

**Manchester City Council
Report for Resolution**

Report to: Executive – 25 July 2018
Subject: Global Revenue Budget Monitoring Report to end of May 2018
Report of: City Treasurer

Summary

This report contains a summary of the Council's revenue budget and forecast outturn position for 2018/19, based on an assessment of income and expenditure to the end of May 2018 and financial profiling to 31 March 2019.

Recommendations

The Executive is requested:

1. To note the report.
 2. To approve the proposed virements in paragraph 12.
 3. To approve the use of budgets to be allocated and contingency in paragraph 13.
 4. To approve the use of reserves in addition to that already planned of £1.995m, which includes the Town Hall Reserve as set out in paragraph 14.
 5. To approve the use of grants in addition to that already planned, as detailed in paragraph 15.
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Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	

Manchester Strategy outcomes	Summary of the contribution to the strategy
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The report identifies a projected net revenue overspend of £13.749m for 2018/19, based on income and expenditure up to the end of May 2018. A budget recovery and delivery plan has been drawn up and the use of one-off resources will also be considered in order to support a sustainable position.

With the likely scale of funding pressures and future resource reductions, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year. Requests to allocate funding to or from reserves in year are included within the report.

Financial Consequences – Capital

The revenue budget includes funding to meet the capital financing costs of the Council. Changes in the capital programme can affect the budget to meet such costs.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- February 2018 Executive suite of Budget Reports

1.0 Introduction

- 1.1 The purpose of this report is to provide the Executive with a summary of the Council's revenue budget and forecast outturn position for 2018/19, based on an assessment of income and expenditure to the end of May 2018 and financial profiling to 31 March 2019.
- 1.2 Budget monitoring information is integral to supporting robust management arrangements across the Council; and is part of a programme of continuous improvement. Its purpose is to raise issues which need to be controlled through further management action and, as such, the position may change as work is done by Strategic Directors to bring spend back in line with budgets.
- 1.3 Budgets are being monitored on a monthly basis by senior management and there is monthly reporting to individual Executive Members through Strategic Directors.

2.0 Background

- 2.1 The City Council set a three-year budget strategy covering the period 2017-20 in March 2017 following consultations with the people of Manchester on what really mattered to them and what they valued most, namely:
- care and support for vulnerable people including older people and those with learning disabilities and mental health needs;
 - taking action on family poverty and giving young people the best start in life;
 - tackling homelessness;
 - supporting people in to jobs and training;
 - keeping roads and neighbourhoods in good shape; and
 - parks and leisure to keep people active and happy.
- 2.2 The budget for 2018/19 approved by Council in March 2018 represented year two of the financial plan, updated for the latest assumptions underpinning the financial position. It recognised the challenges of rising demand and the continuing reductions in Government funding, noting that spending is becoming increasingly concentrated on social care, both Adults and Children's.
- 2.3 The budget was set on the basis of the best information available at that time, however, it has since been reviewed in light of the final position for 2017/18 as reported to Executive on 30 May. In particular, the report noted that Children's Services had seen a significant change in the placement numbers in external residential care and external foster care as at the end of March 2018 when compared to those on which the budget was based. A risk of c£4m to the budget was reported as a result.
- 2.4 With regard to Adult Services the May report to Executive noted that since the budget was approved there had been a review of the progress made against the implementation of the new care models through the Local Care

Organisation and other related savings and this had highlighted a potential risk of c£5m.

- 2.5 This report details the latest position based on information as at the end of May 2018 and the work being undertaken with Directorates to ensure that there is a budget recovery plan to address the forecast overspend position and other potential risks. Progress against the recovery plan will be reported in as part of the Global Monitoring Report to Executive in October.

3.0 Summary Budget Position 2018/19

- 3.1 The table below summarises the current projected cash limit budget position for 2018/19 as at the end of May 2018. An overspend of £13.749m is projected.

