

2025/26 CABINET REVENUE BUDGET

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

1 INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The purpose of the report is to present our proposed 2025/26 Revenue Budget. The report highlights our strategic approach to responding to the significant medium-term financial pressures whilst ensuring a sustainable and stable financial position to deliver our overarching priorities and desired outcomes.
- 1.2 Insufficient funding makes managing the council's financial position in the months and years ahead extremely challenging. There is a significant need for government to review and increase the funding for local government to cover the rising costs and growing need for essential local services supporting Stockport residents and businesses. Recognising the unprecedented uncertainty and financial pressures facing local government, we continue to commit to developing opportunities that enhance the lives of our residents and support Stockport businesses. While the council waits for the government's Spending Review and detail of the planned funding reforms, our approach to setting a balanced 2025/26 Budget and MTFP continues to be shaped in an uncertain and unstable environment. For this reason, continuing to have a robust and resilient financial position over the medium-term is increasingly important.
- 1.3 This report needs to be considered in conjunction with the Director of Finance - Section 151 Officer's Medium-Term Financial Plan (MTFP) Financial Landscape and Forecasts 2025/26 to 2028/29 report (MTFP Update) presented elsewhere on this agenda. The MTFP Update sets out the forecasts and assumptions underpinning the council's MTFP and the budget challenges facing the council over the medium-term period.
- 1.4 This report also takes account of other reports that have been presented to previous cabinet and scrutiny committee meetings and those presented elsewhere on this agenda including:
 - **MTFP Update:** retesting of the underpinning MTFP assumptions and forecasts to ensure they are robust and based on the latest available information to inform decision making (presented to the cabinet meeting in September and Corporate, Resource Management & Governance Scrutiny Committee meeting in October);
 - **MTFP Cabinet Response: Responding to our Medium-Term Financial Plan** – setting out the cabinet's response to the MTFP and the change proposals being considered to support the balancing of the council's 2025/26 Budget (presented to the cabinet meeting in September and February and Scrutiny Committee meetings in November and January);
 - **Stockport Billing Area:** 2025/26 Council Tax Taxbase and Non-Domestic Rates Forecast (presented to the cabinet meeting in December);
 - **The 2024/25 Quarter 2+ Budget Monitoring:** (presented to cabinet meeting in February);

- **The council's 2025/26 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy:** presented elsewhere on this agenda; and
- **The council's 2025/26 Capital Strategy and Capital Programme:** presented elsewhere on this agenda.

1.5 Our proposed 2025/26 Budget and updated MTFP forecasts take account of several factors including:

- The 2024/25 Quarter 2+ revenue budget and Capital Programme monitoring position;
- The issues, challenges and financial prospects facing the council over the medium-term period;
- The proposed change proposals for 2025/26 to support the balancing of the council's budget;
- The Provisional Local Government Finance Settlement announced by government in December and the Final Local Government Finance Settlement announced by government in early February;
- The council tax base approved at the council meeting on 16 January; and
- Our proposed Council Tax increase in 2025/26 ensuring the council has a robust and sustainable budget to support the council's financial position, delivery of essential services to Stockport residents and businesses and enabling our transformation priorities whilst understanding the impact an increase has.

2 COUNCIL PLAN

2.1 The Council Plan, presented elsewhere on this agenda, accompanies our proposed 2025/26 Revenue Budget, setting out our priorities and how we will deliver these. The Council Plan is a public-facing summary document that sits above annual (detailed) portfolio performance and resource agreements that provide key performance measures for each portfolio area of the council. It provides a high-level framework for decision making throughout the financial year.

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

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

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

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

3 CONTEXT

- 3.1 Across the country councils are increasingly seeking exceptional financial support from government and warning of bankruptcy. Worryingly an increasing number of these councils are facing budget pressures due to funding not keeping pace with the increasing costs of providing essential local services supporting residents and businesses.
- 3.2 The council provides over 800 services to support and improve the lives of residents, businesses, and visitors in Stockport. These services provide safety and support for over 450 vulnerable children, provide care and support to over 6,000 vulnerable adults, provide transport to school to children who need it. Our annual budget in 2024/25 is £336 million with about 75% of all service spend supporting the most vulnerable residents through the provision of social care and public health services. Every year, we must balance our spend with the income we receive. This however is challenging in the current financial landscape. We have seen during this financial year that the cost of delivering services is increasing, evidenced by the £10.4 million more spend on services than planned. Our service costs continue to grow due to demographics and inflation, including changes to National Insurance and increases to the National/Real Living Wage.
- 3.3 At the same time we are aware that there is increasing need from residents and businesses to access essential services for support and this demand is also increasing costs, such as;
- Children's social care with a significant increase in the need for support linked to looked after children, placements, rising cost of external placements linked to the complexity of children's needs and resilience of our families;
 - Children's education, health and care Plan (EHCP) assessments increasing special educational needs (SEN) transport costs with associated costs impacting other areas of the council;
 - Adults social care increased need for support, complexity, demographics and costs associated with commissioned packages of care in younger adults, mental health and learning disabilities services;
 - Homelessness increasing with an acute shortage of affordable housing and more people needing support along with an increase in the use of temporary accommodation; and;
 - Increased need for support emerging from the cost of living crisis - including increased costs of service provision across social care and preventative services
- 3.4 Managing the council's budget in the months and years ahead will be extremely challenging. We know from our experience that the overall amount of funding for local government remains insufficient to fund essential local services. There is a significant need to review and increase the funding for local government to cover the rising costs and growing need for essential local services. We recognise that an upcoming Spending Review will have a bearing on government's future spending plans. However, reviewing the government's departmental medium-term spending forecasts presents a concerning outlook for local government funding. Local government is an unprotected sector in terms of future government Spending Reviews which carries the risk of funding cuts in the future. Caution from commentators about the government's future fiscal forecasts and departmental funding commitments reflect this and suggest an adverse funding position in future years presents significant financial risk to councils. While we wait for the

government's spending review and planned funding reforms, we continue to shape our budget in an uncertain and unstable environment.

