



Resources and Governance Scrutiny Committee

Date: Tuesday, 21 July 2020

Time: 10.00 am

Venue: Virtual meeting - Webcast at - https://manchester.public-i.tv/core/portal/webcast_interactive/485376

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published

Advice to the Public

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Under the provisions of these regulations the location where a meeting is held can include reference to more than one place including electronic, digital or virtual locations such as internet locations, web addresses or conference call telephone numbers.

To attend this meeting it can be watched live as a webcast. The recording of the webcast will also be available for viewing after the meeting has concluded.

Membership of the Resources and Governance Scrutiny Committee

Councillors - Russell (Chair), Ahmed Ali, Andrews, Clay, Davies, Lanchbury, Moore, B Priest, Rowles, A Simcock, Stanton, Wheeler and Wright

Supplementary Agenda

5. **Update on COVID-19 activity** 3 - 18
Report of the Deputy Chief Executive and City Treasurer attached.

This report provides a further update summary of the current situation in the city in relation to COVID-19 and an update on the work progressing in Manchester in relation to areas within the remit of this committee.

6. **Global Monitoring report** 19 - 68
Report of the Deputy Chief Executive and City Treasurer attached

This report outlines the projected outturn position for 2020/21, based on spend and income as at the end of May 2020 and future projections.

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

Michael Williamson
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This supplementary agenda was issued on **Friday, 17 July 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 21 July 2020

Subject: Update on COVID-19 Activity

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides Scrutiny Committee Members with a further update summary of the current situation in the city in relation to COVID-19 and an update on the work progressing in Manchester in relation to areas within the remit of this committee. Further detail on specific issues will be available as required.

Recommendations

The Committee is requested to note the update.

Wards Affected: All Wards

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This unprecedented national and international crisis impacts on all areas of our city. The 'Our Manchester' approach has underpinned the planning and delivery of our response, working in partnership and identifying innovative ways to continue to deliver services and to establish new services as quickly as possible to support the most vulnerable in our city.
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	

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	

Contact Officers:

Name: Carol Culley
Position: Deputy Chief Executive and City Treasurer
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Background documents (available for public inspection):

Not Applicable

Covid-19 Sit-rep

Workstream: Future Council Recovery

Date: 21 July 2020

For: Resources and Governance Scrutiny

Workstream	Issues and challenges	Key planning and recovery activities
<p>Phased Return/Future Workforce</p>	<p>Some staff returning to work as restrictions ease</p> <p>Understanding how staff feel about working arrangements and would like to work in the future</p> <p>Developing future ways of working based on increased flexibility, reducing our corporate state and embedding high performance</p>	<p>Work to Risk Assess all of our buildings to ensure they are Covid Safe is now well underway and all our main sites have now been assessed.</p> <p>A number of services which had been reduced or stood down as a result of lockdown have now successfully reopened most notably Libraries and Markets with over 300 staff having returned to onsite working.</p> <p>Risk assessments of all vulnerable staff is also underway, including our Black, Asian and Ethnic Minority staff and those previously classed as vulnerable. Staff who fall into the Shield/extremely vulnerable category will be risk assessed over the coming weeks but only return to the workplace if necessary/safe and in line with the timeframes set by the government.</p> <p>Proposals have been drafted on our future ways of working which will enable our workforce to work much more flexibly, many using their home (with appropriate kit) as their base for the majority of time. This will enable a rationalisation of office accommodation and build on the learning from C-19. The work has been informed by feedback in the staff survey and engagement events and is being supported by development of clear guidelines to ensure effective support and performance management.</p> <p>An all staff survey has been carried out, very broadly most people who are currently working from home will be content to work in a more mixed way (home and workplace) going forward.</p>

		<p>Ensure future operating models are Data Protection Act compliant including how our workforce access and use personal data, recognising that lockdown has required some exceptions to standard practice</p>
<p>Our Transformation</p>	<p>Our Transformation pre-dates the covid-19 response and has been rescoped to ensure it supports delivery of our wider Future Council objectives, and enables us to respond at pace to the unprecedented change in our ways of working, as well as to plan longer term.</p>	<p>Draft milestone plans are now in place for all programmes/projects within Our Transformation ensuring understanding of dependencies between projects and critical path. Add link.</p> <p>Further detail on the digital enablers is outlined below. Adoption, change and communication work is also underway. 246 champions have been recruited from across the organisation to support user acceptance testing for the new intranet which is due to commence in July, before moving onto supporting roll-out of Microsoft 365.</p> <p>Heads of Service have been surveyed on Microsoft 365 'readiness' and to build our understanding of how services interact with Google currently to ensure roll-out is as non-disruptive as possible. The survey closes on 10th July with 89 responses at time of writing. This information will be invaluable for supporting effective roll-out. Roll-out is being tested first in ICT in July which will inform how this can be managed effectively remotely and inform the final migration plan. Specific arrangements will be put in place to support members.</p> <p>The work of the Information Governance and Data Management workstream has also been expedited and is aligned to the roll-out of Microsoft 365 and will introduce new email and document management rules and policies ahead of roll-out.</p> <p>The Strengthening Accountability and Processes programme is continuing with review the constitution, HR & OD processes and Finance/Procurement processes underway. Learning from covid-19 the first</p>

