

2024/25 QUARTER 2+ BUDGET MONITORING UPDATE

Report of the Director of Finance (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 as at the end of November 2024 (Quarter 2+). The report also provides an update on the Dedicated Schools Grant (DSG), Housing Revenue Account (HRA), Collection Fund, Reserves and Capital Programme as at Quarter 2+.
- 1.2 The Quarter 2+ update also helps inform the 2025/26 budget setting process, as the Quarter 3 report will follow the Full Council Budget meeting on the 27 February 2025.
- 1.3 The economic and financial landscape facing the council in-year remains challenging. While the council's processes for financial management and forecasting its financial position are robust, there is significant uncertainty, volatility and risk in the financial landscape impacting the council's in-year cost base. Forecasting the expected year-end financial position remains challenging and subject to risk.

2. REVENUE BUDGET

- 2.1 The following table summarises the changes to the revenue budget that have arisen during Quarter 2+.

2024/25 Revised Budget as at 30 November 2024

	Approved Budget £000	Revised Budget 30/09/24 £000	Increase (Reduction) £000
Cash Limits (Service) Budgets	255,954	261,084	5,130
Non-Cash Limit (Corporate Core) Budgets	80,107	74,977	(5,130)
Total	336,061	336,061	0

- 2.2 The table reflects the net movement of budgets of £5.130m from non-cash limit to cash limit. This relates to the allocation of corporate contingency budgets to Cash Limit budgets during Quarter 2+ in the main to support the 2024/25 pay award which was agreed in October 2024 plus inflationary cost increases that have crystallised. It is normal and prudent practice to hold contingency budgets corporately and allocate to services as costs are incurred during the financial year to ensure the council's budget is set on a robust basis.

- 2.3 A breakdown of the virements during the Quarter are shown in the tables below. The revised budget by Portfolio is shown in Appendix 1.

Virements Previously Approved by Cabinet

Item	Type*	Amount £000	From	To	P/T**
Contingency Allocation Energy	V	164	NCL	PH&T	P

- 2.4 The above virement was approved in the Quarter 2 Corporate Performance and Resource Report (CPRR) presented to CRMG on the 26 November 2024 and Cabinet on the 10 December 2024.

Virements Presented for Approval by Cabinet

Item	Type*	Amount £000	From	To	P/T**
2024/25 Pay Award	V	4,369	NCL	Var	P
Crematoriums	BR	371	PH&T/NCL	F&R	P
TLC/SHL Price Contingency	V	52	NCL	F&R	P
TLC Contracts	V	519	NCL	Var	P
TLC Depreciation	V	27	PH&T	CC&E	P

* V=Virement meaning the transfer of budget from one service area to another

* BR = Budget re-alignment i.e. the transfer of budget and activity from one service area to another

** P = Permanent and T = Temporary

= Revenue Budget Control Total

2024/25 Quarter 2+ Revenue Forecast Outturn Position

- 2.5 The Quarter 2+ forecast outturn position for the council's revenue budget is a deficit of £3.724m, following the provisional allocation of £7.442m of Covid-19 Financial Scarring Contingency, as set out in the table below. The deficit is made up of a projected £10.476m deficit on cash limit portfolio budgets offset by a forecast £6.752m non-cash limit surplus.
- 2.6 Officers continue to work on financial recovery plans to address the in-year budget pressures, bring costs in line with budgets and mitigate the recurrent impact on the council's medium term financial position. Service financial recovery plans are achieving in-year cost avoidance, which would have adversely impacted the forecast if incurred. However, growing need for support and inflationary costs result in a challenging in-year financial position despite this work. This is particularly evident in relation to Children's Social Care where increasing need for support and complexity of that need is outstripping the cost avoidance being achieved resulting in a significant pressure both in-year and recurrently on the MTFP. Corporate measures continue to be in place to ensure robust financial management principles underpins the delivery of efficient and effective services to address the financial position, taking a One Budget approach to the challenge.

2.7 The forecast year end deficit will be funded via one off resources, earmarked reserves and the council's General Fund Balance.

