrease of £0.255m from the surplus reported at Quarter 2+.

2.41 The position includes an increase in forecast borrowing costs compared with Quarter 2+, which was adjusted following review of the council's Capital Programme by the Capital Board and updated Capital Scheme forecasts as part of Quarter 3 monitoring.

### **3 Dedicated Schools Grant**

3.1 Dedicated Schools Grant (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 3 forecast outturn position provides an in-year deficit of £8.233m in addition to the planned original budget deficit set at circa £1m in April 2023, thus totalling a total year-end deficit forecast at £9.233m

3.5 The significant cost pressures within the overall DSG Quarter 3 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 £20m as at 31 March 2024).

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

#### 4 Housing Revenue Account (HRA)

4.1 The HRA Quarter 3 position for the year is a forecast surplus of £0.195m after allowing for an increased project management fee of £0.443m due to the additional pay award costs and pension increase. The surplus is lower than budgeted by £0.220m.

4.2 The forecast includes:

- A reduction of income in service charges resulting from lower increases in utilities is being offset by a lower management fee;
- A surplus of £0.098m earmarked towards the project currently underway to update the housing management software system;
- Positive movements can be seen within the forecast including lower interest and bad debts, along with higher rental income forecast due to better than budgeted voids and Right To Buys to date; and
- An adverse variance is due to the reduction in income from Renewable Heat Incentive income due to the existing Biomass contract ending, and all district heating systems reverting to gas until the new contract is procured.

	<b>Budget 2023/24</b>	<b>Quarter 3 Forecast Outturn</b>	<b>Variance 2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total Management and Maintenance	38,024	36,542	(1,482)
Total Other Expenditure	24,423	24,297	(126)
<b>Total Expenditure</b>	<b>62,447</b>	<b>60,839</b>	<b>(1,608)</b>
<b>Total Income</b>	<b>(62,832)</b>	<b>(60,972)</b>	<b>1,860</b>
<b>Net Cost of Services</b>	<b>(385)</b>	<b>(133)</b>	<b>252</b>
Investment Income	(30)	(75)	(45)
<b>Net Operating Expenditure</b>	<b>(415)</b>	<b>(208)</b>	<b>207</b>
Revenue Contribution to Capital Spend	0	13	13
<b>Surplus for year</b>	<b>(415)</b>	<b>(195)</b>	<b>220</b>
Surplus brought forward	(1,000)	(1,000)	0
Future Investment Reserve	318	98	(220)
<b>Accumulated Surplus</b>	<b>(1,097)</b>	<b>(1,097)</b>	<b>0</b>

## 5 Collection Fund

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

	<b>Council Tax £000</b>	<b>Business Rates £000</b>	<b>Total £000</b>
Collection Fund Income	(218,146)	(93,261)	(311,407)
Council Tax Support Fund	(512)		(512)
Collection Fund Expenditure	217,954	89,497	307,451
<b>2023/24 (Surplus)</b>	<b>(704)</b>	<b>(3,764)</b>	<b>(4,468)</b>
<b>Allocated to:</b>			
Stockport Metropolitan Borough Council	(594)	(3,726)	(4,320)
Mayoral Police and Crime Commissioner	(76)		(76)
Mayoral General including Fire Services Share	(34)	(38)	(72)
	<b>(704)</b>	<b>(3,764)</b>	<b>(4,468)</b>

5.2 The forecast outturn position is a surplus of £4.469m made up of a £0.704m surplus on Council Tax and a £3.764m surplus on Business Rates. The council's share of this surplus is £4.320m made up of a £0.594 surplus on Council Tax and a £3.726m surplus on Business Rates.

5.3 The forecast position for Council Tax includes an allocation of £0.512m Council Tax Support Fund from Government. This is being used to support vulnerable households struggling to pay their Council Tax due to financial hardship and offsets the income forgone because of the support provided.

5.4 The main contributors to the surplus position presented are as follows:

- Resilient collection rates for both Council Tax and Business Rates continue to indicate 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;
- Review of the Business Rates appeals to the rating list contributes to the overall Collection Fund surplus. A small number of large appeals to the rating list can significantly affect this position and impact on the provision required so the ratings list will continue to be closely monitored monthly to review any significant changes and their impact on the Collection Fund outturn position;
- Offset by updated forecasts at Quarter 3 resulting in a £0.198m reduction in the Council Tax surplus and £0.003m reduction to the Business Rates surplus compared to Quarter 2+; and
- Offset by a decrease to the gross rates payable (Business Rates before reliefs are applied) compared to Quarter 2+.