- 3.5 As we focus on the immediate and medium-term pressures, we remain committed to delivering efficient and effective services to our residents and communities. This commitment is outlined in the Borough Plan, the One Stockport, One Future Plan and the Council Plan. These plans shape our strategic, including budget, decisions over the medium-term period. We know we need to keep a continued focus on the future financial robustness and resilience of the council whilst delivering our ambitions and priorities for the borough. We continue to be committed to delivering efficient and effective local services focussing on the ambitions and priorities to do this. Our transformation priorities are underpinned by a focus on invest to save to deliver longer term financial sustainability and reduce the need for support which increases demand on our services.
- 3.6 We continue to carefully balance our longer term ambitions and priorities for the borough, with the challenging financial landscape ahead. We recognise that the increasing need for support, and the resulting cost, is due to the rising need in our local communities. We recognise that balancing the need to support residents whilst delivering longer term change is acutely challenging. Robust and resilient financial management enables us to achieve this challenging balance and recommend a budget that transforms and protects service provision, supporting residents and businesses, delivers on our ambitions and priorities and meets the challenges over the medium-term period. However, delivering a robust and resilient financial position can only be achieved through difficult decisions. We know we need to be radical and ambitious, transforming what we do, how we do it and being clear on why we are doing it, putting local people and businesses at the heart of our new ways of working at all times.
- 3.7 We welcome greater certainty of the council's funding allocations over the medium-term through the government's commitment to multi-year settlements and simplification of local government funding. It is, however, disappointing that we continue with a single year settlement for a seventh consecutive year whilst we wait. We remain cautious about the impact government's future spending plans post Spending Review will have on the council's future funding and medium-term financial planning. We note the planned local government reforms for 2026/27 announced alongside the provisional settlement. The focus of these reforms is welcomed particularly in those areas where existing policy gaps and budget pressures exist such as children's social care services, special educational need services and homelessness services. We welcome further detail, engagement and consultation on the planned funding reforms as work develops ahead of implementation.
- 3.8 We are proud of the council's robust and resilient financial position which continues to help us address the financial challenges. We thank officers and members alike who have helped to build this strong position across the council. It is this position that allows us to continue to be able to provide and demonstrate that the council has a stable, robust, and resilient budget despite the many financial challenges faced. The strength of this position enables our continuing work on the council's Neighbourhood and Prevention programme to support our residents and communities whilst managing service demand. Resilient local public services are critical in providing much needed local leadership as well as support and local services. We recognise we need to continue to have a robust and resilient budget over the medium-term to continue this and feel that our proposed 2025/26 Budget achieves this.

4 MTFP UPDATES, 2024 AUTUMN STATEMENT AND LOCAL GOVERNMENT FINANCE SETTLEMENT

- 4.1 Throughout the year the Director of Finance has kept us up to date with the council's financial position over the medium-term period. These updates have taken account of the information available including government's 2024 Autumn Statement and the Local Government Finance Settlement announcements, to inform the underpinning MTFP assumptions and forecasts. The continual retesting of the assumptions and forecasts during the 2025/26 budget setting process has helped to address the uncertainty and volatility of the financial landscape to better inform decision making and ensure the council's MTFP remains robust and resilient.
- 4.2 We welcome the government's commitment to providing a multi-year settlement as a part of its Spending Review completing in spring. Whilst we wait for this, we continue with the seventh single year settlement which gives no certainty of council funding beyond 2025/26. The cost of providing services to residents and businesses is growing as we deal with the impact of inflation and increasing need for support. The additional £1.320bn of national funding for local government confirmed in the settlement goes part way to addressing councils budget pressures. However, it is disappointing that the settlement continues to not fully recognise the budget pressures faced by councils to provide essential local services. It is essential that this is addressed before any funding distribution reforms.
- 4.3 We are disappointed that our core spending power increase of 6.5% in 2025/26 is one of the lowest of all the Metropolitan Borough Councils across the country and significantly less than the average increase of 9.19%. We know the costs of meeting the growing needs of our residents, especially for social care, are increasing faster than funding. The government's announced changes to Employers National Insurance Contributions (NICs) and National Minimum Wage will only add further costs to this challenging position in future years. While welcomed the compensation funding for the direct employer NICs costs falls short of the full compensation expected by £0.233m and adds further pressure to an already challenging budget. We also know there will be significant indirect costs, especially for those of our strategic partners, which the council will not be compensated for. We note from the MTFP Update the estimate of the indirect costs to be around £3.7m in 2025/26. This will impact our strategic partners who support the council to provide essential services across the borough. Taking account of the cost results in a net core spending power increase (net of these additional costs) of only 4.54% in 2025/26. Compared to our service spend in this financial year, this means our funding increase in 2025/26 only just covers the council's current service spending levels before additional cost pressure from inflation and increasing need for support from residents and businesses are considered. In other word our government assessed funding for 2025/26 only just allows the council to standstill.
- 4.4 The impact of the indicated change in funding distribution in the final settlement is stark. The settlement confirms the council will receive a smaller funding distribution than it would normally expect, £5.093m (0.39%) of the additional £1.320bn national funding, most of which, £4.210m, is for social care. We are concerned about the change to funding distribution indicated by government in the settlement and what this indicates for planned funding reforms in 2026/27. Of particular concern is the fact that the council is one of only three Metropolitan Borough Councils across the country to get no money from the £600m national funding of the Recovery Grant. This is based on government's assessment of Stockport's need based on average deprivation score compared to the council's ability to raise income through Council Tax. We feel it is unfair that those councils only just below an arbitrary funding

threshold, such as Stockport, we are 0.01% below the funding threshold, receive no funding. We absolutely recognise it is right to include deprivation in funding distribution, but other factors such as population, demographics – ageing population, child deprivation and polarisation are also drivers of costs and must be considered. We know that Stockport is the eighth most polarised borough in the country in terms of areas of deprivation which can mean up to 11 years difference in life expectancy for some of our residents. Using a narrow assessment of need does not reflect this polarisation and inequality and in our opinion penalises deprived areas of the borough. We hope the government will acknowledge the problems with this methodology and, at the very least, consider moving away from this ‘cliff-edge’ funding distribution towards a fairer, tapering model.

- 4.5 We recognise the council’s strong council tax base helps financial stability, but increasing reliance on it puts burden on taxpayers to fund local services. Our position remains that significant increases in cost and demand for essential local services cannot continue to be funded by Council Tax, a regressive form of taxation. However, this continues to present a challenge as we note government’s heavy reliance on local taxation in its calculation of the council’s Core Spending Power, with about 64% of this coming from council tax income collection. Government’s continuing assumption is councils will increase Council Tax by the maximum increase allowable and that council tax base will continue to grow. In addition, the council’s ability to raise income through an Adult Social Care Precept to support adult social care services is embedded in the government’s methodology for adult social care funding allocations. Not increasing Council Tax means forgoing income government expect the council to collect to fund local services and adjusts funding distribution on this basis. For this reason, we must consider council tax increases as part of the council’s budget setting process and continuing delivery of essential local services.
- 4.6 The final settlement confirms that the 2025/26 Council Tax increase referendum limits (increases allowed before triggering a local referendum) will be set as follows:
- 3% increase on the general element of Council Tax; and
 - 2% increase on the Adult Social Care Precept element of Council Tax.
- 4.7 We note and support the council’s provisional settlement consultation response included in the MTFP Update report. We have made clear our disappointment that government have failed to recognise the significant costs of increasing need for our statutory services in the settlement. Whilst we welcome the additional funding confirmed in the settlement this is not keeping up with the increasing need for and cost of the essential local services the council provides. We continue to ask that government do more to address the budget pressures and find a sustainable multi-year funding model which doesn’t add further burden to Stockport taxpayers. We have raised our concern about the indicated change in government’s funding distribution with the narrow focus on deprivation and unfairness of the arbitrary funding threshold applied. We hope that government consider this as part of the planned local government funding reforms to come in 2026/27, and welcome further consultation and engagement as this work develops. Alongside officers, we will continue to work with government to ensure the financial challenges faced by the council are considered as part of any changes.