	Revised Budget	Forecast Outturn	Forecast variance P2
	£000	£000	£000
Total Available Resources	(576,162)	(576,182)	(20)
Total Corporate Budgets	133,354	133,226	(128)
Directorate Budgets			
Children's Services and Education	108,237	113,738	5,501
Adult Social Care	191,498	198,462	6,964
Corporate Core	64,588	64,910	322
Growth and Neighbourhood	72,853	73,184	331
Strategic Development	5,632	6,411	779
Total Directorate Budgets	442,808	456,705	13,897
Total Use of Resources	576,162	589,931	13,769
Total forecast over / (under) spend	0	13,749	13,749

- 3.2 The Strategic Management Team has drawn up a budget recovery plan for discussion with Executive Members. This includes a range of measures in the current financial year to control spend and future commitments. The City Council will work closely with colleagues in Manchester Health and Care Commissioning (MHCC) to determine the position across Health and Social Care. The work will also consider any unapplied one-off resources for this financial year and how these can best be deployed to put the budget in a more sustainable position. Once complete it is considered that the overspend could be reduced significantly to around £5m to £7m. Further actions will be identified for the treatment of the remaining balance.

- 3.3 Progress against the recovery plan will be reported in October 2018.

Corporate Costs and Resources

4.0 Overall corporate costs and resources

- 4.1 The underspend on the total available resources of £20k relates to increased Housing Benefit Grant partially offset by reduced Council Tax subsidy.

The Total Corporate Budgets underspend relates to Historic pension costs which are currently forecast to underspend by £128k due to a reduced number of recipients. Other corporate items are expected to be in line with budget at this early stage and it is assumed that all contingencies and budgets held centrally will be required.

5.0 Business Rates and Council Tax

- 5.1 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of May, 18.35% of Council Tax had been collected. This is 0.38% higher than at the same point last year.
- 5.2 Business Rates collection is 18.21%, 0.23% behind last year. Whilst collection rates are broadly the same as last year the continued volatility in the position for appeals means that it is very difficult to predict what the final position for the year will be.
- 5.3 The income to be included in 2018/19 for these areas is fixed. Any variances in collection will impact in 2019/20.

Directorate Requirements

6.0 Children's Services and Education

- 6.1 The Children's Services and Education budget for 2018/19 is £108.237m. The budget approved by Council in March 2018 included investment of £17.3m and a plan to make savings of £10.5m during 2018/19 to enable the Directorate to continue to invest in additional social work capacity and Early Help services for families and to continue to respond to children in need of care and support.
- 6.2 Since the budget was set, children requiring residential placements have increased and external foster care placements have remained static rather than the planned decrease in both. Unit costs for external residential placements and external foster care placements have continued to increase by 6% and 5% respectively. This impacts on the likelihood that the plan to deliver £10.5m savings plans can be achieved in full during 2018/19. Action being taken by the Director of Children's Services to manage the budget is set out below and this is estimated to reduce the forecast overspend to £5.5m:
- Delivery of planned commissioning savings of £1m from external residential placements and £0.650m from external foster care placements.
 - Reduction in the use of external foster care and increase in the use of internal foster care by 45 (average 5 per month) between June 2018 and March 2019 to achieve £400k towards planned savings.
 - Application to Corporate inflation contingency for £1.613m to meet the cost of placements and other inflation pressures.
 - It was recognised in the 2018-20 budget that the cost reduction of £1.5m from step down of placements was ambitious and non-recurrent funding was established to mitigate the risk if placement numbers did not reduce

during the remainder of 2017/18. It is requested that this funding is applied as mitigation towards the overspend.