5.5 As required by Collection Fund accounting, the council declared its 2023/24 forecast outturn position for the Collection Fund in January (as set out at Quarter 2+) following approval of the Collection Fund forecasts by Cabinet in

December. The declared 2023/24 surplus is £4.669m and the council's share is £4.489m. £4.023m is being used to support the council's 2024/25 budget, with the balance being paid to GMCA reflecting their share of the surplus attributable to the 100% retention benefit. The Quarter 3 forecast shows a reduction in the forecast outturn surplus of £0.201m compared to the declared outturn surplus. As required by Collection Fund accounting this will be adjusted for in the outturn position declared as part of the 2025/26 budget setting process.

- 5.6 The projected 100% retention benefit from the above outturn position is £9.928m. This is an increase of £1.563m compared to the budgeted benefit of £8.365m with the council receiving a 75% share equivalent to £1.172m. It is noted that the benefit increase is included in the Business Rates forecast outturn surplus presented above and is not in addition.

## 6 Reserves and Balances

- 6.1 The summary below shows that there were no movements on reserves between Quarter 2+ and Quarter 3.

	<b>Balance as at Q2+ £000</b>	<b>Transfers to / (from) Reserves £000</b>	<b>Balance as at Q3 £000</b>
General Fund Balances	15,183	0	15,183
<b>Total General Fund Balances</b>	<b>15,183</b>	<b>0</b>	<b>15,183</b>
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*	25,727	0	25,727
Directorate Reserve	750	0	750
<b>Total Earmarked Reserves</b>	<b>82,765</b>	<b>0</b>	<b>82,765</b>
DSG and School Balances	1,595	0	1,595
HRA Balances	1,000	0	1,000
HRA Earmarked Reserves	1,614	0	1,614
<b>Total Ring-fenced Reserves</b>	<b>4,209</b>	<b>0</b>	<b>4,209</b>
<b>Total Reserves and Balances</b>	<b>102,157</b>	<b>0</b>	<b>102,157</b>

*\*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.*

- 6.2 Reserves play an essential role in the robust financial management of the council over the medium term. 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. The £83m of resources held in reserves equates to circa 11% of the council's total expenditure (revenue and

capital). It is noted that this balance is before £16.774m forecast in-year use of reserves to support the outturn position and fund planned one-off in-year expenditure. The net use of reserves including the above will be finalised at year end.

- 6.3 The council is not an outlier in the amount of reserves held and against some comparators holds less than other similar sized council's. 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, 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. Use of reserves 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.

## 7 CAPITAL PROGRAMME

- 7.1 The council's 2023/24 three-year capital programme is £398.294m, with planned expenditure of £140.069m in 2023/24.

### 2023/24 Three Year Capital Programme

<b>Portfolio</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27 Onwards</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Communities, Culture and Sport	745	6,990	14,262	0
Economy, Regeneration and Housing	82,349	95,954	44,815	89,310
Education, Children and Families	0	0	0	24
Finance and Resources	24,398	28,193	1,850	5,734
Health and Adult Social Care	362	0	0	0
Parks, Highways and Transport Services	32,215	30,193	35,968	6,304
<b>TOTAL</b>	<b>140,069</b>	<b>161,330</b>	<b>96,895</b>	<b>101,372</b>

- 7.2 The table below provides the accrued expenditure position of the 2023/24 Capital Programme as at Quarter 3.

### 2023/24 Quarter 3 Capital Programme

<b>Portfolio</b>	<b>2023/24 Programme £000</b>	<b>Expenditure Quarter 3 £000</b>
Communities, Culture and Sport	745	158
Economy, Regeneration and Housing	82,349	51,529
Finance & Resources	24,398	16,133
Health and Adult Social Care	362	0
Parks, Highways and Transport Services	32,215	18,263
<b>TOTAL</b>	<b>140,069</b>	<b>86,083</b>

7.3 Since last reported to Members on 30 January 2024, a net value of £4.033m in capital schemes has been re-phased from 2023/24. The following are significant changes (re-phasing from 2023/24 to 2024/25 unless otherwise stated):

- £4.771m in 2023/24 and £3.683m in 2024/25 of grant funding and directly funded borrowing (DFB) for HRA New Build Schemes has been re-phased (£8.454m in total) to 2025/26 (Environment, Regeneration and Housing);
- £1m of largely DFB for Markets and Underbanks National Lottery Heritage Funding scheme (Environment, Regeneration and Housing);
- £0.942m of grant funding for Schools Estates (Finance and Resources); and,
- The following schemes have brought forward funding from 2024/25 to meet expenditure in 2023/24:
  - £2m DFB for Merseyway Development (Environment, Regeneration and Housing);
  - £0.750m of Future High Streets Fund (Environment, Regeneration and Housing); and,
  - £0.800m of DFB for the Weir Mill Development (Environment, Regeneration and Housing).