5 DELIVERING A STABLE AND RESILIENT BUDGET

Cabinet Change Proposals

- 5.1 As part of our response to the MTFP and ensuring the council's 2025/26 budget is robust and resilient, we have developed a series of change proposals.

Propositions – maximising adult social care prevention and independence of clients via the embedding of technology, development of One Stockport Local appointments, delivery of the Learning Disability strategy and delivering Care Act reviews. Managing the external care market to ensure optimum levels of commissioning are achieved and support is appropriate to meet the needs of the individuals. Fairer charging to ensure that the adult social care charging policy is fair and equitable. In addition, there are two proposals around waste collection. The first being a change to the frequency of blue bin collections from fortnightly to four-weekly. The second being a proposal to charge for the collection of garden waste. There is also a proposal to work more effectively with our partners, making the best use of skills and talent across our organisations, helping recruitment and retention and sharing the strengths within our organisations

Efficient and Effective Service Delivery – Productivity – 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.

Sales, Fees and Charges – maximising income from services provided and ensuring costs of those services is fully recovered.

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

Change Proposals	£000's
Adult Social Care	2,600
Place Management - Waste	2,250
Corporate Core	250
Productivity and Efficiency	3,330
Sales, Fees and Charges	507
Total	8,937

- 5.3 We recognise that introducing new fees and charges can generate opposition in consultations. However, the council is faced with having to introduce these fees and charges to support the budget and protect essential frontline services that support Stockport residents and businesses. To ensure the robustness of the budgeted income forecasts, prudent assumptions about uptake of services have been modelled. Any income achieved beyond the budgeted forecasts will be considered as part of the council's budget monitoring process and overall financial position in 2025/26.

5.4 We have taken a collaborative approach to developing our change proposals and committed to working together openly and honestly. We have engaged and consulted with partners, elected members, our workforce, trade unions and local people to understand the potential impact of our proposals and inform our decision-making process. We carried out specific public consultation and engagement on two of our saving proposals:

- The waste consultation took place between 21 November and 20 December with feedback via an online questionnaire or a paper version.
- The adult social care charging consultation took place between 21 November and 8 January via an online questionnaire, paper version (sent to all service users) as well as in person forums.

5.5 Our change proposals were presented to scrutiny committees in November and January for consideration, comment, and oversight.

Consideration of Council Tax

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

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

5.8 Our discussions on council tax increases in 2025/26 have included careful consideration of:

- The financial impact on residents and the financial hardship experienced;
- The strength of the council's Local Council Tax Support (LCTS) scheme, Resident Advice Service and other relevant support services supporting residents who face financial difficulties. Our LCTS scheme ensures the highest level of support providing up to 100% discount (subject to income means test) capped at Council Band B to eligible residents. About 13,000 working age residents are in receipt of Local Council Tax Support with 7,820 working age residents receiving 100% reduction in their Council Tax liability. In monetary terms the scheme provides about £23m of support direct to eligible residents via reductions to their Council Tax liability;
- Discretionary support provided to residents not eligible to receive council tax Support from LCTS scheme who can demonstrate financial hardship impacting on their ability to pay;
- The significance of Council Tax and assumed increases as part of the Government's Local Authority funding assessment and other grant funding allocations;
- The importance and need for a robust and resilient budget and MTFP as we face the challenges ahead whilst delivering our ambitions and priorities for Stockport;

- The impact of not increasing Council Tax and instead further cutting service budgets (particularly non-statutory services) and/or rationalising service provision to manage demand and increasing costs to balance the council's budget over the medium-term period; and
- The need to find a sustainable funding solution for the provision of health and social care services that support our most vulnerable residents.

5.9 We find ourselves having to balance the need to minimise the impact of council tax increases on residents whilst ensuring the council's financial sustainability over the medium-term period. In doing this, we must recognise that a council tax increase below the 4.99% maximum allowable increase, results in forgone income. This is income that government expects the council to collect to fund local services. Furthermore, grant funding we receive from government to fund Adult Social Care services has already been reduced to reflect Adult Social Care Precept being increased.

5.10 Following careful consideration of the above cabinet is recommending to the Budget Council for approval as part of its proposed 2025/26 Revenue Budget:

- A 2.99% General Council Tax increase in 2025/26; and
- A 2% Adult Social Care Precept Council Tax increase in 2025/26.

5.11 As a result of the increase in the council tax base approved by the council meeting on 16 January, reflecting the proposed total Council Tax increase of 4.99% will generate £11.667m (£1.865m additional income from the council tax base growth and £9.802m additional income from our proposed increase) of additional council tax income when compared to the 2024/25 Budget. The annual and monthly increase on a Band D equivalent dwelling (band equivalent used for budget setting) is shown below:

	Annual £	Per Month Over 12 Months £
Council Tax - General Increase (2.99%)	59.12	4.93
Council Tax - Adult Social Care Increase (2%)	39.55	3.30
Mayoral Police and Crime Commissioner Precept	14.00	1.17
Mayoral General (including Fire Services) Precept	16.00	1.33
Council Tax - Total Increase including Precepts	128.67	10.73

MTFP Financial Landscape and Forecasts 2025/26 to 2028/29

5.12 We note the MTFP update report and the recommended adjustments to the council's MTFP forecasts and assumptions to ensure the council's MTFP is set on a robust and resilient basis. Given the continuing uncertainty, complexity, and risk inherent in the financial landscape, cabinet asks that the Director of Finance continues to provide regular MTFP Updates. This will ensure the MTFP forecasts and assumptions continue to be based on the latest information and provide an up to date outlook on the council's medium-term financial position to inform the council's decision making. Continuous updates of the MTFP will be important to address the continuing uncertainty within the financial landscape.

Allocation of Corporate Contingency Budgets

5.13 Cabinet supports the recommendation to provide additional support to service budgets through the allocation of corporate contingency budgets of £7.779m as part of the 2025/26 budget setting process. We note that this includes:

- £5.596m allocated to Adult Social Care to fund inflationary cost increase, demographics and demand increase costs due to growing service need in 2025/26;
- £2.050m allocated to Children, Families and Education to fund inflationary cost increase and demand increase costs due to growing service need in 2025/26.