		<p>stage review of the constitution has been completed, proposals for streamlined recruitment processes are being finalised and finance and procurement are now being considered. The guidance on the intranet will also be more accessible and intuitive, ensuring staff feel supported.</p> <p>Work is also progressing within the Resident and Business Digital Experience Programme on the Customer Contact Centre, with initial proposals developed with libraries for the Customer Contact Centre offer. The programme is out to market for the consultancy support for the wider organisational and outward facing work on improving our digital access to services. The website support contract extension is being finalised. The CivicaPay (income management solution) workstreams are progressing well, with the work on PARIS complete. By 20th July all customer contact lines will be managed via the new telephony solution with further roll-out planned.</p> <p>Aligned to the budget work as described below, work is near completion on the updated Corporate Plan for 2020-21 for July (and associated Council Business Plan) including an activity by activity review to understand work that has paused, continues or has accelerated. The more fundamental reset of both documents to be aligned to the MTFS and the delivery of the reset Our Manchester Strategy in 2021.</p>
ICT	<p>Current ICT Position:</p> <ul style="list-style-type: none"> ● 5200 staff working remotely with c. 150 remote telephony users ● 200 new machines a month being rolled out ● Part way through data centre migration ● Focused on ten key projects 	<p>Work underway:</p> <p>Programme of work underway (different stages of procurement through to roll out) to support the new ways of working aligned to OWOW inc infrastructure and capacity, end user device and telephony</p> <ul style="list-style-type: none"> ● Additional remote access capacity being prepared as an interim step, in the new data centre, with longer term solution later in the year. Initial work complete allowing computers in Libraries (but not netflix, amazon prime etc) security updates to staff machines, and additional

	<p>Challenges:</p> <ul style="list-style-type: none"> • Infrastructure at capacity • Balance between additional services that need bringing online including contact centre telephony and public computer access in Libraries, and not putting at risk current live services • Capacity in key areas (servers and networks) is a particular issue. 	<p>capacity for staff for neighbourhoods lines to be used by homeworkers.</p> <ul style="list-style-type: none"> • Complete move out of old data centre (September) • Migration planning for move to Office 365 having to be done more slowly due to remote access capacity, and maintaining usability, rollout plan being prepared for SMT (July) • There is a second embryonic programme of work looking at the technology to underpin the future council including replacement SAP with modern and cost effective systems, along with greater integration between systems that is currently being developed and consulted on. This will enable a much greater automation of processes than possible at present. Along with a review of facilities within offices to support video conferencing and collaboration. 														
<p>Finance and Budget</p>	<p>Impact of COVID-19 based on June return to MHCLG</p> <ul style="list-style-type: none"> • £31.7m in costs (Council only inc £0.4m in 2019/20) • £134.5m income loss (Council only) • Further £2m adverse impact on HRA <p>Effect on the budget - due to lagging on airport dividend and any loss/surplus on collection fund affecting the following year:</p> <ul style="list-style-type: none"> • £31m in 2020/21 (inc tranche 1 and 2 general COVID-19 grant funding of £33m); £162m in 2021/22. This is pre July announcements. 	<p>Government Support - To date Government financial support to Councils, for which allocations have been announced is as follows:</p> <table border="1" data-bbox="1070 823 2040 1362"> <thead> <tr> <th data-bbox="1070 823 1827 938">Funding Source</th> <th data-bbox="1827 823 2040 938">Manchester City Council £000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1070 938 1827 1018">COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first allocation</td> <td data-bbox="1827 938 2040 1018">18,589</td> </tr> <tr> <td data-bbox="1070 1018 1827 1098">COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second allocation</td> <td data-bbox="1827 1018 2040 1098">15,167</td> </tr> <tr> <td data-bbox="1070 1098 1827 1134">Council Tax Hardship Fund (£500m nationally)</td> <td data-bbox="1827 1098 2040 1134">7,458</td> </tr> <tr> <td data-bbox="1070 1134 1827 1209">Emergency Support for Rough Sleepers (£3.2m nationally)</td> <td data-bbox="1827 1134 2040 1209">68</td> </tr> <tr> <td data-bbox="1070 1209 1827 1289">Care Home Infection Control Fund (£600m nationally)</td> <td data-bbox="1827 1209 2040 1289">3,342</td> </tr> <tr> <td data-bbox="1070 1289 1827 1362">Reopening High Streets Safely Fund (£50m nationally)</td> <td data-bbox="1827 1289 2040 1362">489</td> </tr> </tbody> </table>	Funding Source	Manchester City Council £000	COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first allocation	18,589	COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second allocation	15,167	Council Tax Hardship Fund (£500m nationally)	7,458	Emergency Support for Rough Sleepers (£3.2m nationally)	68	Care Home Infection Control Fund (£600m nationally)	3,342	Reopening High Streets Safely Fund (£50m nationally)	489
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2020/21 - Period 2 monitoring, pre 2nd July funding announcements, is an overspend of c£12.6m. It is estimated that the Government funding announced on 2 July will help to offset this in the main, but confirmation is awaited on the methodology and allocations.

