

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: Medium Term Financial Plan (MTFP)

Part A: Medium Term Financial Plan Update

Part B: Responding to Our Medium Term Financial Plan

Report to: Cabinet Meeting

Date: 18 September 2024

Report of: (a)

Part A Report of the Assistant Director for Finance (Interim Section 151 Officer)

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

Key Decision: (b)

Forward Plan General Exception Special Urgency (Mark with a Y if applicable)

Summary:

The Medium Term Financial Plan update is in two parts:

- Part A - Medium Term Financial Plan Update
- Part B – Responding to Our Medium Term Financial Plan

Part A: Medium Term Financial Plan Update

Part A outlines the outcome of the review of the council's Medium Term Financial Plan (MTFP) update 2024/25 to 2028/29.

The review highlights the continuing financial challenges as a result of significant budget pressures due to inflationary costs and increasing need for services, and the adjustments needed to the approved MTFP forecasts and assumptions in order to present the most accurate forecast of the council's financial position and saving requirement over the medium-term period.

It is recommended that the updating of the MTFP continues to be iterative and the underpinning MTFP forecasts and assumptions retested throughout the year and reported to Cabinet and Scrutiny Committees as part of the council's 2025/26 budget setting process.

Part B: Responding to Our Medium Term Financial Plan

Part B outlines the Cabinet's response to addressing the uncertainty, volatility and risk outlined within the review of the MTFP.

The Cabinet's focus is on delivering outcomes-focused transformational change for communities and businesses across Stockport. A resilient and robust budget is key to this.

Our evolving strategy to address the medium-term budget challenges are focused around budget adjustments, local taxation considerations, the use of reserves and change proposals.

A key area of focus remains on our neighbourhood and prevention programme, proactively working together with partners to address growing areas of spend and increasing need for support, working intensively with vulnerable families and young people, enabling us to reduce our longer term spend and enable better outcomes for families in Stockport.

We recognise that alongside our longer-term ambitions, we must deliver good quality services for the people of Stockport. We need to push further on delivering services that the most efficient and effective way possible, focusing on the right things, maximising the benefit of the Stockport pound for our residents.

The report provides an overview of the approach the Cabinet will be taking to respond to the financial impact identified in the Part A report. This will involve careful consideration of a series of budget options and some difficult decisions to ensure that the council continues to have a balanced budget. Delivering a longer-term transformation programme alongside more immediate financial decisions will be key to its success.

Comments/Views of the Cabinet Member: (c)

The financial landscape continues to present significant challenges due to the high levels of uncertainty, volatility, and risk. Councils are facing significant budget pressures due to inflationary costs and increasing service demand particularly for those services supporting the most vulnerable. This is affecting all councils across the country, testing their financial resilience and robustness to mitigate and smooth the impact of the financial risks they face whilst continuing to deliver essential services to residents and businesses. There is an alarming increase in the number of councils across the country warning of financial distress and bankruptcy because of the insufficiency of local government funding.

In Stockport, we're in the relatively strong position, we are because of the tradition of all councillors sharing the responsibility to take the difficult decisions necessary to set a balanced budget. The kinds of decisions that have to be taken in the context of extreme financial challenges and chronic underfunding that local government have been working under for many years. This ongoing collective challenge and accountability is vital.

This review and our cabinet response accompanying it outline the careful choices and decisions that we as a Cabinet, with council more widely, have to make over the coming months. These challenging decisions will be important to the council's longer term financial robustness and resilience.

We firmly believe that being a financially stable and resilient council is vitally important for our communities. Over the coming months we will need to make some difficult but thoughtful decisions, we will work closely with our partners and other stakeholders including our communities to understand the impact that and service changes may have.

Recommendation(s) of Cabinet Member: (d)**Part A**

Cabinet is recommended to:

1. Note the outcomes of the MTFP update including the identified core budget pressures in Children's and Education services, the fleet loan facility vehicle depreciation, and the highlighted changes to the MTFP forecasts and assumptions approved in February;
2. Approve the forecast and assumption adjustments as a result of the MTFP Update outlined in the report;
3. Note that the council's savings requirement has decreased to £24.517m in 2025/26 rising to £61.898m in 2028/29 as a result of the adjustments highlighted and subject to further review and updates during the financial year;
4. Note that due to the significant uncertainty, volatility, and risk of the financial landscape the assessment of the MTFP forecasts and assumptions will continue to be iterative with further updates to the MTFP reported to Cabinet as part of the 2025/26 budget setting process; and

5. Approve the recommended use of one-off resources identified during the financial year to support the council's in-year financial position, the 2025/26 Budget and MTFP.

Part B

Cabinet is recommended to:

1. Note the approach and endorse the next steps, including agreeing to share with scrutiny, for comment, the proposals which support a resilient and sustainable MTFP;
2. Support the ongoing development of our MTFP response and transformation programme

Relevant Scrutiny Committee (if decision called in): **(e)**
Corporate, Resource Management & Governance

Background Papers (if report for publication): **(f)**

Contact person for accessing
background papers and discussing the report

Officer: Gill Lawton / Jonathan Davies
Tel: 0161 474 3686 / 0161 218 1025

'Urgent Business': **(g)**

Yes/**(No)** *(Please circle)*

Certification (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor _____ and the Chief Executive/Monitoring Officer/ Borough Treasurer for the decision to be treated as 'urgent business' was obtained on /will be obtained before the decision is implemented.