5.14 Alongside the funding of recurrent budget pressures identified during this financial year, the contingency allocation resolves structural budget problems on a permanent basis and supports our commitment to ensuring the council's 2025/26 Budget and MTFP are robust and resilient. Significant investment in the council's social care services recognises the growing need for support for Stockport's most vulnerable children and adults. This investment supports the continuation of important preventative services which by supporting residents early, help reduce demand, increased need and costs.

Use of One-Off Resources to Support the MTFP

5.15 The importance of the council's 2025/26 Budget and MTFP being robust and resilient on a recurrent basis is demonstrated by financial challenges faced by other councils. We are acutely aware, learning from other councils who have faced financial difficulties of the precarious position that an overreliance on one-off resources held in reserves to fund recurrent budget pressures places on the ability to smooth and mitigate unexpected financial pressures and risks should they crystallise. We note that a key part of the assurance of the council's medium-term financial planning is based on the robustness of the Reserves Policy and the certainty it provides about the level of resources it has available to mitigate the impact of unplanned and unexpected events.

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

5.17 It is important that the council has the flexibility to appropriately and prudently use the resources held in reserves. Aligned to the above and the council's 2024/25 Reserves Policy, we are supportive of the recommendation to use reserves of a reasonable and prudent amount to support the balancing of the council's 2025/26 Budget. On this basis £0.408m of resources held in reserves will be used to support the balancing of the budget. The required use of reserves will be subject to the announcement of the final settlement.

6 SALES, FEES AND CHARGES

- 6.1 The proposed 2025/26 Cash Limit service budgets are supported by income generation through sales, fees, and charges. A list of charging areas and an estimate of the income expected to be generated from each group of charges is set out in the Fees and Charges Schedule shown in Appendix 4. The estimates have been reviewed by services and where possible fees increased to reflect inflationary costs and demand forecasts, including the impact of our change proposals that result in additional income, that are specific to each charging area and have been developed in consultation with the appropriate council officers and cabinet member. The setting of specific fees and charges is a matter for the cabinet and cabinet members. Any decision to change the fees and charges levied by the council will be made in accordance with the council's Fairer Charging Policy.

7 RISK ASSESSMENT

- 7.1 Whilst there is significant uncertainty, volatility and risk in the financial forecasts and assumptions underpinning the MTFP, we are confident that our proposed 2025/26 Budget can be delivered albeit not without some risks and challenges.
- 7.2 Under Section 25 of the Local Government Act 2003, the Director of Finance – Section 151 Officer is required to prepare a statement on the adequacy of proposed financial reserves and the robustness of the budget estimates. Members are reminded that any budget proposals which are to be tabled at the Budget Council Meeting must first be subject to such a risk assessment.
- 7.3 The Director of Finance in his role as Section 151 Officer for the council has undertaken a detailed risk assessment of the cabinet's change proposals, and a summary is attached at Appendix 5. Also included in Appendix 5 is the required statement on the adequacy of the reserves and the robustness of the estimates. The minimum recommended level of general balances required to support the budget is £15.183m. This is the current balance and will be carried forward into 2025/26.

8 FUTURE YEARS

- 8.1 The updated MTFP forecasts for 2025/26 to 2028/29 are shown in Appendix 6. This illustrates the revised MTFP position and reflects cabinet's recommendations relating to council tax increases and use of available one-off resources to set a balanced 2025/26 Budget.
- 8.2 The council's financial position over the medium-term is increasingly challenging. Local government funding is not keeping pace with increasing service costs due to the increasing need for support from residents and businesses. This is particularly acute in relation to services supporting our most vulnerable residents where we have faced increased costs during this financial year. Whilst we are confident about the robustness of our proposed balanced budget in 2025/26, the saving requirement in 2026/27 and future years is significant.
- 8.3 The underpinning MTFP forecasts and assumptions are cautious about the impact of the government's Spending Review and the planned local government funding reforms. Caution from commentators about the government's future fiscal forecasts and departmental funding commitments which suggest an adverse funding position in future years presents significant financial risk. The overall amount of funding for local government remains insufficient to fund essential local

services. Whilst we wait for greater certainty, the council's financial position must continue to be robust and resilient on a recurrent basis.

- 8.4 The insufficiency of council funding comes at a time when there is an increasing need for support from Stockport residents and businesses. The increased cost of living continues to create challenging circumstances for our local communities. We will have to support our local communities alongside our partners in 2025/26. We welcome government's extension of the Household Support Fund for a further 12 months in 2025/26 noting it has provided over £4m of direct support to residents in 2024/25. We continue to lobby government for the continuation of this funding in 2026/27.
- 8.5 We will continue to shape our work around the Borough Plan and Council Plan framed by four unifying themes, designing new ways of working for the modern, person centred and ambitious organisation we strive to be:
- We are a council that has One Vision for an ambitious Stockport, a place everyone is proud to call home;
 - We are a council that has One Mission to create opportunities for Stockport residents and businesses and values partnerships and collaboration;
 - We are a council that has One Team Values caring about our colleagues and engaging them in the future; and
 - Above everything we are One Stockport.
- 8.6 The MTFP Update and our cabinet response framed by our Council Plan highlights the careful choices and decisions that we must make together over the coming months. We firmly believe that investing in longer term transformation is vitally important for the council and our communities but to ensure we remain financially resilient we will need to make thoughtful, careful, and robust decisions over the coming months. We recognise that we will have to make challenging decision together to achieve this. We will work closely with our partners and other stakeholders including our communities to understand the impact of our change proposals and how best our council can support all our residents, businesses, and voluntary sector organisations as we face the financial challenges ahead.
- 8.7 We recognise that the council needs a robust and resilient budget and MTFP that provides a stable financial platform. We feel we have achieved this with our proposed 2025/26 Revenue Budget and updated MTFP. Members are asked to note that the Council is legally required to set a balanced budget at the Budget Council meeting.

9 CAPITAL STRATEGY AND CAPITAL PROGRAMME

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

10 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

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

11 LEGAL CONSIDERATIONS

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

12 HUMAN RESOURCES IMPACT

12.1 The workforce's dedication, resilience, and commitment to local communities are essential in providing outstanding services, delivering high-quality support, and leading innovative, future-focused change and improvement. Our One Team People Plan is our workforce strategy underpinning the Council Plan which sets out how we will continue to build a place where staff can grow and thrive in a positive workplace environment that remains responsive and dynamic, firmly focussed on employee wellbeing and being an inclusive employer that lives our values.