Challenges

- Uncertainty of funding from Government, immediate and longer term
- Infection rates and risk of further lockdowns

Current Assumptions

- Assumes that the lockdown has ended at 31 July and that there is a return to pre COVID-19 position with regard to access to services etc
- Does not assume there is any 'second spike' in infection rates
- Number of assumptions regarding impact based on the best information available at the time, including announcements of changes to lockdown restrictions, social distancing requirements and

Track and trace (£300m nationally)	4,837
Local Welfare Assistance Fund (£63m nationally)	956
New Burdens Funding for Business Rates Support	225
<u>Support for Businesses</u>	
Expanded Retail Discount 2020/21 (excludes 1% for Fire Authorities)	138,477
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032
Local Authority Discretionary Grants Fund	5,432

- Further funding announcements for which individual Council allocations are awaited:
 - 24 June, **homelessness and support to rough sleepers** (£105m nationally). This is intended to be used to support rough sleepers and those at risk of homelessness into tenancies of their own, including through help with deposits for accommodation and securing alternative rooms for rent.
 - 24 June - **substance misuse issues** (£16 million nationally) - so that vulnerable people currently in emergency accommodation can access specialist help needed for. This has already been announced but has been brought forward due to the pandemic.
 - 2 July - **Further general COVID grant** (£500m nationally) - tranche 3. The individual Council allocation is yet to be confirmed.
 - 2 July - Some **support for income loss** - this will not cover all income losses. Relates only to sales, fees and charges (does not cover rents). Support will be for income losses above 5% of planned income for sales, fees and charges; funding will be 75p for each £1 lost. Returns are to be signed off by the Council's S151 Officer. Further detail awaited.

	<p>other requirements of Local Government inc Population Health to support businesses, residents and the wider control and monitoring of the pandemic.</p> <ul style="list-style-type: none"> ● Prioritisation of constrained resources eg support for capital schemes 	<p>There currently remains a financial gap in the longer term. Government will consider 2021/22 as part of the Spending Review.</p> <p>Recovery Process</p> <p><u>Revenue Budget</u></p> <p>All Directorates have undertaken a review of their revenue budget and have identified immediate cost reductions/efficiencies and indicating whether these will be 2020/21 in-year only or impact into 2021/22. This has been confirmed as part of P2 monitoring, but it is acknowledged that all forecasts will be subject to further Government announcements and a continuing analysis of costs and income losses.</p> <p>Work has commenced to review 2021/22 and beyond to identify the approach.</p> <p><i>Contract Reviews</i> - pipeline of contracts for review over the next 2 years drawn up to identify opportunities to redesign/retender and to align to any savings proposals. Work ongoing.</p> <p>Certainty of funding for the 2021/22 budget setting will be dependent on the outcome of the Spending Review (expected around October/November) and the Finance Settlement (expected December).</p> <p><u>Capital Programme</u></p> <p>Full review of capital programme and pipeline proposals undertaken and aligned to corporate and recovery plans. RAG rated and consideration given to the stage that current projects are at in their development. Indicate where projects are “shovel ready” and could complete in the next 1 to 2 years.</p>
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		<p>2021/22 budget until greater certainty on funding for next year and future years</p> <ul style="list-style-type: none"> January-March 2021: Council Budget (and precept) setting process. <p>Revenues and Benefits</p> <p>Support for businesses up to 12 July is covered in Appendix 1 below</p> <p>Restarting Council Tax and Business Rates Recovery</p> <p>No recovery action (reminders, summons etc) has been taken for unpaid Council Tax or Business Rates since 1 April 2020 due to the impact of Covid 19 and the lockdown.</p> <p>Council Tax Recovery action will start from the last week in July with a pre-reminder contact to all those residents that are more than one month in arrears with the 20/21 Council Tax (approximately 27,000 accounts out of the 225,000 accounts in the city.</p> <p>There is a piece of work ongoing to ensure that Council Tax Support (CTS) claims are made, discretionary support is awarded where appropriate and that costs are reviewed for CTS claimants with small CTS balances where a liability order is still required to support collection from benefits. The Council's CTS scheme allows CTS claims to be backdated 6 months- this will support residents whose first contact will be when they receive a reminder.</p> <p>Business Rates recovery will start in August, this is based on:</p> <ul style="list-style-type: none"> The majority of businesses will have reopened and cash flow will have improved Urgent changes and correspondence in the business rates teams
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		<p>trays will be under control.</p> <ul style="list-style-type: none"> • Virtually all grants will have been issued and banked. <p>Council Tax</p> <ul style="list-style-type: none"> • The Council has offered a re-profiling of Council Tax payments from 12 monthly instalments to 9 monthly instalments from July. • At the end of June, the in year collection rate was 24.11%, 1.24% down compared to the end of June last year, or £2.2 million after allowing for the Council Tax increase. Arrears collection was £700k down. • Hardship Grant of £150 paid to 37,643 residents, 36,440 single and 1,203 joint tenants • Of the single people, 23,446 do not have to pay anything this year. • £5.58 million has now been awarded with hardship funds set aside for future claims and as hardship cases are identified via the recovery process. • The Council is participating in a trial run by the Money Advice and Pensions Service which increases the availability of independent debt advice available to residents. <p>Business Rates</p> <ul style="list-style-type: none"> • The Council has now granted 3,957 100% Expanded Retail Reliefs leaving these companies with no Business Rates to pay for 2020/21. This has reduced the total net debit from £376,402,291 on 30 June 2019 to £244,445,538 on 30 June 2020. • 3,957 represents 14.6% of all hereditaments and, along with Small Business Rates Relief, means that around 42% of businesses in Manchester will have nothing to pay for 2020/21. • At the end of June, the in year collection rate was 19.98%, 9.73%
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		<p>down compared to the end of June last year. This has been distorted by the absence of direct debits for 7 weeks, but these have restarted at a significantly reduced level compared to last year.</p> <ul style="list-style-type: none"> • There is a significant amount of ‘normal’ billing and collection work that needs to be worked through. We need to get this under control before we start formal recovery action. <p>Hardship Fund summary and next steps</p> <p>The total amount we received for the Hardship Fund was £7,458,231. Total estimated spend for CTS cases is £6,177,933 (estimated as spend on this will grow as claims are made through the year). This leaves £1,280,298 for other priorities.</p> <p>The following has already been spent or allocated</p> <ul style="list-style-type: none"> • £200k Food response • £100k digital exclusion • £100k additional WPS spend (scope extended) • £100k carers grants £200k DCTP (this will be used when we start Ctax recovery) <p>Although the Council paid out £241,740 paid out for FSMs via Welfare Provision Scheme - this will be recovered from schools who will have had funding for this via school budgets, this covers payments for 6,161 children (this includes the Easter holidays that we can also claim back as schools were funded).</p> <p>This leaves £580,000 as contingency for the priorities of emergency food provision, digital exclusion support activity, impact of Council Tax recovery and awards to carers. It is prudent to hold these funds as contingency to be</p>
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		able to mitigate the risk later on in the year of potential urgent and essential spend in these areas. A full review of activity against this budget will take place in September.
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Appendix 1: Support for businesses up to 12 July

