

PART B - RESPONDING TO OUR MEDIUM-TERM FINANCIAL PLAN
Report of the Council Leader and Cabinet Member for Resources and Finance

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 Within this report we outline our strategic approach in responding to the review of the medium-term financial plan. This should be read alongside the Part A report which outlines the outcomes of the review of the council's Medium Term Financial Plan (MTFP) 2024/25 to 2028/29. The approved MTFP was set in February in the context of significant budget pressures due to inflationary costs and increasing service demand reflecting Stockport residents and businesses increased need for support.
- 1.2 Our ambitious visions and plans for our borough are set out in our Borough Plan¹, One Stockport One Future Plan² and the Council Plan³. This is a collective focus for the Cabinet. Stockport is a place where we want people to thrive. Stockport is rightly being talked about as being at the forefront of so many good things. An ambitious and nationally recognised programme of regeneration through the Mayoral Development Corporation; nationally recognised service provision and the relationship and approach to working with partners on our collective ambitions including our work with the Voluntary, Community, Faith, Social and Enterprise sector in Stockport. We have been named in the Telegraph's 'Happiest place to retire' and the Times 'best place to buy your first home' lists. In 2023/24 we had the accolade of 'Greater Manchester Town of Culture'. In this context the Cabinet is clear of the importance of having a resilient and robust budget and Medium Term Financial Plan to ensure that our future ambitious plans for the borough are realised.
- 1.3 This report outlines the budget options being considered by the Cabinet to address the unprecedented financial challenges and meet the increasing need to access our services whilst considering longer term transformation, and the delivery of shared strategic partnership ambitions. It should also be read in conjunction with our ambitious Borough Plan, One Stockport One Future Plan, Council Plan and the Cabinet's Portfolio Performance and Resource Agreements (PPRAs⁴).

¹ **The Stockport Borough Plan**

<https://www.onestockport.co.uk/the-stockport-borough-plan/>

² **One Stockport One Future Plan**

<https://www.onestockport.co.uk/one-future-plan/>

³ **The Council Plan**

<https://www.stockport.gov.uk/topic/council-plan>

⁴ **Cabinet's Portfolio Performance and Resource Agreements (PPRAs)**

Climate Change and environment

<https://democracy.stockport.gov.uk/documents/s233849/Enc.%203%20for%20Portfolio%20Performance%20and%20Resources%20Portfolio%20Agreements%20202425.pdf>

Communities, Culture and Sport

<https://democracy.stockport.gov.uk/documents/s233850/Enc.%204%20for%20Portfolio%20Performance%20and%20Resources%20Portfolio%20Agreements%20202425.pdf>

Children's, Families and Education

<https://democracy.stockport.gov.uk/documents/s233848/Enc.%202%20for%20Portfolio%20Performance%20and%20Resources%20Portfolio%20Agreements%20202425.pdf>

Borough Plan

- 1.4 Our Borough Plan is a partnership plan that outlines priorities around three core pillars– One Heart, One Home, One Future. We continue to work closely with partners, residents, businesses, and colleagues to progress the ambitions outlined within it. These are underpinned by nine shared priorities and partnership delivery plans to ensure we deliver against these ambitions.

One Stockport One Future

- 1.5 One Stockport: One Future is the next phase of our borough plan. It sets out how we will work together to tackle the challenges set out so Stockport can be the best place to live happy and healthy lives, a place where everything is possible, a place that everyone, right across the Borough can be proud of. It clearly sets out what we will do together. It builds on our Borough Plan launched in March 2021. A shared plan, developed in partnership across Stockport and shaped by the voices of our communities and residents.
- 1.6 This plan looks ahead to 2040 and sets out a roadmap to ensure Stockport is a place that is resilient to whatever changes and opportunities will come in the future. Recognising that Stockport is a great place to work and play, with green spaces and lots of culture on our doorstep, with excellent connections to Manchester, London, and the Peak District. It's a place where residents, businesses and communities work together to make good things happen and get people the support they need. Also recognising that Stockport is a place of stark inequality where the life chances of too many of our residents are determined by where they live, and our population is ageing more quickly than any other borough in Greater Manchester. It is also a borough that is becoming more diverse. We have pressing challenges to decarbonise and respond to the global climate emergency. There are big opportunities to embrace new digital technology and innovations - whilst being careful to leave no one behind.