12.2 The Join Us pillar of our People Plan outlines our approach to recruitment and retention. The current employment market remains challenging, particularly in social care in both adults and children's services (which includes occupational therapists in adult's), with staff shortages in key areas and higher rates of pay in the agency market. In local government, 94% of local authorities continue to experience recruitment and retention difficulties and 89% are concerned about the pipeline of staff for senior roles.

12.3 In this context we have been moving to a more proactive workforce plan around recruitment and retention and have prioritised social care in the first instance to create a more sustainable model and address current pressures impacting both performance and finances. We have been focussing on converting agency contracts into permanent to reduce agency costs and delivering recruitment events to attract talent. We have also reviewed pay in line with market data and other Greater Manchester authorities and applied market supplements where required to remain competitive to retain our most experienced and talented workforce.

12.4 As proposals continue to develop, we will work to understand both the impact on our workforce as well as how this may affect our partners or suppliers as we review contracts and how we approach the delivery of services. We remain committed to the shared priorities and values outlined within our One Stockport Partnership Borough Plan and will be working closely with partners during this period of change.

12.5 We will work closely with our partners, colleagues, and trade unions as we continue to shape our plans and will ensure that the right support mechanisms are in place to support colleagues going through change.

13 EQUALITIES IMPACT

13.1 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.

- 13.2 To understand the impact of proposals on people who are socially and economically disadvantaged, Equality Impact Assessments (EqIAs) have been undertaken for the Adult social care charging changes and the waste changes. They will continue to be developed for the corporate core changes. Wherever possible, we have proposed measures to mitigate against any negative impacts of proposals. EqIAs accompanied the final change proposals.

14 ENVIRONMENTAL IMPACT

- 14.1 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.

15 CONCLUSIONS

- 15.1 Within this report we have set out our response to the MTFP forecasts for 2025/26 to 2028/29 set out in the MTFP Update report. It proposes a 2025/26 balanced net revenue budget of £355.978m. Through delivering a balanced budget we have bridged the funding gap of £26.438m at the start of the year and presented a robust and resilient budget, that supports the delivery of our ambitions whilst focusing on supporting our residents and businesses in what continues to be a challenging time.
- 15.2 Proposing a council tax increase of 4.99% (2.99% General and 2% Adult Social Care Precept) in 2025/26 has been given careful consideration. We recognise the impact an increase will have on residents but feel the strength of the safety net provided by our Local Council Tax Support scheme, hardship discretionary support and the Resident Advice Service will provide support to those who need it. We therefore feel this increase achieves the right balance between the impact on Stockport residents and the need to ensure the council's budget and MTFP is set on a robust and resilient basis.
- 15.3 Our aim in proposing our budget is to ensure the council can meet the financial challenges ahead whilst delivering on our ambitions and priorities that will deliver the desired outcomes for the borough. We recognise continuing uncertainty, volatility and risk in the financial landscape presents significant financial challenge ahead. Financial planning and decisions will continue to pose challenges about the services the council delivers and how it delivers them. The skills and commitments of members and officers alike will help the council meet these challenges. Members are asked to note that the Council is legally required to set a balanced budget at the Budget Council meeting.

16 RECOMMENDATIONS

16.1 The Council Meeting is recommended to:

- Approve the Budget for 2025/26 described in the report and set out in Appendix 2 and 3;
- Note the risk assessment of the 2025/26 Budget at Appendix 5 and the report of the Director of Finance - Section 151 Officer on the adequacy of proposed financial reserves and robustness of the estimates also included at Appendix 5;
- Approve the required Council General Fund Balance to reflect the Director of Finance - Section 151 Officer's assessment of risks;
- Note, comment upon, and approve the financial forecasts and assumptions for 2025/26 to 2028/29 at Appendix 6, and the key issues to be addressed in formulating a response to the future financial challenges facing the council; and
- Pass the appropriate Council Tax resolutions which produce a Council Tax increase of 4.99% in 2025/26 (2.99% General increase, 2% Adult Social Care Precept increase) as illustrated in Appendix 7.

BACKGROUND PAPERS

There are none.

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

Appendix 1 – 2025/26 to 2028/29 MTFP – Changes to Forecast Savings Requirement

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Savings Requirement Approved on 22 February 2024	26,438	36,656	48,895	62,128
MTFP Forecast and Assumption Changes Favourable				
Price Inflation – including Real Living Wage (RLW) & Energy	(3,970)	(3,993)	(3,987)	(4,000)
Pay Inflation Agreed 2024/25 & Post 2024/25 Pay Inflation Budget Base	(100)	147	402	664
MTFP Assumptions and Forecasts Update – GMCA Levy	(69)	(138)	(207)	(276)
Waste Levy (2.7% from 4.6%)	(412)	447	495	230
Transport Levy (2.54% from 3%)	(96)	(99)	(102)	(105)
Business Rates Forecast Update - including Public Health	(1,387)	(1,632)	(1,803)	(1,847)
Social Care Grant ringfenced for Children's - Recurrent	(2,673)	(2,673)	(2,673)	(2,673)
MTFP Forecast and Assumptions Changes Adverse				
Council Tax - New homes Growth	0	195	195	195
Assumptions and Forecasts Update – Capital Financing	200	450	455	455
Public Health Increase in Grant 2024/25 Uplift	289	289	289	289
Public Health Increase in Grant 2025/26 Uplift – Held in Contingency	980	980	980	980
Reversal Fortnightly 2024/25 Waste Collection Recovery Savings	400	400	400	400
Extended Rights for Home to School Transport Rolled into Revenue Support Grant	63	63	63	63
Covid-19 Financial Scarring Impacts				
Covid-19 Financial Scarring Forecast Adjustments	(790)	(712)	(868)	(875)
Core Budget Pressures				
Children's and Education - Recurrent Impact of In-Year Budget Pressures	7,630	9,040	8,238	7,073
Legal and Estates - Recurrent Impact of In-Year Budget Pressures	803	600	500	400
TLC Vehicle Replacement Depreciation, Highways Reactive and Street Lighting R&M	888	888	888	888
Employers National Insurance Contributions (NICs) Costs				
Employers NICs Direct Costs	2,382	2,382	2,382	2,382
Employers NICs Indirect Costs	3,675	3,675	3,675	3,675
2024 Autumn Statement and Final Settlement				
Social Care Funding	(4,210)	(4,210)	(4,210)	(4,210)
Employers NICs Compensatory Grant	(2,149)	(2,149)	(2,149)	(2,149)
Children's Social Care Prevention Grant	(883)	(883)	(883)	(883)
New Homes Bonus	(865)	0	0	0
Homelessness Prevention Grant Uplift	(524)	0	0	0
Cabinet Proposals – Council Tax & ASC Precept Increased Assumed				
Council Tax Increase – General 2.99%	(5,873)	(5,896)	(5,926)	(5,955)
Council Tax Increase – ASC Precept 2%	(3,929)	(3,945)	(3,964)	(3,984)
Cabinet Change Proposals				
Change Proposals 2025/26 (subject to approval)	(8,937)	(8,937)	(8,937)	(8,937)
One Off Resources				
Collection Fund 2023/24 Outturn above Declared	(1,392)	0	0	0
2024/25 Collection Fund Surplus	(412)	0	0	0
Extended Producer Responsibility (pEPR)	(2,501)	0	0	0
GMCA pEPR Funding Return (subject to GMCA Budget Setting)	(2,168)	0	0	0
Appropriation From Reserves – Balancing	(408)	0	0	0
Revised Savings Requirement	0	20,945	32,148	43,928