2024/25 Forecast Revenue Outturn as at 30 November 2024

	Original Budget £000	Revised Budget £000	Forecast Outturn £000	(Surplus)/ Deficit £000
Children, Families & Education	62,052	63,353	72,016	8,663
Climate Change & Environment	10,459	10,677	10,757	80
Communities, Culture & Sport	7,409	8,090	8,095	5
Economy, Regeneration & Housing	1,173	1,428	1,428	0
Finance & Resources	32,809	34,267	34,652	385
Health & Adult Social Care	127,462	129,629	130,597	968
Parks, Highways & Transport Services	12,904	13,640	14,015	375
Total (Cash Limits)	254,268	261,084	271,560	10,476
Pay Inflation	5,063	666	166	(500)
Inflation - Price and National Living Wage	3,763	1,217	339	(878)
Apprenticeship Levy	441	441	441	0
Covid-19 Financial Scarring Impacts	8,501	8,501	7,442	(1,059)
Social Care, Neighbourhoods and Prevention Investment	2,673	2,673	0	(2,673)
Other Non-Cash Limits - Capital Financing	11,221	11,221	11,599	378
Other Non-Cash Limits	50,131	50,258	48,238	(2,020)
Total (Non-Cash Limits)	81,793	74,977	68,225	(6,752)
Total (Cash & Non-Cash Limits)	336,061	336,061	339,785	3,724
<u>Financed by</u>				
Council Tax	165,672	165,672	165,672	0
Adult Social Care Precept	28,896	28,896	28,896	0
Business Rates Income	85,113	85,113	85,113	0
Business Rates Tariff	(21,770)	(21,770)	(21,770)	0
Grants in Lieu of Business Rates	30,197	30,197	30,197	0
Business Rates Green Plant and Machinery Compensation	124	124	124	0
New Homes Bonus Grant	24	24	24	0
Better Care Fund Allocation	6,619	6,619	6,619	0
Social Care Grant	24,458	24,458	24,458	0
Market Sustainability and Improvement Fund Services Grant	5,614	5,614	5,614	0
Waste Reserve Return & AGMA Reserve Return	335	335	335	0
2022/23 Collection Fund Undeclared Surplus	2,476	2,476	2,476	0
2023/24 Collection Fund Declared Surplus	3,860	3,860	3,860	0
Appropriation From Reserves – Balancing	4,023	4,023	4,023	0
	420	420	420	0
	336,061	336,061	336,061	0
	0	0	3,724	3,724

Cash Limit

- 2.8 Cash Limit portfolios are forecasting a £10.476m deficit which largely relates to the Children, Families and Education Portfolio £8.663m, with other deficits in the Health & Adult Social Care Portfolio £0.968m, Finance and Resources Portfolio £0.385m, Parks, Highways and Transport Services Portfolio £0.375m, Climate Change and Environment Portfolio £0.080m and Communities, Culture and Sport Portfolio £0.005m.
- 2.9 Details for each portfolio can be found below:

Children Families and Education

Education

- 2.10 The Quarter 2+ forecast position for the education arm of the portfolio is £1.223m deficit.
- 2.11 The above position largely relates to the ongoing SEN transport demand pressures as outlined previously.
- 2.12 The increase from Quarter 2 (£0.059m) relates to additional Education Psychology Service agency support costs approved corporately (£0.100m) until year-end to support EHCP assessments. This is partially offset by a small surplus (£0.041m) forecast on the 14-19 apprentice budget.