- 6.3 The Children's Safeguarding budget has a projected overspend of £4.652m. The main variances are in external residential, external fostering and leaving care placements.
- 6.4 External Residential – The forecast position is £1.722m overspend by the year end based on the current placements continuing for the remainder of the year. The position reflects £2.424m of funding from Manchester Clinical Commissioning Group (CCG) towards the costs of residential placements. £2.2m of this is a non-recurrent contribution pending further work to develop joint assessment, commissioning and funding arrangements.
- 6.5 External and Internal Foster Care and Special Guardianship Orders (SGOs) - The forecast position by year end is an overspend of £1.382m. The budget for 2018/19 includes savings of £3.550m to be achieved on the basis of external foster care placements in April 2018 reducing by March 2019. The placements as at the end of May have remained static since the budget was set. Internal foster care placements have increased slightly during May which is just ahead of the budget target at May 2018. The position reported includes the projection for the reduction of 5 external and increase of 5 internal foster care placements a month from June 2018 to March 2019, which given the position since the budget was set will be difficult to achieve.
- 6.6 The position also reflects that SGO numbers are ahead of target and the service is over performing with the strategy to convert children with LAC status to permanent SGO arrangements where appropriate.
- 6.7 The Children and Young people leaving care projected overspend is £0.873m due to the number of supported accommodation placements being higher than the budgeted placements, including the cost of accommodating care leavers over 18 years old. Specific action is being taken to remove the care elements of accommodation where it has been assessed as not being required, to minimise the budget pressure. There is continued work with Strategic Housing to increase the range and choice of provision for care leavers that is both suitable and value for money enabling young people to successfully live independently.
- 6.8 The implementation of a new policy relating to the prevention of homelessness among care leavers will reflect the requirements of the Children and Social Work Act 2017 for a 'local offer' for care leavers. The forecast position does not reflect the financial implications of the requirement in the Act to provide a Personal Adviser for Care Leavers up to 25 years of age. This is being considered as part of the redesign of the Leaving Care service to be implemented from October 2018. Whilst £50k of new burdens funding has been provided by Government, this is unlikely to be sufficient and therefore remains a risk.
- 6.9 Other Children's Safeguarding budgets are as follows:

- £214k projected overspend due to agency costs and five full time equivalent unfunded staff.
- £180k for the Regional Adoption Agency hosted by Stockport Council. Further work is taking place to progress the arrangements.
- Legal Fees has a projected overspend of £305k due to additional in-house staff being needed to cover an increase in court proceedings of £109k together with an increase in external legal resources to end of May of £193k.

6.10 Education Services has a projected overspend of £0.653m. Key variances are in home to school transport and school crossing patrol budget with the remaining budgets achieving a net underspend of £100k.

- Home to School Transport (HTST) £0.666m projected overspend. Meeting statutory obligations for transport is becoming increasingly difficult due to overall increasing numbers of school-age children, the impact of the government's wider education reforms which has led to additional transport requirements for young people, an increase in use of out of city places due to limited number of local special school places and greater need for specialist transport for children with complex medical needs leading to increase in the demand for passenger assistants. Plans to mitigate the pressures are being drawn up.
- School Crossing Patrols – a projected overspend of £87k as a result of the shortfall against the £220k savings target for 2018/19. School Crossing Patrols have been risk assessed and the service is planning to reduce crossings following capital work on traffic controlling measures such as speed bumps, pedestrian crossings and zebra crossings. However, this work is not yet complete and savings are now not expected to be fully realised in 2018/19.

6.11 The position continues to be carefully reviewed with further actions to deliver within budget being identified.

7.0 Adult Social Care and Public Health

7.1 Adult Social Care services continue to experience an increase in need with more costly care driven by number of people with more complex needs, national living wage and discharge from hospital and continuing health care pressures. The Association of Directors of Adult Social Services annual survey for 2017/18 highlighted that to ensure the sustainability of social care adequate funding is required to support the care market, to recruit a caring, skilled and valued workforce, to deliver care in the right place at the right time and to give people the choice and control over their lives.

7.2 The Adult Social Care cash-limit budget for 2018/19 is £191.498m, of this £174.048m is part of the Manchester Health and Care Commissioning Pooled Budget which includes services provided as part of Manchester Locality Care Organisation (MLCO) and £17.450m, which largely relates to Adults Safeguarding and Homelessness, is outside of the Pooled Budget. The Adult

Social Care budget position will be reported in two parts to reflect these arrangements.