1. Grants paid to 12 July

Grant Description	In scope*	In scope	Total award to date**		
	Count	£	Count	£	% Restated
Small Business Support £10k	6,761	67,610,000	5,924	59,240,000	87.62%
Retail Hosp & Leisure support £10k	916	9,160,000	555	5,550,000	60.59%
Retail Hosp & Leisure support £25k	1,308	32,700,000	1,308	32,700,000	100.00%
Total	8,985	109,470,000	7,787	97,490,000	86.67%

* the State Aid adjustment has been amended to align with the level of grants awarded to date.

** Adjusted to include pending payments and exclude payments made in error / duplicate as per guidance - the Council will seek fully to recover these.

2. Relief awarded to date

	Period to 12 July 2020		
Extended Retail Relief data collection	Retail Relief	Nursery	Total
Latest number of hereditaments eligible for the relief	4,351	91	4,442
Latest estimate of the value on eligible hereditaments	144,422,980	1,048,600	145,471,580
Number of eligible hereditaments where bills have been issued with 100% relief	4,351	91	4,442
Value of relief billed to date	144,422,980	1,048,600	145,471,580
For hereditaments identified as eligible but not yet billed with relief, number for which payment is still being taken for 2020/21	0	0	0
Comments on above figures	Eligible properties have been identified and re-billed accordingly.		
Relief awarded %	100.00%	100.00%	100.00%

3. Local Authority Discretionary Grant Fund awarded to 12 July

Questions	To 12 July 2020	Total
Start Date (application window open)	27-May-20	27-May-20
End Date (application window closed)	10-Jun-20	10-Jun-20
Progress of applications (drop down selection)		
- Applications process yet to open	N/a	N/a
- Applications window still open	N/a	N/a
- Applications in assessment	17	17
- Applications pending approval	61	61
- Applications awaiting payment	0	0
- All payments made	111	896
Total number of applications received	1,258	1,258
No grants paid in week at £25k		
No grants paid in week at £10k	8	50
No grants paid in week less than £10k	103*	846
Value of grants paid in week (£)	585,000	4,687,500
Comments	Below	

* Adjusted down for 2 x £5k grants paid in error

Comments: Of the 1,258 applications received, the Council has determined that 976 are in scope for LADGF. To 12 July 896 grants have been allocated (92%). The Council is working to progress payments and request further information from applicants where appropriate.

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee - 21 July 2020
Executive - 29 July 2020

Subject: Global Revenue Budget Monitoring Report to the end of May 2020

Report of: Deputy Chief Executive and City Treasurer

Summary

The report outlines the projected outturn position for 2020/21, based on spend and income as at the end of May 2020 and future projections.

Recommendations

The Resources and Governance Scrutiny Committee is recommended to note the global revenue monitoring report and a forecast outturn position of a £5.476m deficit, which it is anticipated will be balanced by government funding.