Council Plan

- 1.7 Our Council Plan 2024 to 2027 describes the key role we play in supporting the borough. The plan is developed by Cabinet, supported by officers, and has an overarching priority to deliver efficient and effective services. It also describes four

Economy, Regeneration and Housing

<https://democracy.stockport.gov.uk/documents/s233380/ERH%20Q4%20PPRR%202023-24%20v1.0%20Scrutiny.pdf>

Finance and Resourcing

<https://democracy.stockport.gov.uk/documents/s233852/Enc.%206%20for%20Portfolio%20Performance%20and%20Resources%20Portfolio%20Agreements%20202425.pdf>

Health and Adult Social Care

<https://democracy.stockport.gov.uk/documents/s233853/Enc.%207%20for%20Portfolio%20Performance%20and%20Resources%20Portfolio%20Agreements%20202425.pdf>

Parks, Highways and Transport Services

<https://democracy.stockport.gov.uk/documents/s233854/Enc.%208%20for%20Portfolio%20Performance%20and%20Resources%20Portfolio%20Agreements%20202425.pdf>

“Big Ambitions” and two cross-cutting themes. These outline our ambition to deliver a Fair and Inclusive Stockport and take Climate Action.



Portfolio Performance and Resource Agreements

1.8 The PPRAs outline each Cabinet member’s priorities for the year ahead and map across to the Council Plan and Borough Plan shared outcomes. The agreements set out:

- Portfolio Summary - key responsibilities in relation to services and budgets; relevant legislative and policy drivers.
- Portfolio Delivery Plan and Performance Framework – Cabinet priorities as set out in the Council Plan; projects; performance measures and targets.
- Financial resources available to the Portfolio, including any savings requirements, capital programme and reserves.

2. CONTEXT

What is driving the increased pressures on our budget

- 2.1 We are balancing our ambition for Stockport in an extremely challenging financial context. The acute pressure on public services runs beyond local government spending with significant national coverage on pressures across all public services. Across the country councils are facing significant and urgent funding gaps with an alarming increase in the number of councils warning of financial distress and bankruptcy due to the insufficiency of funding and increased need to support residents and businesses.
- 2.2 We provide over 800 services to support and improve the lives of residents, businesses, and visitors in Stockport. Our annual budget is £336 million. Every year, we must balance our spend with the income we receive.
- 2.3 The cost of delivering our services is increasing. Alongside the uncertainty at a national level, the budget pressures have been exacerbated, and the financial risks the Council faces have significantly increased, through:

- **Children’s and Education services increase in need for support**– driven by increasing need for Looked After Children placements, cost of external placements linked to the complexity of children’s needs and resilience of our families.
- **Homelessness** – increasing with an acute shortage of affordable housing and more people needing support and increase in the use of temporary accommodation.
- **Adult Social Care** – financial risk emerging as a result of demand, demographics and costs associated with commissioned packages of care.
- **Increased need for support emerging from the Cost of living crisis** - including increased costs of service provision across social care and preventative services.
- **Ongoing implications of the Covid-19 pandemic** – including longer term implications for Leisure, Children’s Services and reductions to commercial income which has not recovered to a pre-pandemic position.
- **Workforce shortages, along with recruitment challenges** within Council services and that of our partners and supply chain affecting the delivery of services or supplies.
- **National Pay Offer** – The employers 2024/25 pay offer is expected to cost the Council circa £4.2m. It is noted that the pay offer has yet to be agreed however trade unions are balloting their members over strike action based on the pay offer.
- **Inflationary Pressures** – resulting in increased costs across a range of different areas. Although inflation rates have reduced compared to 2023/24, we are still experiencing an adverse impact on all goods and services bought by the Council.

2.4 To place this challenge into context within our own budgets, our assessments of the budgetary impact of this uncertainty, within the latest review of our medium-term financial plan, identifies a budget gap of £61.898m to 2028/29.

Table.1 - Medium term financial landscape (2024/25 – 2028/29)

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s	£000s
Cash Limit and Non-Cash Limit Expenditure Budgets	314,111	319,123	319,331	321,107	323,033
Corporate Contingency - Pay Award, Demand, Inflation, Energy	13,450	26,386	39,914	53,766	67,727
Covid-19 Financial Scarring Impacts	8,501	7,958	6,880	6,023	6,030
Expenditure	336,062	353,467	366,125	380,896	396,790
Reserves	(420)				
MTFP Adjustments		(1,921)	(229)	(300)	(230)
Resources	335,642	327,029	329,469	332,001	334,662
Cumulative Saving Requirement	0	24,517	36,427	48,595	61,898

2.5 Achieving a resilient budget whilst delivering our longer-term ambitions is extremely challenging. We can only achieve this by making difficult decisions, robust prioritisation of our resource, and ambitious changes in the way we work to deliver services if we are to continue to meet the needs of local people today and in the

future. The consequences of not achieving this are increasingly visible across the wider local government sector with an increase in government intervention and an increasing number of councils across the country warning of significant financial distress and bankruptcy.