Manchester Health and Care Commissioning - Adult Social Care services

- 7.3 The forecast financial position reflects at this early stage in the financial year the latest information on actual expenditure, the full year cost of approved care packages and other commitments plus expected delivery of approved savings following a recent review of the implementation of new care models and other savings plans. The position reflects the application of demographic funding agreed as part of the budget process, which is subject to approval from the City Treasurer and Executive Member for Finance and Human Resources.
- 7.4 After taking all of the above into account the forecast outturn by year end would be an overspend of £6.267m. This position largely arises from a slower than anticipated pace of reform leading to delays with implementation of the new care models and subsequent delivery of associated savings. Manchester Health and Care Commissioning (MHCC) is developing a financial sustainability plan to recover the budget position. This includes a focus on delivery of the Health and Social Care transformation plans and identifying measures to mitigate the financial pressures caused by delays on implementation.
- 7.5 The Partnership Agreement allows the sharing of benefits and repurposing of health and social care resource for the best use to support the population of Manchester. The Pooled Budget arrangements provides a mechanism for moving resource around the health and social care system with appropriate approvals from the CCG Governing Body and City Council. However, for 2018/19 the Adult Social Care budget for 2018/19 already includes an agreed contribution of £4m from the Pooled Budget. This limits the liability of both the CCG and the City Council if recovery plans do not successfully balance the position for respective organisations.
- 7.5 The budget report for 2018-20 identified £2.6m in 2018/19 for the Better Care reserve for the development of Adult Social Care models and to support the establishment of Manchester Local Care Organisation. Executive approval will be required for the use of these reserves to mitigate the position once the financial sustainability plan for 2018-20 is finalised.
- 7.6 The main variations on the Adult Social Care services funded from Pooled Budget are outlined in the paragraph below:
- 7.7 The most significant pressure is on the Homecare budget which is forecast to have a £2.747m overspend. The main element driving this pressure is an anticipated £2.159m budget saving relating to the introduction of a new Assistive Technology model. A further savings pressure on the homecare budget is the ongoing recruitment of Reablement Workers where a further 20 posts are still to be recruited to. Once these staff are in post it is expected that the number of homecare hours commissioned will start to reduce to deliver a saving of £1.2m in 2018/19, which has been reflected in the forecast position.

The actual number of homecare hours commissioned at the end of May is 26,033, which is c2,000 hours more than the same stage in 2017/18 and a further 164 hours increase since the start of the financial year. The demographic funding set aside in the budget is expected to meet the current pressure and continuing future growth.

- 7.8 There is a projected overspend of £1.362m on Learning Disability care packages largely due to an estimated shortfall against the allocated savings relating to both high cost placements and 'Strengths Based' support planning. These savings removed £0.950m and £0.775m respectively from the learning disability and mental health budgets. To date £208k of savings are verified as achieved and reflected in the learning disability forecast. The cost from the net increase of 10 new learning disability clients since the start of the financial year and future demand is expected to be met from the demographic allocation built into the budget.
- 7.9 There is a projected overspend on the Mental Health budget of £0.971m due to risk of non-delivery of savings. There has been a net increase of 11 clients since the start of the new financial year, with increasing numbers of clients presenting for a service with significant dementia needs. It is likely that this cost pressure will out strip the demographic allocation of £0.819m which is reflected in the forecast.
- 7.10 Residential and nursing placements at the end of May are 943 which is a reduction of 29 since the beginning of the financial year. The Extra Care and High Impact Primary Care models have been implemented and may be having a positive impact to reduce the number of clients in residential care. However the budget does have a projected overspend of £0.784m relating to revised timescales for the implementation of the Prevention new care model.
- 7.11 Those services which became the responsibility of Manchester Local Care Organisation (MLCO) from 1 April 2018 forecast an overspend of £0.628m. The largest single element driving this pressure is a £0.604m forecast overspend within the In-House service and continued use of agency staff to ensure rotas are covered and standards are met. There is also a pressure on the community alarms budget of £170k due to a projected shortfall in income from service users. The position is offset by underspends across social worker budgets due to vacancies which are currently being recruited to.
- 7.12 There is a projected underspend on the carers budget of £241k based on the level of spend to date.
- 7.13 On 13 July 2018 the Court of Appeal ruled that social care providers will no longer be required to pay back pay to carers doing sleep in shifts. This follows a tribunal last year which ruled that support workers should be paid the hourly minimum wage for the periods they are asleep, and ordered providers to pay up to six years of back pay. This decision is subject to an appeal to the Supreme Court which may reverse this determination. Manchester will review its provision levels once the financial impact is known.

- 7.14 In autumn 2017 the Government announced that it will publish a green paper on care and support for older people by summer 2018. This has been delayed until the autumn. The paper will set out plans to improve care and support for older people and tackle the challenge of an ageing population.