Children & Families Services

- 2.13 The Quarter 2+ forecast position for Children & Family Services is a deficit of £7.440m. This is an increase of £0.076m since Quarter 2 and represents 13.6% of the cash limit budget of £54.680m for the service. The forecast includes use of earmarked reserves and Covid-19 Scarring Impact contingency (£1.939m).
- 2.14 The largest area of deficit remains in Children Looked After placements, namely £5.157m, of which External Placements accounts for 72% of the deficit at £5.357m offset by a surplus of £0.200m on Internal placement provision which is in line with Quarter 2 reporting. Although external placement numbers remain high there is a decrease in the external placement forecast (£0.220m) from £5.557m at Quarter 2. This forecast includes adjustments from the recent intensive sprint exercise which was part of the recovery programme analysing a number of packages of care. This exercise identified forecast reductions totalling £0.579m in the current year but this has been partly offset by new placements approved since Quarter 2.
- 2.15 The overall saving in external placements is more than offset by other increasing forecasts (£0.296m.) The most significant of these is an increase in the number of and cost of packages of care for children with disabilities and an increase in spend on legal fees for social care proceedings.
- 2.16 A detailed review of how the whole system is working to improve children's outcomes across Children's Services and avoid the need for care is being

completed by Senior Officers. It is looking beyond national pressures to see what adjustments to the local system could have a positive effect on the number of children in care, drawing on the best of practice locally and elsewhere.

- 2.17 An intensive sprint of multidisciplinary panels has taken place to review all current external placements seeking to identify the blockers and challenges across the wider system in achieving the permanence plans for young people in our care.
- 2.18 Findings from the review and any identified actions will form a cross-system improvement plan which will be delivered at pace over the coming weeks into the new year.

Climate Change and Environment

- 2.19 This portfolio is forecasting a deficit of £0.080m which represents 0.7% of the cash limit budget and represents a favourable variance of £0.045m compared to the Quarter 2 forecast.
- 2.20 A deficit is forecast because the budget saving expected from the green bin round reduction (£0.175m) included in the 2024/25 MTFP has been postponed. This deficit is partly offset by a surplus elsewhere in the Operational Waste budget (£0.095m).

Communities, Culture & Sport

- 2.21 This portfolio is forecasting a deficit of £0.005m which represents 0.1% of the cash limit budget. This represents a favourable variance of £0.030m compared with the Quarter 2 forecast.
- 2.22 A deficit is forecast due primarily to the 2024/25 staffing savings in the libraries service (£0.120m) having only a part-year effect as opposed to the full year budget saving included in the 2024/25 MTFP.
- 2.23 Other deficits include income pressures in Premises Licensing (£0.060m), Taxi Licensing (£0.060m) and Hygiene Action & Pest Control (£0.055m) which are offset by vacancies within School Crossing Patrol (£0.065m), Trading Standards (£0.065m) and additional Registrars income (£0.050m) and by forecast underspends on Community Grants (£0.035m) and the CCTV Control & Patrol budgets (£0.025m). The Communities and Inclusion budget is also expected to yield a surplus of £0.050m due to paucity of recruitment within CSS areas.
- 2.24 Covid Scarring Budget is being utilised to fund Leisure Management Fee (£1.259m) and partly offset the under recovery of income in Premises (£0.019m) and Taxi Licensing (£0.026m).

Economy, Regeneration & Housing

- 2.25 This portfolio is forecasting a balanced budget which relies on savings from vacancy management and some major planning income schemes which are both expected to offset an underlying reduction in Planning income.
- 2.26 Other deficits include income pressures in Building Control (£0.075m), Markets (£0.055m) and Town Centre Development (£0.045m) which are offset by vacancies within Strategic Housing (£0.100m) and Growth Regeneration (£0.055m).
- 2.27 The forecast also includes a planned charge to the Investment and Development (I&D) account of £0.427m within the Finance and Resources Portfolio.

Finance and Resources (F&R)

- 2.13 The portfolio is forecasting a deficit of £0.385m, which is a 1.1% variance on the £34.267m cash limit. This is also a reduction in the deficit forecast of £0.464m from Quarter 2.
- 2.28 The main service area in deficit remains Legal and Democratic Governance of £0.800m and largely caused by casework in the Social Care team that includes both adults and children often necessitating the need to bring in counsel, and other professional support.
- 2.29 Most service areas within the portfolio are subject to vacancy and recruitment controls to help offset the overall deficit position following the one budget approach, and this is supporting the overall forecast. This approach has continued generating further savings on salary budgets accounting for most of the deficit reduction forecast, along with some utility savings and additional lettings income in the property budget.
- 2.30 The Investment and Development Account is largely unchanged since Quarter 2, requiring £7.289m from the financial scarring contingency and Income and Risk Mitigation Reserve to achieve a balanced position. Favourable rent reviews have been completed, resulting in one off back rent payments, has lowered the expected appropriation by £0.288m.