Appendix 2 – 2025/26 Proposed Revenue Budget

	2025/26 Proposed Revenue Budget £000
Children, Families & Education	74,006
Climate Change & Environment	8,994
Communities, Culture & Sport	7,941
Economy, Regeneration & Housing	1,542
Finance & Resources	38,972
Health & Adult Social Care	130,775
Parks, Highways & Transport Services	13,853
Cash Limit	276,083
Pay Inflation	4,239
Pensions - Superannuation and Auto Enrolment	50
Inflation - Price, Energy, Real Living Wage & Supplier Impact	8,926
Employers NICs Direct Costs	2,382
Public Health 2025/26 Uplift	980
Apprenticeship Levy	450
Leisure Management Fee Contingency	1,313
Non-Cash Limit	61,555
Total Net Expenditure	355,978
Less General Financing Resources:	
Business Rates Income	89,972
Business Rates - Tariff	(20,724)
Business Rates Section 31 Grants	28,692
Business Rates Green Plant and Machinery Compensation	124
New Homes Bonus Grant	865
Better Care Fund	6,619
Social Care Grant	28,668
Market Sustainability and Improvement Fund	5,614
Children's Services Preventative Grant	883
Employers NICs Compensatory Grant	2,149
Extended Producer Responsibility (pEPR)	2,501
GMCA Extended Producer Responsibility (pEPR) Return	2,168
Collection Fund 2024/25 Outturn Declared	412
Collection Fund 2023/24 Outturn above Declared	1,392
Appropriation From Reserves – Balancing	408
Proposed Council Tax Requirement	206,235
Council Tax Requirement - Memorandum:	
Adult Social Care Precept Element	33,102
Council Tax Requirement (Excluding Adult Social Care Precept)	173,133

Appendix 3 – 2025/26 Proposed Portfolio Cash Limit Budgets

Portfolio	2024/25 Q2+ Budget (2025/26 Starting Point) £000	2025/26 Indicative Adjustments* £000	2025/26 Proposed Savings** £000	2025/26 Contingency Allocations/ Adjustments £000	2025/26 Proposed Revenue Budget £000
Children, Families & Education	63,353	9,126	(523)	2,050	74,006
Climate Change & Environment	10,677	581	(2,264)	0	8,994
Communities, Culture & Sport	8,090	(50)	(99)	0	7,941
Economy, Regeneration & Housing	1,428	276	(162)	0	1,542
Finance & Resources	34,267	5,085	(310)	(70)	38,972
Health & Adult Social Care	129,629	327	(4,777)	5,596	130,775
Parks, Highways & Transport Services	13,640	412	(402)	203	13,853
Cash Limit	261,084	15,757	(8,537)	7,779	276,083
Non Cash Limit	74,977	5,218	(300)	0	79,895
Total	336,061	20,975	(8,837)	7,779	355,978

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

**The remaining £0.100m of the total proposed savings of £8.937m relates to increase in collection rate and is included in the Council Tax Requirement.

Appendix 3 (continued) – 2025/26 Proposed Directorate Cash Limit Budgets

Directorate	2024/25 Q2+ Budget (2025/26 Starting Point) £000	2025/26 Indicative Adjustments* £000	2025/26 Proposed Savings** £000	2025/26 Contingency Allocations/ Adjustments £000	2025/26 Proposed Revenue Budget £000
<u>Corporate and Support</u>					
Communities, Culture & Sport	989	0	(1)	0	988
Finance & Resources	28,726	633	(299)	105	29,165
	29,715	633	(300)	105	30,153
<u>Services to People</u>					
Children, Families & Education (Children's)	54,680	8,733	(482)	1,811	64,742
Children, Families & Education (Education)	8,673	393	(41)	239	9,264
Health & Adult Social Care (Adult's)	116,818	38	(4,579)	5,596	117,873
Health & Adult Social Care (Public Health)	12,811	289	(198)	0	12,902
	192,982	9,453	(5,300)	7,646	204,781
<u>Services to Place</u>					
Climate Change & Environment	10,677	581	(2,264)	0	8,994
Communities, Culture & Sport	7,101	(50)	(98)	0	6,953
Economy, Regeneration & Housing	1,428	276	(162)	0	1,542
Finance & Resources	5,541	4,452	(11)	(175)	9,807
Parks, Highways & Transport Services	13,640	412	(402)	203	13,853
	38,387	5,671	(2,937)	28	41,149
Cash Limit	261,084	15,757	(8,537)	7,779	276,083
Corporate and Support	2,860	(69)	(300)	0	2,491
Services to Place	45,168	1,115	0	0	46,283
Technical	26,949	4,172	0	0	31,121
Non Cash Limit	74,977	5,218	(300)	0	79,895
Total	336,061	20,975	(8,837)	7,779	355,978

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

**The remaining £0.100m of the total proposed savings of £8.937m relates to increase in collection rate and is included in the Council Tax Requirement.

Appendix 4 – Estimate of 2025/26 Income Generated Through Sales, Fees and Charges