Homelessness

- 7.15 There is a forecast overspend on the Homelessness budget of £0.697m based on the current numbers of people in bed and breakfast and dispersed temporary accommodation. The 2018/19 budget included additional investment into the service of £2.1m and £250k for demographic growth which has been fully applied. In April 2017 the Council received funding from Government for the Homelessness Reduction Act of £500k plus Flexible Housing Support Grant (FHSG) of £1.3m in 2018/19. The FHSG is currently helping to bridge the gap caused by a reduction in funding brought about by the cessation of the Temporary Accommodation Management Fee in 2017.
- 7.16 Although additional accommodation (51 beds) opened in January (Longford Centre and Ashton Old Road), the numbers supported have remained high. Over the last 11 months the service have 'booked in' and 'booked out' c900 people as they try to source suitable accommodation on an ongoing basis. The Council continues to work with Registered Housing Providers to develop a new model for providing temporary dispersed accommodation and the purchasing of houses to increase the availability of accommodation for larger families. The implementation of these arrangements during 2018/19 is expected to remove the need for the Council to subsidise the cost of temporary accommodation which will relieve the pressure on the budget and release the FHSG for investment in prevention.
- 7.17 The Council has recently received grant of £418k from Government for a rough sleeper initiative. Plans for its use are in development and are not reflected in the forecast position.

8.0 Corporate Core

- 8.1 The Corporate Core overall annual budget is £64.588m. The service is reporting an overspend of £322k and the position is summarised in the table below:

	Variance £000
Chief Executives	(40)
Corporate Services	(520)
Cross Cutting Savings	882
Total	322

- 8.2 Chief Executives are currently forecasting an underspend of £40k, this is due to staffing underspends in Performance, Research and Intelligence.

- 8.3 Corporate Services are forecasting an underspend of £0.52m which is due to savings on employee costs from a combination of vacant posts and staff not being at the top of scale. The areas currently forecasting underspends are:-
- Revenue and Benefits - £380k
 - Customer Services - £40k
 - Financial Management - £100k
- 8.4 Cross Cutting Savings of £2.250m were approved as part of the budget setting, these were in relation to Commissioning savings £0.750m and staffing policies £1.5m. Currently c£0.882m of these savings are still to be identified and work is ongoing to identify opportunities for further savings in these areas.

9.0 Growth and Neighbourhoods

- 9.1 The Growth and Neighbourhoods annual budget is £72.853m, and this includes £14.836m Highways Services budgets that have recently transferred into the service. The service is forecasting an overspend of £331k in the current financial year and the breakdown is shown in the table below:-

	Variance £000
Neighbourhood Services	469
Work and Skills	(55)
Planning, Building Control, Licensing and Land Charges	(154)
Business Units	(51)
Highways Services	122
Total	331

- 9.2 Further detail on each of the variances is provided in the following paragraphs.
- 9.3 The Neighbourhood Service overspend of £469k is made up of the following:
- Waste Collection, Disposal and Street Cleansing - £0.520m mainly due to a late revision of the GMCA of the 2017/18 waste levy of £420k, which was notified after the accounts had closed, £130k increased costs of waste disposal due to increased tonnages offset by a £30k underspend on staffing costs.
 - Parks, Leisure and Events - £160k overspend due to lower than forecast income from sponsorship and events.
 - Neighbourhood Area Teams – A small £15k overspend due to higher than forecast staffing costs.
 - Compliance, enforcement and community safety - There is an underspend of £316k largely due to the difficulties in recruiting and retaining staff because of the unsociable hours required.
 - Libraries, Galleries and Culture £90k overspend due to the lower than forecast income from commercial activities.
- 9.4 Work and Skills have an underspend of £55k due to vacant posts.

9.5 The Planning, Building Control and Licensing and Land Charges underspend of £154k is due to staffing underspends across the service.

9.6 The Business Units underspend of £51k is mainly due to higher than forecast income in Bereavement Services due to the additional number burials and cremations taking place.

9.7 Highways Services forecast a £122k overspend is due to the provision of additional temporary security at key points across the City. Proposals are currently being developed to install more permanent security measures that will reduce the current increased costs.