Health and Adult Social Care

- 2.31 The portfolio is forecasting a £0.968m overspend which represents 0.7% of the portfolio cash limit budget of £129.629m. This is an increased overspend of £0.511m on the Quarter 2 forecast which showed a deficit of £0.457m.

Adult Social Care (ASC)

- 2.32 The service is forecasting a £0.968m deficit at Quarter 2+ against a cash limit service budget of £116.818m. An increase of £0.511m from the position reported at Quarter 2.

- 2.33 The increase of £0.511m from the Quarter 2 position partly aligns to increase costs within Opportunities Together aligned to additional staffing costs to support individuals with complex needs and support other service areas. In addition is increased anticipated activity for provision following discharge from hospital and increases to externally commissioned care services for complex younger adults.
- 2.34 The service is continuing to see increased cost pressures in its Younger Adult Services, including Mental Health and Learning Disabilities. This is due to increased demand and complexity of individuals requiring support from ASC. The service is continuing to access Continuing Healthcare funding, where appropriate from Greater Manchester Integrated Care Board (GMICB).
- 2.35 There is also increased activity aligned to anticipated provision from hospital discharge for both home based care and for unmet need beds. There is a significant financial risk aligned to this provision as the services move into the winter period.
- 2.36 There are increasing financial pressures within locality health partners, focusing on GMICB, aligned to partner contributions and joint funding arrangements with the council, which may have a financial impact on ASC. The service is engaging with health partners and will closely monitor any potential increased costs to ASC from this work.

Health and Adult Social Care (Public Health)

- 2.37 The service is forecasting a balanced position at Quarter 2+ against a cash limit service budget allocation of £12.811m.
- 2.38 Financial pressures from General Practice (GP) demand led services and reduced external contributions for Nicotine Replacement Therapy (NRT) are part offset by minor in year staffing vacancies and reduced activity for the cross charging of Genito-Urinary Medicine (GUM), creating a net overspend of £0.074m, which will be funded from the Public Health reserve.
- 2.39 In addition, there are continued financial pressures aligned to external contracts forecasted at £0.454m in year, which may require a contribution from Public Health reserve balances. An options paper is being developed to consider how this recurrent financial gap can be mitigated, given the significant underlying financial pressure.

Parks, Highways & Transport Services

- 2.40 This portfolio is forecasting a deficit of £0.375m which represents 2.7% of the cash limit budget and represents an adverse variance of £0.075m compared to the Quarter 2 forecast.
- 2.41 The deficit is due to a £0.550m pressure on cremations income expected within Bereavement Services because the cremators are currently not fully functional. It is expected that this pressure will be partly offset by additional burials income

and expenditure savings elsewhere within Bereavement Services (£0.155m) and vacancy management in the Neighbourhoods service (£0.185m).

2.42 Other pressures include Transport Strategy (£0.085m), Parks & Open Space (£0.070m), Street Cleaning/Streetcare (£0.060m), Traffic Management (£0.055m), Road Safety (£0.035m), and Highways Design & Improvement (£0.035m). These pressures are partly offset by a surplus on Street Lighting energy (£0.070m), the Network Management budget (£0.055m), Car Parking income (£0.025m) and the Directorate budget (£0.025m).

2.43 Potential overspends have been identified on Street Lighting and Highways reactive maintenance, however these deficits have not been included in the current forecast because it is envisaged that they will be contained within Totally Local Company budgets.

Non Cash Limit

CSS

2.44 The items classed within the CSS Non-Cash limit are forecast to be in surplus of £0.784m, an increase of £0.046m from that previously forecast.