Service Area	Budgets In Scope 2024/25 £000	Additional Yield Savings Programme £000	Additional Yield Adjustments £000	Forecast Yield 2025/26 £000
<u>Climate Change & Environment</u>				
* Wheelie Bins & Bulky Waste Collection	537	11	0	548
Services which generate income from Partners	163	3	0	166
	700	14	0	714
<u>Communities, Culture & Sport</u>				
* Art Gallery and Museums	383	7	0	390
* Events	673	14	0	687
* Libraries (including Leisure Key)	166	4	0	170
* Registrars	597	1	0	598
* Annual Subsistence Fee for Pollution	13	0	0	13
* Food & Safety	72	1	0	73
* Housing Standards (inc Land Searches)	19	0	0	19
* Licensing - Taxis	445	9	0	454
* Pest Control (inc Hygiene Action)	296	6	0	302
* Premises Licensing	315	6	47	368
Services which generate income from Partners	63	1	0	64
	3,042	49	47	3,138
<u>Economy, Regeneration & Housing</u>				
* Building Regulation	546	7	0	553
* Planning	1,547	0	0	1,547
* Town Centre Managed Sites	311	5	0	316
Services which generate income from Partners	20	0	0	20
	2,424	12	0	2,436
<u>Children, Families & Education</u>				
Services which generate income from Partners	1,949	41	0	1,990
	1,949	41	0	1,990
<u>Finance & Resources</u>				
* Conveyancing fees / Local Land Charges	240	0	0	240
* Digital Advertising	22	0	0	22
* Disabled Parking Blue Badges	60	0	0	60
* Garages Rentals	463	9	0	472
Legal Services (inc Conveyancing Fees)	593	0	0	593
Printing & Communications	25	0	0	25
* Venue Management	91	2	0	93
Services which generate income from Partners	3,103	49	0	3,152
	4,597	60	0	4,657
<u>Health & Adult Social Care</u>				
* Care Charges (Residential & Non-Residential)	26,994	179	***928	28,101
	26,994	179	928	28,101
<u>Parks, Highways & Transport Services</u>				
* Allotments & Pitch Hire	319	6	0	325
* Burial / Cemetery Fees	1,832	37	**1,493	3,362
* Car Parking	4,481	84	0	4,565
* Country Park Car Parks	136	3	0	139
* Highways Advertising	132	0	0	132
* Highways Inspection Fees	22	1	0	23
* Permits for Skips / Scaffolding / GMRAPS	861	17	0	878
* Vehicle & Footpath Crossings	188	4	0	192
	7,971	152	1,493	9,616
<u>Non-Cash</u>				
Income generation from Partners and further efficiencies	2,012	0	0	2,012
	2,012	0	0	2,012
Total Income Budget:	49,689	507	2,468	52,664

*Public and external business facing services

**Burial / Cemetery Fees £1.493m relates to the transfer of the service back to the council with offsetting expenditure

***Care Charges relates to the element which is already included in the MTFP.

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

	Budget Assumption	Possible Variance	Impact Cost/ (Benefit)
	£000/%	£000/%	£000
<u>Previous Financial Year</u>			
Variance between forecast & actual outturn	352,619	0.5%	1,763
<u>Corporate Contingency</u>			
Pay Inflation (3% assumption)- Impact of 1% above assumption	4,239	1.0%	1,413
<u>Savings</u>			
2025/26 Saving Proposals	(8,937)	-10.0%	894
<u>Fees and Charges</u>			
Income from Sales, Fees and Charges	(52,664)	-2.0%	1,053
<u>Demand/Demographics</u>			
Adult Social Care	109,747	1.5%	1,646
Children's Social Care	26,189	1.5%	393
Public Health	18,123	1.0%	181
SEN Transport	6,304	1.0%	63
Highway Maintenance	2,659	5.0%	133
Winter Maintenance - Severe Weather	557	5.0%	28
<u>Capital Financing Costs</u>			
Impact of increase in interest rates - 1% increase	0	1,331	1,331
10% reduction on income streams	0	1,244	1,244
25% reduction in funds supporting internal borrowing	0	2,541	2,541
Risk Assessment of Budget			12,683
Major Disaster/Emergency	7,500	33%	2,500
Minimum Level of General Fund Balances			15,183

Local Government Act 2003 – Section 25

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

Report of the Director of Finance - Section 151 Officer

1 GENERAL FUND REVENUE BALANCES

- 1.1 A risk assessment of the cabinet's budget proposals has concluded that the recommended minimum level of General Fund Balances for 2025/26 is £15.183m. The forecast outturn for 2024/25 anticipates general balances as at 31 March 2025 will be at this level prior to taking account of the forecast cash limit (service budgets) and non-cash limit (corporate core budgets) position.
- 1.2 The council's reserves and balances are reviewed annually in line with the Medium-Term Financial Plan, the Reserves Policy, best practice guidance on Local Authority Reserves and Balances, and as required by the Local Government Act 2003. Use of reserves and balances are monitored on a regular basis to identify and report any proposals which carry ongoing risks or financial implications.
- 1.3 The Director of Finance - Section 151 Officer must consider the resilience of the council and its ability to withstand and mitigate the impact of unknown costs because of local and national changes across the medium-term period. There is no doubt that the financial landscape is challenging due to the adverse national economic conditions which have increased costs and demand for local services. A robust and resilient financial position ensures the council can mitigate the financial impact in the short term whilst permanent funding options are identified and implemented. There are a number of ways the council demonstrates its financial robustness and resilience to Members and Stockport residents:
- **MTFP Summer Review and Updates** – regular reviews of the key assumptions and forecasts that underpin the council's MTFP to ensure they remain robust and based on the most up to date information throughout the year;
 - **Reserves Policy** – annual update of the council's Reserves Policy to ensure earmarked reserves are aligned to the council's corporate and strategic objectives over the medium-term period;
 - **Budget Risk Assessment** – annual assessment of the adequacy of the council's General Fund Balance to mitigate the impact of risks;
 - **Scrutiny Committee and Audit Committee** - regular Member scrutiny of the Council's Financial Management throughout the year; and
 - **Internal and External Audit** – independent audits of the council's financial management throughout the year. During 2024/25 an internal audit of the council's arrangements for securing Financial Resilience gave the council substantial assurance on the robust controls around managing the risks to the MTFP.
 - **Peer Review** – During November 2022 the council invited officer and political peers from the Local Government Association (LGA) and other councils to take part in a Corporate Peer Challenge. The aim of the Corporate Peer Challenge was for the council to showcase its successes, and also to allow the peers to respectfully challenge processes and offer suggested improvements. The Peer Review Team commented on the strength of the council's robust and resilient financial management which will support it to address the significant financial challenges ahead.
 - **CIPFA Financial Management Code** – a self-assessment has been completed against the requirements of the code which provides guidance for good and sustainable financial management in local authorities and provides assurance that authorities are managing resources and risk effectively.

2 PROCESSES AND MONITORING

- 2.1 For many years the council has operated within very tight financial constraints. Robust budget monitoring and a thorough budget process, in which all demand led and other pressures as well as realistic spending reductions are considered, allows the council to operate with a relatively low level of General Fund Balances. The recommended minimum level of General Fund Balances is only adequate for the forthcoming financial year and for the financial planning period through the commitment of corporate directors and cabinet members to control spending.
- 2.2 Known and forecast increases in spending have been recognised by uplifts in cash limits and/or variations to spending plans, including contingencies. Similarly, opportunities to make reductions in spending at current service levels have also been reflected in the Budget. The proposals put forward by the cabinet in response to identified budget pressures, and those relating to additional investment have been subject to detailed scrutiny and risk assessment.
- 2.3 As in previous years, it is imperative in 2025/26 that Portfolio Holders, the cabinet and scrutiny committees critically review the regular monitoring statements to ensure that the reasons for any projected surpluses or deficits are properly identified and that resulting actions are implemented in a timely manner.