- 2.6 We are committed to a 'whole council' approach to budget management with all portfolio holders working together to develop a joined-up Cabinet response to the challenges outlined in Part A of this report, engaging with Scrutiny and, in the context of a no overall control council, involving all councillors in taking these difficult decisions. We recognise this will present challenging decisions about the services the council delivers and how it delivers them to ensure continuing financial robustness and resilience.

3. OUR OPTIONS FOR ACHIEVING A RESILIENT BUDGET

- 3.1 The challenging financial circumstances outlined within the MTFP review (Part A) report require careful, challenging, and bold decisions to ensure we can deliver a resilient budget. In addressing the medium-term budget challenges, we are considering a range of options open to us, and our strategy is evolving around the following areas:

- Budget adjustments;
- Use of reserves;
- Change proposals; and
- Efficient and effective service delivery.

Budget Adjustments

- 3.2 Whilst the MTFP update identified areas of the Council's budget where favourable and adverse adjustments need to be made, we know that we continue to face immense financial challenge over the medium-term period.
- 3.3 During this year's budget setting process, officers continue to monitor the extent of the financial impact. The level of demand, Pay Award, Price Inflation, and the remaining Leisure Management Fee Support from the updated Covid-19 financial scarring impact contingency have all been considered in order to reflect the current expected financial impact over the medium-term. A revised total of £3.026m of Leisure Management Fee Support from the updated Covid-19 financial scarring impact and £57.230m for all other contingency budgets is now set aside in the MTFP to mitigate the expected costs over the medium-term period (2025/26-2028/29). Given the uncertainty these contingency budgets are being held corporately and will be allocated as related costs are incurred.

Reserves

- 3.5 We recognise the role that reserves can play in delivering financial sustainability – be that providing temporary short-term mitigation or investment in innovation. We have reviewed the reserve position outlined within the 2024/25 Reserves Policy and MTFP review report. The use of reserves is always a careful balancing act between supporting immediate pressures and ensuring longer term financial robustness as demonstrated through learning from recent Section 114 announcements at other

authorities. We will continue to review this position as the central government funding position becomes clearer.

Change and savings proposals

- 3.6 We will develop our change proposals in line with our Council Plan ambitions and our One Stockport, One Future plans.
- 3.7 One of our key programmes is our Neighbourhoods and Prevention programme which sets out a partnership approach to neighbourhood working, bringing together work across four pillars - one neighbourhood approach, thriving places, collaborative health and care and connected communities. This means delivering services in an integrated way, close to communities and making the best use of resources, with a relentless focus on early help and prevention. Working in this way will achieve better care and support, better outcomes, and better value for money, as well as vibrant places and public spaces.
- 3.8 Part of this programme includes strategically investing in our leisure and library services that provide a front door to key council services such as resident advice, support with cost-of-living issues and digital help. We will focus on providing higher quality facilities where people feel welcome and can get support, feel safe and improve wellbeing. Where people can learn, connect, and be inspired. We want to enhance physical, mental wellbeing and social connection whilst ensuring an affordable, sustainable service offer.
- 3.9 We will keep a focus on demand management, redesigning services, and pathways to support people to live independently. We will continue to deliver robust financial recovery programmes – such as within Children and Young Peoples services. By proactively working together with partners to address growing areas of spend and increasing needs more efficiently and cost effectively, working intensively to support our vulnerable families and young people, this will allow us to reduce our longer term spend and enable better outcomes for families in Stockport.
- 3.10 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.
- 3.11 We will increase fees and charges where appropriate, in line with our Fairer Charging Policy which outlines our aims and principles for a fair approach to contributions made by individuals, groups or businesses accessing Council-provided services. The principles of the approach are to ensure that fees are set appropriately in order for us to recover our costs, whilst also delivering value to the public, at a price that is reasonable for the service. This will mean continuing to reduce or remove the subsidies we have in place for some services as these are no longer affordable in the current financial climate.
- 3.12 Further detail on each of these areas is continuing to be developed and will be shared with Scrutiny Committees for consideration and comment.
- 3.13 Finally, it is important to note that this strategy sits within the context of our commitment to working across local government, with the Local Government

Association and with Greater Manchester neighbours to call for clarity and a fair and realistic strategy for local government financing. However, the approach we have outlined above will enable us to respond and manage this ongoing uncertainty.