2.45 The main items generating the surplus forecast are interest and dividends (£0.500m), housing benefit processing (£0.150m), and the Insurance Fund (£0.150m).

Place

2.46 The reported balanced position includes small deficits on Refuse Disposal (£0.020m), Mayor Development Corporation (£0.020m) offset by a surplus in the Coroners service (£0.040m).

Technical

2.47 The position for Quarter 2+ is a forecast surplus of £5.968m, which is an increase from the Quarter 2 forecast surplus of £5.868m.

2.48 The surplus will be used to support the in-year position.

2.49 The change in forecast from Quarter 2 relates to a reduction in the forecast call on Covid-19 scarring contingency.

Dedicated Schools Grant (DSG)

2.50 The 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.

- 2.51 The remaining budgetary resources are the Centrally Held Budget (CHB) which is managed by the local authority on behalf of schools and consists of a range of services to schools and pupils.
- 2.52 The total DSG allocation which is centrally held is £83.143m (which is largely Early Years, £36.640m and the high needs block £40m in support of our most vulnerable pupils).
- 2.53 The Quarter 2+ forecast outturn position provides an in-year deficit at £6.3m in addition to the planned original budget deficit set at £12.4m in April 2024, thus totalling a total year-end deficit forecast of £18.762m.
- 2.54 The significant cost pressure within the overall DSG Quarter 2 forecast are the continued cost increase and demand in the high needs block pertaining to:
- More pupils in mainstream schools accessing High Needs (HN) top-up support funding;
 - Requirement to increase local specialist capacity further for Special Education Needs (SEN) placements; and
 - Increase in placements in high-cost external/independent providers.
- 2.55 The above deficit will be carried forward as part of the overall cumulative deficit (currently forecast at £42.578m for 31 March 2025).
- 2.56 The current regulations and accounting rules provide an 'over-ride' exception whereby the cumulative deficit can be held on councils' balance sheets and not impact on councils' General Fund. Current regulations and accounting rules allowing this 'over-ride' position ends in March 2026. The significant risk of an exponentially increasing deficit position linked to insufficient high needs funding to meet an increasing need for support and complexity is a real concern for all councils. The National Audit Office estimate a national deficit position of circa £4.3bn with 43% of councils estimated to have high needs deficits which are greater than their reserves. Without Government intervention, and at the very least an extension to the current regulations and accounting rules providing the 'over-ride' position, there is a risk councils will go bankrupt when their cumulative deficits have to be recognised and funded.
- 2.57 The council continues to be part of the Department for Education (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.

Housing Revenue Account (HRA)

- 2.58 The HRA forecast at Quarter 2+ is illustrating a surplus for the year of £0.547m which is £0.374m better than budgeted. This surplus is ring-fenced to be paid to Stockport Homes (SHL) towards the recovery of costs already incurred by SHL in relation to Project Phoenix.
- 2.59 Positive budget outcomes are mainly a result of a lower final repairs overspend position in SHL from 2023/24 which is reducing the HRA Management Fee,

lower interest and bad debts, along with higher rental income due to better than budgeted voids and right to buys.

2.60 These positive changes are offset somewhat by the following adverse variances:

- Service charge income showing an adverse variance which is mainly due to the properties on York Street moving over to metered utilities during the year which means the income is received by Stockport Homes instead of the HRA.
- A small adverse variance on the Renewable Heat Incentive (RHI) income, due to Hollow End Towers not resuming Biomass deliveries until October, is further offsetting some of the surplus, along with a small reduction in rent from New Build units due to the Meadow Mill scheme not going ahead, and Vine Street being delayed.
- An RCCO payment of £0.034m is scheduled in-year to contribute towards the purchase of 2 units as part of the RSAP scheme as agreed with the council.