The Executive is recommended to:

1. Note the global revenue monitoring report and a forecast outturn position of a £5.476m deficit, which it is anticipated will be balanced by government funding.
2. Approve the use of budgets to be allocated in Appendix 1 Slide 8.
3. Approve the use of grants in addition to that already planned, as detailed in Appendix 1 (slide 9).
4. Approve the proposed virements in Appendix 1 (slide 9).
5. Approve an increase in Growth and Development Directorate budget of £0.957m for the Local Welfare Assistance Fund as referenced in paragraph 3.2.
6. Approve an increase in the Corporate Core Directorate budget of £225k for New Burdens funding in respect of the costs associated with administering the business rates grants schemes (Small Businesses Grant Fund and Retail, Hospitality and Leisure Grant Fund), see paragraph 3.2.
7. Delegate the allocation of the COVID-19 tranche 3 grant funding to individual services to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources, see paragraph 3.3.

To recommend that the Executive approve, under the emergency provision of the Council Decisions on 25 March 2020 - "Constitutional Amendments and Other Matters for Council Business Continuity - Part 7", the following changes to the revenue budget:

8. The use of reserves, in addition to that already planned, of £1.000m for Adults Social Care as shown in Appendix 1 Slide 9.

Wards Affected: None directly

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

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	
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 deficit for 2020/21 of £5.476m, based on the financial implications of COVID-19, government funding confirmed to date and other identified changes, in year efficiencies and mitigations. It is anticipated this can be met through the Council's share of the third tranche of emergency funding for income loss (yet to be allocated).

This report focuses on 2020/21, however it is anticipated the implications of COVID-19 will have a significant impact on the councils finances for a number of years. 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.

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.

Executive on 12 February 2020 - Medium Term Financial Plan
Meeting of the Executive 3 June 2020 - Revenue Budget - Update for COVID-19 Funding 2020/21
Resources and Governance Scrutiny committee 23rd June 2020 - COVID-19 update
Meeting of the Executive 3rd July 2020 - COVID-19 Monthly Update Report

1 Introduction

- 1.1 This report provides an overview of the Council's current financial position and the work underway to develop a balanced budget for 2020/21. It should be noted that the COVID-19 related forecasts included in this report are based on the return to MHCLG submitted on 19 June. The next return deadline is 31 July and the figures will continue to be refined as costs crystallise and income implications become clearer.
- 1.2 The forecast budget shortfall relating to COVID-19 pressures is £64.5m this financial year, after allowing for confirmed funding to date and Period 2 identified efficiencies, mitigations and other changes. The forecast overall position for 2020/21 is a deficit of £5.476m after taking account of confirmed government funding and other corporate mitigations, changes, and the councils estimated share of the third tranche of emergency funding. It is anticipated this can be mitigated through the councils share of the third tranche of emergency funding (yet to be allocated)
- 1.3 This report includes the following sections:
- Overview of COVID-19 financial implications
 - Additional Central Government funding for COVID-19 response
 - Overview of the overall forecast financial position 2020/21
 - Measures taken to balance the budget in 2020/21
 - Conclusion and recommendations

2 Overview of COVID-19 Financial implications

- 2.1 The anticipated financial cost of COVID-19 to the Council is currently £166.26m, including £0.39m in 2019/20. Of the remaining £165.87m, £31.35m relates to additional expenditure and £134.52m to loss of income.

Table one: COVID-19 Forecast Financial Impact

	COVID-19 Financial impact
	£000
2019/20 cost pressures	389
2020/21 forecast cost pressures	31,348
Total forecast cost pressures	31,737
Forecast Income Shortfalls	134,524
Total	166,261

- 2.2 The financial impact of COVID-19 during 2020/21 will fall over two budget years (2020/21 and 2021/22) due to the following factors:

- Any surplus or deficit on the Collection Fund (which covers both business rates and council tax income) is reflected in the year following that in which the income is (or is not) collected.
- The Council has an airport dividend reserve which means that a significant proportion of the income (£56m) is used a year in arrears and therefore the impact on the budget is next year.
- Finally, the budget shortfall has been adjusted for bus lane and parking lane enforcement income as this impacts on the level of the reserve to fund future commitments.

2.3 This has resulted in the financial effect of COVID-19 for 2020/21 and 2021/22 being as per table two below. This also includes further financial pressures into 2021/22 from anticipated continuing income losses (council tax, business rates, dividend) and further costs from placements in areas such as Adult Social Care, Children's and homelessness.

Table two: Summary of COVID-19 Impact across 2020/21 and 2021/22 (exc funding announcements)

	2019/20 £000	2020/21 £000	2021/22 £000
COVID-19 Emergency Funding (Confirmed)		33,756	0
Additional Costs (MCC only)	389	31,348	24,965
Income:			
Loss of Income (MCC only)		134,524	105,932
Adjustment for element of airport dividend not budgeted to use in year		(55,809)	(8,729)
2020/21 Council Tax and Business Rates shortfalls impact a year in arrears		(40,249)	40,249
Bus Lane and Parking Income - impact on reserves capacity		(5,358)	0
Budget impact of lost income	0	33,108	137,452
Total Costs and Net income losses	389	64,456	162,417

2.4 For the purpose of the June return to MHCLG, the guidance advised costs and income shortfalls should be estimated assuming that there was a return to the pre COVID-19 position at the end of July 2020, and costs thereafter should be using the local authority's own current planning assumptions for longer term annual impacts. Allowance has been made for costs that will continue past July (for example, the costs of social care placements and homelessness for example) and this includes assumptions on loss of income based on the best evidence available (eg airport dividend will be lost for the full year).