3 RISK ASSESSMENT

- 3.1 The 2024/25 projected outturn, the 2025/26 indicative budget and the cabinet's proposed budget and MTFP have all been examined and challenged to ensure that strategic, operational, and financial risks have all been 'priced' into the estimates. The calculation of the recommended minimum level of General Fund Balances takes account of this as well as the key risks and uncertainties surrounding the budget estimates and proposals.
- 3.2 The recommended minimum level of General Fund Balances for 2025/26 is £15.183m. This reflects the risks relating to additional demand on council resources and the financial risks and uncertainty this brings when setting forecasts and estimates. The Director of Finance - Section 151 Officer's view is that the financial risks linked to the uncertainty, volatility, and complexity of the financial landscape, and the continued absence of a multi-year finance settlement could be significant. Thus, it is considered prudent to retain the Council's General Fund Balances at current levels to mitigate the potential impact of these risks.

4 CONCLUSIONS

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

Appendix 6 – 2025/26 to 2028/29 Medium-Term Financial Plan

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
<u>Resources</u>				
Council Tax Income	173,133	173,821	174,683	175,544
Adult Social Care Precept	33,102	33,234	33,398	33,563
Business Rates Income	89,972	95,464	98,059	99,333
Business Rates Tariff	(20,724)	(21,155)	(21,590)	(22,029)
Business Rates Section 31 Grants	28,692	25,465	25,032	25,927
Business Rates Green Plant and Machinery Compensation	124	0	0	0
New Homes Bonus Grant	865	0	0	0
Better Care Fund	6,619	6,619	6,619	6,619
Social Care Grant	28,668	28,668	28,668	28,668
Market Sustainability and Improvement Fund	5,614	5,614	5,614	5,614
Children's Services Preventative Grant	883	883	883	883
Employers NICs Compensatory Grant	2,149	2,149	2,149	2,149
Extended Producer Responsibility (pEPR)	2,501	0	0	0
GMCA Extended Producer Responsibility (pEPR) Return	2,168	0	0	0
One-Off Collection Fund 2024/25 Outturn Declared	412	0	0	0
One-Off Collection Fund 2023/24 Outturn above Declared	1,392	0	0	0
	355,570	350,762	353,515	356,271
<u>Expenditure</u>				
Cash Limits	276,083	276,414	276,073	274,974
Pay Inflation	4,239	7,013	9,841	12,727
Pensions - Superannuation and Auto Enrolment	50	(146)	44	234
Inflation - Price, Energy, Real Living Wage & Supplier Impact	8,926	17,425	26,545	35,706
Employers NICs Direct Costs	2,382	2,382	2,382	2,382
Public Health 2025/26 Uplift	980	980	980	980
Demand Pressures/Increased Need for Support*	0	2,000	4,000	6,000
Apprenticeship Levy	450	459	468	477
Leisure Management Fee Contingency	1,313	1,013	0	0
Non-Cash Limit - Corporate Core, Levies and Borrowing Costs	61,555	64,167	65,330	66,719
	355,978	371,707	385,663	400,199
Cumulative Savings Requirement	408	20,945	32,148	43,928
Appropriation from Reserves	(408)	0	0	0
Cumulative Savings Requirement as at 27 February 2025	0	20,945	32,148	43,928

Appendix 6 (continued) – 2025/26 to 2028/29 Medium-Term Financial Plan Underlying Assumptions

Assumptions	2025/26	2026/27	2027/28	2028/29
SMBC Council Tax General Increase	2.99%	0.00%	0.00%	0.00%
SMBC Council Tax Adult Social Care Precept Increase	2.00%	0.00%	0.00%	0.00%
Pay Award	3.00%	2.00%	2.00%	2.00%
Price Inflation (unless specific contract rate)	3.00%	2.00%	2.00%	2.00%
Real Living Wage	5.00%	6.35%	5.97%	5.63%
Business Rates Multiplier Increase Standard	1.67%	2.00%	2.00%	2.00%
Employer's Pension Contribution	18.70%	18.70%	18.70%	18.70%
GMCA Waste Disposal Levy	2.68%	7.58%	3.77%	2.50%
GMCA Transport Levy	2.54%	3.00%	3.00%	3.00%
GMCA Statutory Charge	2.54%	3.00%	3.00%	3.00%

MTFP Best & Worst-Case Scenarios Minus = Saving Plus = Cost		2025/26	2026/27	2027/28	2028/29
		£000	£000	£000	£000
Pay Awards	Base	4,239	2,774	2,828	2,886
	Best 0%pa	0	0	0	0
	<i>Impact on Illustrative Case</i>	<i>(4,239)</i>	<i>(2,774)</i>	<i>(2,828)</i>	<i>(2,886)</i>
	Worst 2%pa	7,065	2,774	2,828	2,886
	<i>Impact on Illustrative Case</i>	<i>2,826</i>	<i>2,774</i>	<i>2,828</i>	<i>2,886</i>
Price Inflation	Base	13,705	9,198	9,120	9,158
	Best 75%	10,279	6,899	6,840	6,868
	<i>Impact on Illustrative Case</i>	<i>(3,426)</i>	<i>(2,299)</i>	<i>(2,880)</i>	<i>(2,290)</i>
	Worst 125%	17,131	11,497	11,400	11,448
	<i>Impact on Illustrative Case</i>	<i>(3,426)</i>	<i>2,299</i>	<i>2,280</i>	<i>2,990</i>
Demand Pressures	Base	2,000	4,000	6,000	8,000
	Best	1,500	3,500	5,500	7,500
	<i>Cum. Impact on Illustrative Case</i>	<i>(500)</i>	<i>(1,000)</i>	<i>(1,500)</i>	<i>(2,000)</i>
	Worst	2,500	4,500	6,500	8,500
	<i>Cum. Impact on Illustrative Case</i>	<i>500</i>	<i>1,000</i>	<i>1,500</i>	<i>2,000</i>

Appendix 7 – 2025/26 Proposed Council Tax Including Mayoral Precepts

	2025/26 Proposed
<u>Council Tax Requirement and Precepts</u>	£000
Stockport Council Tax Requirement	206,235
Mayoral Police and Crime Commissioner Precept	26,851
Mayoral General Precept (including Fire Services)	12,810
	245,896
<u>Council Tax (Band D equivalent)</u>	£
Stockport Services (4.99% Increase)	2,076.06
Mayoral Police and Crime Commissioner Precept	270.30
Mayoral General Precept (including Fire Services)	128.95
	2475.31