7.4 Since last reported at Quarter 2+ the following schemes have been added to the Capital Programme:

- £1.343m of grant funding in 2023/24, £11.048m in 2024/25 and £16.655m in 2025/26 for the A34 Major Route Network Outline Business Case Preparation Highways scheme (Parks, Highways and Transport Services);
- £23.699m for HRA Capital Schemes (New Build and the General Capital Programme) in 2026/27 and beyond, which was included in the Capital Strategy 2024/25 (Environment, Regeneration and Housing Communities and Housing Portfolio); and
- £0.040m Corporate Unsupported Borrowing for Schemes in Parks in 2026/27 and beyond (Parks, Highways and Transport Services).

7.5 The changes to the Capital Programme during Quarter 3 are set out by Portfolio in the table below:

<b>Portfolio</b>	<b>Programme as at 30 Nov 2023 £000</b>	<b>Additional /Reduced Programme £000</b>	<b>Virement/ Re-phasing £000</b>	<b>Programme as at 31 Dec 2023 £000</b>
<b><u>2023/24</u></b>				
Communities, Culture and Sport	857	0	(112)	745
Economy, Regeneration and Housing	85,202	(107)	(2,746)	82,349
Finance and Resources	25,252	88	(942)	24,398
Health and Adult Social Care	348	14	0	362
Parks, Highways and Transport Services	31,092	1,356	(233)	32,215
<b>Total</b>	<b>142,751</b>	<b>1,351</b>	<b>(4,033)</b>	<b>140,069</b>
<b><u>2024/25</u></b>				
Communities, Culture and Sport	8,101	0	(1,111)	6,990
Economy, Regeneration and Housing	100,991	626	(5,663)	95,954
Finance and Resources	27,251	0	942	28,193
Health and Adult Social Care	0	0	0	0
Parks, Highways and Transport Services	18,912	11,398	(117)	30,193
<b>Total</b>	<b>155,255</b>	<b>12,024</b>	<b>(5,949)</b>	<b>161,330</b>
<b><u>2025/26</u></b>				
Communities, Culture and Sport	12,539	0	1,723	14,262
Economy, Regeneration and Housing	36,406	0	8,409	44,815
Finance and Resources	1,850	0	0	1,850
Health and Adult Social Care	0	0	0	0
Parks, Highways and Transport Services	19,313	16,655	0	35,968
<b>Total</b>	<b>70,108</b>	<b>16,655</b>	<b>10,132</b>	<b>96,895</b>

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

<b>Resources</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 onwards £000</b>
Capital Grants	49,304	76,909	51,713	12,955
Directly Funded Borrowing	61,589	58,369	15,958	22,791
Unsupported Borrowing	8,557	7,938	1,950	2,914
Capital Receipts	2,910	1,996	10,977	17,448
External Contributions	962	0	0	0
Commuted Sums	2,394	0	1,750	0
Revenue Contributions (RCCO)	2,217	2,220	198	15,466
HRA funding from MRR	12,136	13,898	14,349	29,798
<b>TOTAL</b>	<b>140,069</b>	<b>161,330</b>	<b>96,895</b>	<b>101,372</b>

#### **Capital Prudential Indicators 2023/24**

7.7 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.

<b>Capital Expenditure</b>	<b>2023/24 Budget £000</b>	<b>2023/24 Forecast £000</b>
General Fund (non HRA)	152,214	120,256
HRA	36,265	19,813
<b>Total</b>	<b>188,479</b>	<b>140,069</b>

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

<b>Capital Financing Requirement</b>	<b>2023/24 Budget £000</b>	<b>2023/24 Forecast £000</b>
General Fund (non HRA)	755,661	746,703
HRA	164,421	156,108
<b>Total</b>	<b>920,082</b>	<b>902,811</b>

7.9 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.

<b>General Fund</b>	<b>2023/24 Budget £000</b>	<b>2023/24 Forecast £000</b>
Total Financing Costs	29,802	27,756
<b>Ratio to Net Revenue Stream</b>	<b>9.60%</b>	<b>8.94%</b>

<b>HRA</b>	<b>2023/24 Budget £000</b>	<b>2023/24 Forecast £000</b>
Total Financing Costs	6,096	6,146
<b>Ratio to Net Revenue Stream</b>	<b>10.76%</b>	<b>10.85%</b>

## 8 RECOMMENDATIONS

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

8.2 Cabinet is asked to:

- a) Note the cash limit and non-cash limit forecast outturn positions for 2023/24 as at Quarter 3
- b) Note the DSG, HRA and Collection Fund forecast outturn positions for 2023/24 as at Quarter 3;

- c) Note the update on Reserves;
- d) Note the forecast position for the 2023/24 Capital Programme;
- e) Note the changes to the Capital Programme and re-phasing of schemes during Quarter 3; and
- f) 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](mailto:jonathan.davies@stockport.gov.uk)