Total forecast COVID-19 cost pressures

- 2.5 Dealing with the immediate impact of COVID-19 has resulted in major spending pressures, particularly in social care, but also across all other Directorates. The Council has also worked closely with community partners to ensure vulnerable residents receive essential support in these unprecedented circumstances. This includes costs arising from a number of new functions such as providing the community hub and services for shielding residents as well as sourcing and supplying personal protective equipment (PPE) for other organisations. These all form part of the Government's expectations of local authorities in delivering the national response in individual communities. The table below shows the 2020/21 forecast additional spend of £31.3m by directorate.

Table three: Forecast COVID-19 additional costs by directorate

Service Area	MCC Forecast Cost 2020/21 £000
Children's Services	7,961
Adult Social Care	9,999
Public Health	546
Homelessness	7,110
Core	1,487
Neighbourhoods	1,934
Growth and Development	250
Community Hub	2,061
Total forecast additional costs	31,348

Forecast COVID-19 Income Shortfalls

- 2.6 The total income loss is forecast at £134.524m (with a further £0.040m against the HRA in respect of voids and the increased turnaround time). The net impact on the income budget for 2020/21 (allowing for reliefs announced as part of the budget and to support businesses through COVID-19) is as follows:

Table four: Forecast COVID-19 income shortfalls

Service Area	Income Loss reported 2020/21 £000	Timing Adjustments on budget impact £000	Impact on 2020/21 budget £000
Collection Fund	40,249	(40,249)	0
Corporate Budgets	71,619	(55,809)	15,810
Children's Services	506		506
Homelessness	34		34

Corporate Core	8,919	(5,358)	3,561
Neighbourhoods	6,383		6,383
Growth and Development	6,814		6,814
Total forecast additional costs	134,524	(101,416)	33,108

3 Additional Central Government Funding for COVID-19 response

- 3.1 A report to the Executive on 3 June 2020 outlined the additional government funding to be built into the 2020/21 budget. In addition there will be £300m ring fenced funding nationally to support the rollout of the test and trace service, the Council will receive £4.837m as reported to Executive 3 July for inclusion in the budget.
- 3.2 Since the report on 3 July, details of individual Council allocations have been published for the following funding announcements and these will now be reflected in the Council's revenue budget:
- Local Welfare Assistance Fund - On 10 June 2020 the Prime Minister announced an additional £63m funding, Manchester's allocation was announced 9 July at £0.957m. It is proposed this is included in the Growth and Development Services budget to fund support for residents who are struggling to afford food and other essentials due to COVID-19
 - Local Authority Business Rates Grant Administration (New Burdens funding). The value of grants awarded varied from £130k to £300k to reflect the different scale of local authorities small business and retail, hospitality and leisure programmes. The council received £225k on 7 July. It is proposed that this is included in the Revenue and Benefits budget to contribute towards the costs of administering both the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund schemes to provide support to businesses across the city.
- 3.3 Further support for Local Government was announced on 2 July 2020. The key features of the funding package were:
- Support for Expenditure - An unringfenced £500m grant for expenditure pressures in 2020/21 - the allocations to individual Councils were announced 16 July 2020 and Manchester is to receive £7.085m. MHCLG has used regression on the data from authorities in the monthly COVID returns to create the new formula which reflects population, deprivation (IMD) and area costs.
 - Support for Income shortfalls - support package for losses from sales, fees and charges. 75% of these losses will be funded by the Government – but only where they exceed 5% of the Council's planned income from sales, fees and charges. There will be a separate process for collecting, calculating, and compensating for the relevant losses, and further guidance is still awaited on this.
 - Tax Revenue - ability to spread the 2020/21 Collection Fund deficit over three years. The forecast 2020/21 deficit of £40m over 3 years would improve the position by £26.8m in 2021/22, but worsen the following two years by £13.4m each year.

- Commitment to consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government as part of the Spending Review

- 3.4 The COVID-19 related grants notified to date are summarised in Appendix 2. Note only the confirmed emergency funding of £33.7m (of which £0.4m has been applied to 2019/20) and £7.1m, from the July announcements, are available to support the direct additional costs and income shortfalls faced by the council. The remaining grants are either directly passed on to businesses or residents or earmarked for specific priorities such as test and trace.
- 3.5 These grants and associated spend are now reflected in the revised budget shown in table five below.

4 Overview of forecast Position 2020/21

- 4.1 The following table summarises the spend for 2020/21 by service. The supporting powerpoint outlines the main reasons for the variation to budget.