10.0 Strategic Development

10.1 The Strategic Development approved net budget is £5.632m and as at the end of May there is a forecast overspend of £0.779m. The overspend relates to reduced rental income within the investment estate due to ongoing refurbishment works.

11.0 Housing Revenue Account

11.1 The Housing Revenue Account (HRA) outturn position is currently a £285k favourable variance, this is due to:

- Higher than forecast rental income of £259k due to lower than forecast void levels and a reduction in the number of right to buy applications since the start of the financial year.
- Other minor variances – £26k underspend made up of £50k additional income from Office of Gas and Electric Markets (OFGEM) for renewable heat schemes offset by other minor overspends on running costs £24k

11.2 The HRA is a ring-fenced account and any surplus/ deficit in year has to be transferred to/taken from the HRA reserve. For 2018/19 the budget allows for £6.339m of reserves being used to fund capital investment. This leaves a forecast balance of £58.230m in the HRA General Reserve. The 30 year business plan currently forecasts that reserves will be exhausted by 2034/35 and work is ongoing to identify efficiencies that ensure that the reserves are kept at a sufficient level to ensure risk can be managed and there are sufficient resources available to fund future investment needs.

12.0 Budget Virements

12.1 The following virements are proposed for the revised budget 2017/18 which requires Executive approval:

- £10.352m Health Visitor will transfer responsibility from Children's Services to Public Health. This will align the commissioning of all public health services for Children and Young People with the Director of Public Health.

- Movement of Performance, Research and Intelligence from Corporate Services to Chief Executive's due to the change in reporting arrangements £4.193m
- Adjustment between Children's Services and Adult Services in respect of business support costs £3.066m to correctly apportion the cost across both directorates.
- Increase in the vacancy factor by £1.036m, increasing by 0.5%, from 2.0% to 2.5% from Cross Cutting Savings to all Directorates' pay budgets.
- Additional annual leave savings income target of £250k identified and transferred from Cross Cutting Savings to Chief Executives.
- Transfer of Lord Mayor's and Civic functions from Executive to Communications £362k within Chief Executive's.

13.0 Budgets to be allocated and contingency

13.1 Requests for release of budgets to be allocated are as follows:

- A shift in the use of external foster care and an increase in use of internal foster care and Special Guardianship Orders and numbers of children adopted was in the approved budget for 2018/19. To achieve this there are plans in place to deliver a more attractive offer for foster care and the service is seeking to uplift the in-house foster care rates by 2% - £306k to be funded from on pay inflation.
- In order to fund the agreed annual fee increase for homecare and residential care and nursing providers, £0.710m and £235k respectively has been allocated from the non-pay inflation budget. A further £4.26m has been allocated, from the Real Living Wage funding, for the increase in fee paid to homecare providers so they can pay staff the real living wage. Finally, £475k has been allocated from the non-pay inflation budget to cover the costs of the non-framework homecare provision, where the framework cannot deliver the hours required.

13.2 Requests for release of contingency are as follows:

- Biffa contract increase £490k from the Waste Contingency – This is for additional street cleaning resource over and above the level provided for in the contract which includes; a variance in street meterage, an increase in actual requests for service in relation to fly tipping, dog fouling and hazardous waste, and an increase in street cleansing activity attributable to rough sleepers.

14.0 Reserves

14.1 £1.995m of reserves have been requested to be drawn down at the end of May 2018. These include:

- Enterprise Zone (EZ) reserve – To fund Growth Manager from the EZ reserve – £375k over a 5 year period equating to £75k a year. Funding for the EZ Growth Manager was approved by the Greater Manchester Local Enterprise Partnership in June 2017 as a single combined package of

£3.675m. This comprised £3.3m capital funding for the delivery of Citylabs 2.0, a new commercial development plus £375k revenue funding to facilitate the EZ Growth Manager's cost. The role will facilitate further collaboration with Corridor Manchester and EZ partners, stimulating creative and entrepreneurial activity, encouraging new partnerships and delivering activity to accelerate job creation.