HOUSING REVENUE ACCOUNT – 2024/25 Quarter Two

	Budget 2024-25	Quarter 2+ Forecast Outturn	Variance
	£000	£000	£000
Total Management and maintenance	38,867	38,693	(174)
Total Other Expenditure	26,309	25,778	(531)
Total Expenditure	65,176	64,471	(705)
Total Income	(65,274)	(64,977)	297
Net Cost of Services	(98)	(506)	(408)
Investment Income	(75)	(75)	0
Net Operating Expenditure	(173)	(581)	(408)
RCCO	0	34	34
(Surplus)/Deficit for year	(173)	(547)	(374)
(Surplus)/Deficit brought forward	(1,097)	(1,097)	0
Future Investment Reserve - Budgeted	173	173	0
Future Investment Reserve - Additional	0	374	374
Accumulated (Surplus)/Deficit	(1,097)	(1,097)	(0)

2.61 Appendix 2 includes a more detailed analysis of the HRA forecast.

Collection Fund

	Council Tax	Business Rates	Total
	£000	£000	£000
Collection Fund Income	(229,986)	(91,407)	(321,393)
Council Tax Support Fund	(385)		(385)
Collection Fund Expenditure	230,902	90,415	321,317
2023/24 (Surplus)/Deficit	531	(992)	(461)
Allocated to:			
Stockport Metropolitan Borough Council	447	(982)	(535)
Mayoral Police and Crime Commissioner	58		58
Mayoral General including Fire Services Share	26	(10)	16
	531	(992)	(461)

- 2.62 The forecast outturn position is a surplus of £0.461m made up of a £0.531m deficit on Council Tax and a £0.992m surplus on Business Rates. The council's share of this surplus is £0.535m made up of a £0.447m deficit on Council Tax and a £0.982 surplus on Business Rates. This surplus includes £0.123m that will be distributed to GMCA as part of the agreed 100% Business Rates retention benefit share, resulting in a balance of £0.412m for the council. As required this position will be declared in January to inform budget setting with the one-off resource used to support the council's 2025/26 Budget.
- 2.63 The forecast outturn deficit position on Council Tax in 2024/25 includes income forgone because of awarding one-off discretionary assistance to residents and this will be offset by the amount set aside in the Collection Fund reserve.
- 2.64 The Council Tax deficit has increased from the Quarter 2 position and continues to reflect slippage on new housing developments which had been built into the Council Tax taxbase in 2024/25.
- 2.65 The Business Rates surplus position has improved from the Quarter 2 position due to a review of outstanding revaluation checks, challenges and appeals and is made up of a deficit arising from gross rates of £0.590m, a deficit of £0.715m on the Small Business Rates Relief and Charity Relief offset by favourable variances of £1.250m on the top up to the appeals provision and £1.046m on Unoccupied Property and discretionary reliefs.
- 2.66 The GM benefit arising from the current forecasted position is £7.645m and will be shared between the council and GMCA on 25%/75% proportions. This is a favourable variance of £0.525m compared to the budgeted benefit of £7.120m and the council's share of this is £0.394m. This benefit is included in the business rates outturn position outlined above and is not additional resource. The GM benefit arises from the Trailblazer 100% Business Rates retention agreement and is the difference between the income from Business Rates under 100% retention versus remaining in the 50% retention scheme.00

Reserves and Balances

2.67 The table below shows the overall summary position on reserves at Quarter 2+ and reflects the adjustments made as part of the Reserves Policy reported earlier in the year and appropriations made to the end of November.

Reserves and Balances on 30 November 2024

	Balance as at 01/04/2024 £000	Reserves Policy adjustments £000	Transfers to / (from) Reserves £000	Balance as at 30/11/2024 £000
General Fund Balances	14,515	668	0	15,183
Total General Fund Balances	14,515	668	0	15,183
Reserve Linked to Budget	6,267	(181)	0	6,086
Strategic Priority Reserve	27,132	147	2,437	29,716
Budget Resilience Reserve	20,491	(632)	0	19,859
Corporate Reserves*	28,163	(222)	3,233	31,174
Directorate Reserve	530	220	0	750
Total Earmarked Reserves	82,583	(668)	5,670	87,585
DSG and School Balances	13,720	0	(12,110)	1,610
HRA Balances	1,097	0	0	1,097
HRA Earmarked Reserves	1,614	0	0	1,614
Total Ring-fenced Reserves	16,431	0	(12,110)	4,321
Total Reserves and Balances	113,529	0	(6,440)	107,089

2.68 The only changes to Reserves and Balances in Quarter 2+ are a transfer to the Revenue Contribution to Capital Outlay (RCCO) Reserve (£0.505m) to support capital schemes in year.