Table five: Overall forecast position as at Period 2

Period 2 monitoring	Including COVID costs / Income shortfalls				Memo: Breakdown of variance			
	Original Approved Budget	Revised Budget	Forecast Outturn	Total P2 Forecast Variance	COVID related Expenditure	COVID related income reduction	Other over / underspend	Total P2 Forecast Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Total Available Resources	(666,125)	(821,252)	(806,419)	14,833	0	15,810	(977)	14,833
Total Corporate Budgets	126,761	264,855	264,479	(377)	0	0	(377)	(377)
Children's Services	130,320	130,485	137,164	6,679	7,961	506	(1,788)	6,679
Adult Social Care	221,253	229,213	237,578	8,365	10,545	0	(2,180)	8,365
Homelessness	15,285	15,306	22,450	7,144	7,110	34	0	7,144
Corporate Core	69,958	76,918	80,136	3,218	1,485	3,561	(1,828)	3,218
Neighbourhoods	93,802	94,306	102,802	8,496	3,995	6,383	(1,882)	8,496
Growth and Development	8,746	10,169	15,701	5,532	250	6,815	(1,533)	5,532
Total Directorate Budgets	539,364	556,397	595,831	39,434	31,346	17,299	(9,211)	39,434
Total Use of Resources	666,201	821,252	860,310	39,058	31,346	17,299	(9,587)	39,058
Total forecast over / (under) spend	0	0	53,891	53,891	31,346	33,109	(10,564)	53,891
COVID-19 Government grant income (tranche 1 and 2) -Confirmed				(33,367)	(33,367)			(33,367)

Proposed Corporate measures				(7,963)			(7,963)	(7,963)
Sub-Total Pre July Funding Announcement				12,561	31,088		(18,527)	12,561
COVID-19 Government grant income (tranche 3)				(7,085)	(7,085)			(7,085)
Net forecast over / (under) spend				5,476	24,003		(18,527)	5,476

4.2 The original approved Directorate budget was £539.3m, and this has increased by £17.033m to a revised budget of £556.3m which is due to:

- £1.140m virements between Directorates to reflect the movement of services and other changes.
- £1.492m allocations for inflationary pressures as follows:
 - £0.805m annual contractual inflationary increase on the waste collection and disposal contract;
 - £364k for a 2% inflationary increase on in house foster care allowance;
 - £200k inflationary uplift for external residential placements on the North West Regional Group network;
 - £91k annual inflationary increases on the Street Lighting PFI unitary charge;
 - £32k Budget increase for ongoing management costs of two landfill sites.
- £1.109m further reduction in the employer pension contribution rate to be applied across all Directorate budgets, which will support the bottom line position.
- £16.650m increase to resources and directorate budgets for specific grants and spend relating to COVID-19.

4.3 The increase in total available resources of £155.127m is due to:

- £16.650m increase to both resources and directorate budgets for specific grants and spend relating to COVID-19
- £138.477m section 31 grant to reimburse the council for loss of Business Rates income due to Extended Retail Relief. This will be held in a reserve to offset the associated collection fund deficit in 2021/22.

4.4 All variances to forecast outturn are measured against the revised budget.

5 Measures taken to balance the budget

5.1 As shown in table two the impact of the COVID-19 additional costs and income shortfalls on the 2020/21 revenue budget is forecast at £64.5m. The first two tranches of government funding were less than 50% of this. The COVID-19 related budget shortfall increases to £162.4m next year.

- 5.2 As reported to June Scrutiny committees all directorates have reviewed budgets, and identified in year savings and mitigations to support the current year position. These figures have been updated for the period two forecast and currently total £9.211m across directorates, with a further £1.354m against corporate budgets, as shown in table five. This left a shortfall of £53.9m.
- 5.3 Emergency COVID - 19 funding (tranches 1 and 2) of £33.4m has been received and additional corporate mitigation of £8m further improved the position, leaving a shortfall of £12.6m this year. The corporate mitigations are as follows:
- Use of net income from the airport loan advanced in 2018/19, after allowing for the costs of interest and minimum revenue provision (MRP), to support the revenue budget rather than the capital programme. This is estimated at £5m in 2020/21.
 - Release from Capital fund of £2.763m
 - Savings from reduction in gas and electricity contract prices £0.2m in 2020/21
- 5.4 On 16 July 2020 the Council's share of the £0.5bn tranche 3 grant for spend pressures was announced at £7.085m, recognising deprivation as a key driver of spend. It is anticipated the remaining shortfall as shown in the table below can be bridged using the income element for loss of sales, fees and charges of the tranche 3 COVID-19 emergency funding (as referenced in paragraph 3.3). Neither the grant allocation or detailed methodology have been shared by the government therefore this is a significant risk. Should the grant not be sufficient any remaining shortfall must be met through further additional savings and the use of reserves.