- English Partnership reserve - £346k for the demolition of two buildings, Former Hall and Rogers Warehouse and 366/368 Ashton New Road
- Town Hall reserve – An additional £1.574m drawdown is requested in addition to the £2.879m approved in the 2018 Executive budget report. This is explained further in the following paragraph.

14.2 Since the initial Town Hall budget estimate was set in February, there is now more clarity on the costs for the funding required this year. These changes include, the removal of Heritage assets which, whilst included in the overall budget, requires re-phasing with more costs expected this year. In addition the contract for the fit-out works at the Royal Exchange has not been completed as soon as originally estimated. The overall revenue budget remains the same, and it is the spend profile which has changed between the years. As the majority of the Town Hall decant work has now completed it is not anticipated there will be major changes over the remaining years.

15.0 Grants

15.1 Notification has been received in relation to specific external grants, the use of which were not confirmed as part of the 2018/19 budget setting process and therefore have been considered through the Revenue Gateway process in year.

- UrbanEnergi- Intelligent Urban Energy Marketplace £199k from August 2018 to February 2021. The project will build on the work undertaken in the Triangulum project and the deployment of electronic vehicles by the University of Manchester and Manchester Metropolitan University as well as supporting the adoption of electronic vehicles by Manchester City Council.
- Skills for Care Workforce Innovation Fund - £30k. This funding bid is made by the Council on behalf of the Health and Social Care system to contribute the development and delivery of a system-wide strengths-based development programme.
- Sleeping Rough Grant - £418k. The proposed interventions directly support the three key areas of the City's new Homelessness strategy; increasing prevention, improving temporary and supported accommodation and increasing access to settled homes.

16.0 Prudential Borrowing Indicators

16.1 As part of the Prudential Borrowing requirements, the Council sets a range of indicators designed to ensure that the borrowing it enters into is sustainable. These indicators are monitored regularly to ensure that they are not breached and are reported in **Appendix 1**.

17.0 Conclusion and Next Steps

17.1 The Global Revenue Budget Monitoring position presents information based on projections as at the end of May 2018.

17.2 Currently an overspend of £13.749m is forecast which includes a number of risk areas to be managed. Budget recovery and delivery plans have been drawn up and progress against these will be reported back in October. The application of one-off resources will also be considered in order to put the budget in a more sustainable position. It is currently anticipated that this may reduce the overspend to around £5m-£7m.

18.0 Recommendations

18.1 The recommendations appear at the front of this report.

Appendix 1

Prudential Borrowing Indicators as at End of May 2018

No	Prudential Indicator		Target	Actual as at end of May 2018	Target Breached Y/N	
	Ratio of Financing Costs to Net Revenue Stream	Non – HRA	7.74%	7.74%	N	
		HRA	3.83	3.82	N	
2	Capital Expenditure		£m	£m		
		Non – HRA	568.0	518.5	N	
		HRA	27.5	26.3	N	
		Total	595.5	544.8		
3	Capital Financing Requirements		£m	£m		
		Non – HRA	1409.6	1192	N	
		HRA	281.7	281.6	N	
		Total	1691.3			
4	Authorised Limits for External Debt		£m	£m		
		Borrowing	1454.8	610.7	N	
		Other Long Term Liabilities	216.0	156.4	N	
		Total	1670.8	767.1		
5	Operational Boundaries for External Debt		£m	£m		
		Borrowing	1146.7	610.7	N	
		Other Long Term Liabilities	216.0	156.4	N	
		Total	1362.7	767.1		
6	Upper Limits for Fixed Interest Rate Exposures	Net Borrowing at Fixed Rates as a percentage of Total Net Borrowing	100%	73%	N	
7	Upper Limits for Variable Interest Rate Exposures	Net Borrowing at Variable Rates as a percentage of Total Net Borrowing	85%	27%	N	
			<i>Lower Limit</i>	<i>Upper Limit</i>		
8	Maturity Structure of Borrowing	under 12 months	0%	70%	0%	N
		12 months and within 24 months	0%	100%	50%	N
		24 months and within 5 years	0%	80%	22%	N
		5 years and within 10 years	0%	70%	0%	N
		10 years and above	20%	80%	27%	N
9	Upper Limits for Principle Sums Invested for over 364 days		£0	£0	N	