3. CAPITAL PROGRAMME

3.1 The Council's 2024/25 three-year capital programme is £360.190m, with planned expenditure of £140.722m in 2024/25.

2024/25 Three Year Capital Programme

	2024/25 Programme £000	2025/26 Programme £000	2026/27 Programme £000	Programme 2027/28 Onwards £000
Communities, Culture & Sport	7,857	14,488	306	
Economy, Regeneration & Housing	69,539	82,410	34,146	
Finance & Resources	25,933	32,775	3,659	5,784
Health & Adult Social Care	233	58		
Parks, Highways & Transport Services	37,160	33,569	18,057	2,231
TOTAL	140,722	163,300	56,168	8,015

3.2 The table below provides the position of the 2024/25 Capital Programme as at Quarter 2+. Further information about the changes made to the Capital Programme during Quarter 2+ are set out in the following paragraphs.

2024/25 Quarter 2+ Capital Programme

Portfolio	2024/25 Programme £000	Expenditure Quarter 2+ £000
Communities, Culture & Sport	7,857	1,100
Economy, Regeneration & Housing	69,539	38,074
Finance & Resources	25,933	16,006
Health & Adult Social Care	233	71
Parks, Highways & Transport Services	37,160	12,871
TOTAL	140,722	68,122

3.3 During Quarter 2+ there has been a full review of the capital programme and there has been a net decrease in the overall three-year Capital Programme of £21.240m since last reported at Quarter 2. There are a small number of new funding allocations that offset this decrease. The most significant changes to the Capital Programme include the following (these are reductions to schemes unless otherwise indicated):

- £1.500m additional grant funding (£0.750m each in 2024/25 and 2025/26) for Marple Community Hub (Communities, Culture and Sport);
- HRA New Build Schemes has been reduced by £26.902m (£1.464m in 2025/26 and £25.438 in 2026/27) to reflect the schemes committed to (Economy, Regeneration and Housing);
- £1.413m additional revenue contributions to capital outlay (RCCO) towards Future High Street Fund schemes in 2024/25 (Economy, Regeneration and Housing);
- £1.192m of directly funded borrowing in 2024/25 for Stockport Exchange Phase 4, which is in the final stages of the scheme (Economy, Regeneration and Housing);
- Additional grant funding of £0.647m in 2024/25 and £3.573m in 2025/26 for Cheadle Eco Business Park (Economy, Regeneration and Housing);
- £1.923m of mostly grant funding (£0.918m in 2024/25, £0.502m in 2025/26 and £0.503m in 2026/27) has been added to the programme for Asset Management Plan schemes (Finance & Resources); and,
- £1.574m grant funding in 2024/25, £0.658m in 2025/26 and £0.688m in 2026/27 for Poynton Relief Road highways scheme (Parks, Highways & Transport Services).

3.4 Capital schemes often span several years, they are reviewed regularly, and funding is re-phased to align with the anticipated timing of expenditure. During the Quarter 2+ reporting period, a net total of £0.749m has been re-phased to 2025/26 and later. The more significant schemes being re-phased include the following:

- £4.220m of directly funded borrowing (£0.647m from 2024/25 and £3.573m from 2025/26) has been rephased to 2026/27 for Cheadle Eco Business Park (Economy, Regeneration & Housing);
- £4.201m of grants and directly funded borrowing has been brought forward to 2024/25 for HRA New Build Schemes (Economy, Regeneration & Housing);
- £0.630m in loans to Stockport Home Ltd for Affordable Homes schemes has been re-phased to 2024/25 from 2025/26 (Economy, Regeneration & Housing);
- £3.042m of largely grant funding for School Estates schemes has been re-phased from 2024/25 to 2025/26 (Finance & Resources); and
- £2.004m of corporate unsupported borrowing for Asset Management Plan schemes has been re-phased from 2024/25 to 2025/26 (Finance & Resources).