Efficient and effective service delivery - Productivity

3.14 The delivery of efficient and effective services is at the very heart of everything we are doing, as outlined in our Council Plan. 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 are the most efficient and effective they can be, focusing on the right things and doing them in the right way. We need to maximise the benefit of the Stockport pound for our residents. This means making the best use of digital technology and automation and supporting our workforce to provide excellent services whilst exploring further opportunities to work more effectively with partners. Every service will strive to deliver their services more efficiently.

4 TAKING OUR PLANS FORWARD

- 4.1 Over the course of the next few months, we will continue to develop our MTFP response in line with government announcements and the framework identified above, most notable the government's autumn budget announcement in October. This will run alongside the ongoing development of our transformation plans and our ambitious Council Plan to ensure that our MTFP programme complements and enables the wider, longer-term aspirations, we, with our partners and communities, collectively hold for Stockport.
- 4.2 The changes we will need to deliver to respond to the MTFP can only be achieved by making difficult decision and working very differently. As proposals are developed, we will work to understand how they may affect residents, partners, our workforce as well as our suppliers as we review contracts. We remain committed to the shared priorities and values outlined within our One Stockport partnership plan and will be working closely with partners during this period of change to continue to support local employment alongside strong and productive partnerships.
- 4.3 We will work closely with our partners, colleagues, and trade unions to shape our plans and will ensure that the right support mechanisms are in place to support colleagues going through change.
- 4.4 We will engage and consult with residents, partners, elected members, our workforce, and trade unions to understand the potential impact of our proposals and inform our decision-making process. We have continued to build upon our existing networks and forums to hear the voices and experiences of a range of people across the borough. We will work with these networks to ensure that consultation and engagement is proportionate, delivered in a range of appropriate methods and forums, and gives people an opportunity to shape future service delivery.

Scrutinising our plans

- 4.5 All elected members share a responsibility to deliver a balanced budget and will need to continue the constructive approach that has been a hallmark of Stockport's budget setting process for many years.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

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

6 LEGAL CONSIDERATIONS

- 6.1 There are no legal considerations.

7 HUMAN RESOURCES IMPACT

- 7.1 There are no HR impacts as a result of the content of this report.

8 EQUALITIES IMPACT

Understanding the impact of our decisions

- 8.1 We have committed to addressing inequality and holding ourselves accountable for all our people feeling included and valued. The Fair and Inclusive agenda is a key part of our Council Plan and Neighbourhoods and Prevention programme. Fair and Inclusive is about tackling poverty and inequality and making sure Stockport is a great, diverse place to live where everyone can thrive. We know that poverty causes ill health, drives inequality in health outcomes and increases use of health and care services.
- 8.2 In March 2024, Cabinet approved the adoption of the Anti-Poverty Objectives 2024 – 2027. In order to address poverty, we need to share power with those most affected by poverty and inequality, and building a fairer and more equal borough means creating processes where everyone can have a stake and a say in the things that affect their daily lives. We have developed strong community relationships and partnerships with the people who access our services. Our investment in community-based equity networks and our VCFSE strategy have helped with this approach but there is more that needs to be done.
- 8.3 As part of the work to strengthen our Anti-Poverty Objectives, we are voluntarily adopting the socioeconomic duty (SED) to deliver better outcomes for those who experience socioeconomic disadvantage. The SED ensures we consider the impact of the decisions we are making, on people experiencing poverty.
- 8.4 To understand the impact of our proposals on our communities, we carry out Equality Impact Assessments (EIAs). These EIAs will consider the impacts on people who experience discrimination, including those with protected characteristics, and will also detail mitigating actions taken to lessen any negative impact upon these people. SED will also be built into these assessments.
- 8.5 EIAs will accompany developing business cases (where appropriate) and will be updated to reflect any additional insights resulting from consultation and engagement. We will also consider any cumulative impact of multiple proposals

against any specific groups of people across the Council's services, to understand the aggregate effects of multiple separate initiatives.

9 ENVIRONMENTAL IMPACT

9.1 As part of our commitment to tackling climate change and our journey to being carbon neutral, we will ensure we understand any environmental impacts of our proposals. Environmental Impact Assessments will be completed and will accompany developing business cases. The Environmental Impact Assessments will identify and understand any environmental impacts and consequences of the proposals across the borough and suggest how negative impacts may be reversed or mitigated.

10 CONCLUSIONS AND RECOMMENDATIONS

10.1 Cabinet are asked 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

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Gill Lawton at gill.lawton@stockport.gov.uk