3.5 The changes to the Capital Programme during Quarter 2+ are set out by Portfolio in the table below:

	Programme as at 30 Sept 2024 £000	Additional /Reduced Programme £000	Virement/ Re-phasing £000	Programme as at 30 Nov 2024 £000
<u>2024/25</u>				
Communities, Culture & Sport	7,098	750	9	7,857
Economy, Regeneration & Housing	63,579	1,476	4,484	69,539
Finance and Resources	29,930	1,049	(5,046)	25,933
Health and Adult Social Care	251		(18)	233
Parks, Highways & Transport Services	38,883	(1,545)	(178)	37,160
Total	139,741	1,730	(749)	140,722
<u>2025/26</u>				
Communities, Culture & Sport	13,678	750	60	14,488
Economy, Regeneration & Housing	89,714	1,967	(9,271)	82,410
Finance and Resources	26,926	502	5,347	32,775
Health and Adult Social Care	40		18	58
Parks, Highways & Transport Services	34,049	(658)	178	33,569
Total	164,407	2,561	(3,668)	163,300
<u>2026/27</u>				
Communities, Culture & Sport	375		(69)	306
Economy, Regeneration & Housing	54,705	(25,346)	4,787	34,146
Finance and Resources	3,136	503	20	3,659
Health and Adult Social Care	0			0
Parks, Highways & Transport Services	18,745	(688)		18,057
Total	76,961	(25,531)	4,738	56,168

- 3.6 The following table sets out the resources available to fund the 2024/25 Capital Programme:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 onwards £000
Capital Grants	71,195	79,949	19,491	2,151
Directly Funded Borrowing	40,995	59,054	17,292	
Unsupported Borrowing	5,299	4,668	3,076	5,864
Capital Receipts	3,174	3,704	306	
External Contributions	528	783		
Commuted Sums	1,620			
Revenue Contributions (RCCO)	4,013	793	1,290	
HRA funding from MRR	13,898	14,349	14,713	
TOTAL	140,722	163,300	56,168	8,015

Capital Prudential Indicators 2024/25

- 3.7 The prudential indicators for the council's 2024/25 Capital Programme are set out below. These are split into General Fund (non-HRA) and HRA and compare the budgeted 2024/25 Capital Programme to the updated 2024/25 Capital Programme per this report.

Capital Expenditure	2024/25 Budget £000	2024/25 Forecast £000
General Fund (non HRA)	115,147	114,847
HRA	40,108	25,875
Total	155,255	140,722

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

Capital Financing Requirement	2024/25 Budget £000	2024/25 Forecast £000
General Fund (non HRA)	765,135	763,818
HRA	178,627	161,938
Total	943,762	925,756

- 3.9 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.

General Fund	2024/25 Budget £000	2024/25 Forecast £000
Total Financing Costs	35,028	33,809
Ratio to Net Revenue Stream	10.71%	10.34%

HRA	2024/25 Budget £000	2024/25 Forecast £000
Total Financing Costs	6,485	6,251
Ratio to Net Revenue Stream	9.91%	9.58%

4. RECOMMENDATIONS

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

4.2 Cabinet is asked to:

- a) Approve the virements to the Revenue Budget;
- b) Note the Cash Limit and Non-Cash Limit forecast outturn positions for 2024/25 as at Quarter 2+;
- c) Note the DSG, HRA and Collection Fund forecast outturn positions for 2024/25 as at Quarter 2+;
- d) Note the update on Reserves;
- e) Note the forecast position for the 2024/25 Capital Programme;
- f) Note the changes to the Capital Programme and re-phasing of schemes during Quarter 2+; and
- g) Note the 2024/25 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