Table six: Measures taken to balance the budget 2020/21

	COVID-19 Budget Impact	
	2020/21 £000	2021/22 £000
COVID-19 Budget impact of Additional Costs and Net income losses	64,456	162,417
P2 - Savings, mitigations and other changes	(10,565)	(440)
COVID - Budget shortfall after in year measures	53,891	161,977
COVID 19 Emergency Funding Tranches 1 and 2 (Note £389k applied in 2019/20)	(33,367)	0
Corporate measures identified	(7,963)	(21,992)
Original budget shortfall		22,554
COVID - Budget shortfall after in year measures	12,561	162,539
Forecast COVID 19 Emergency Funding Tranche 3 (Confirmed to date)	(7,085)	0

Budget shortfall after confirmed funding and mitigations	5,476	162,539
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6 Conclusion

- 6.1 Taking into account the forecast financial implications of COVID-19, the directorate work to date on identifying additional savings and any other known budget changes, and confirmed and anticipated government funding it is anticipated the budget will be balanced for 2020/21. Note this assumes the income element of the third tranche of emergency funding, announced 2 July, is sufficient. If this funding is lower than expected there will be an equivalent budget gap which will have to be met from the Council's reserves in lieu of further savings/underspends.
- 6.2 Whilst the position for 2020/21 looks manageable the financial position in 2021/22 becomes much more challenging. Over the next two years, the social care needs arising from COVID-19 are likely to be severe and will require an ever increasing share of Local Authority budgets. It is not reasonable to depend on Business Rates, Council Tax or commercial income to meet increased costs as these are also expected to decline over the same period. Whilst some fees and changes income is expected to recover later this financial year other income risks will go beyond this year such as airport dividend, business rates and Council Tax base and other commercial and fee income.
- 6.3 Given the high levels of risk and uncertainty the planned Spending Review will be important in determining the future needs and resource envelope for local government. Funding beyond 2021/22 also remains subject to the Fair Funding Review and business rates reforms, which have been delayed until April 2022. In the meantime work will continue to plan for a number of scenarios. There will be a longer term focus on the more strategic approaches to deliver differently to reduce spend and increase income, including access to external funding/grants. Inevitably this work will be dependent on further announcements from Government regarding funding and flexibilities, as well as the latest guidance on the approach to tackling and/or living with COVID-19 including any associated costs and income losses.
- 6.4 The consequences of COVID-19 are profound and local government finance is facing a daunting and difficult future with fundamental challenges to its ability to deliver essential services. A successful and swift economic recovery will only be possible if the short and medium term financial risks arising from COVID-19 can be resolved and some degree of certainty is established through a long term needs based funding settlement.

7 Recommendations

- 7.1 The recommendations appear at the front of this report.

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Appendix 1: Executive Summary Integrated Monitoring Report Period 2 – End of May 2020

Financial Impact of COVID-19

The anticipated financial cost of COVID-19 to the Council is currently £166.3m (including £0.4m in 2019/20). For the 2020/21 element of £165.9m, £31.4m relates to additional expenditure and £134.5m to loss of income.

The budget impact of COVID-19 up to March 2021 will be spread across the financial years 2020/21 and 2021/22 due to the way the council budgets for the airport dividend, parking income and the operation of the collection fund - This is **estimated to be £64.5m in 2020/21 (pre grant allocations) and £162.4m in 2021/22**. The impact will likely continue to be felt beyond 2021/22.

As per the reports to June Scrutiny Committees, Directorates have identified in year savings and mitigations to support the current year's position which when updated with the latest position at P2, total £9.2m, with a further £1.4m against corporate budgets - Total £10.6m leaving a shortfall of £53.9m

Emergency COVID-19 funding (tranches 1 and 2) of £33.4m (+£0.4m already allocated in 2019/20) have been confirmed and included in the Council's budget together with additional corporate mitigations which improve the position by a further £8m.

On 16 July the Government announced the funding allocation from the emergency COVID-19 grant, tranche 3 (£500m nationally), of £7.085m which can now be applied to the budget.

This leaves a remaining shortfall of **£5.5m** this year increasing to **£162.5m** next year.

	COVID-19 Budget Impact			
	COVID related Expenditure 2020/21	COVID related income reduction 2020/21	COVID-19 IMPACT ON BUDGET 2020/21	COVID-19 IMPACT ON BUDGET 2021/22
	£000	£000	£000	£000
COVID-19 Budget impact of Additional Costs and Net income losses	31,348	33,108	64,456	162,417
P2 - Savings, mitigations and other changes			(10,565)	(440)
COVID - Budget shortfall after in year measures			53,891	161,977
COVID 19 Emergency Funding Tranches 1 and 2 (Note £389k applied in 2019/20)			(33,367)	0
Corporate measures identified			(7,963)	(21,992)
Original budget shortfall				22,554
COVID - Budget shortfall after in year measures			12,561	162,539
Forecast COVID 19 Emergency Funding Tranche 3 (Confirmed to date)			(7,085)	0
Budget shortfall after confirmed funding and mitigations			5,476	162,539

It is anticipated that the **£5.5m** shortfall can be bridged using the remaining tranche 3 COVID-19 emergency funding to support income losses.

Neither the grant allocation or detailed methodology have been shared by the government therefore this remains a significant risk.

Should the grant not be sufficient, any remaining shortfall must be met through further additional savings and/or the use of reserves.

Impact of COVID-19 from 2021/22

The 2020/21 position includes further financial pressures into 2021/22 forecast at £162.4 from anticipated continuing income losses of £137.4m (council tax, business rates, dividend) as well as additional costs of £25m - recognising the social care needs arising from COVID-19 are likely to be severe and will require an ever increasing share of Local Authority budgets.

It is anticipated that Business Rates and commercial income will decline due to the expected downturn in the economy arising from COVID-19. These income losses are forecast to have a budget impact of £137.4m which includes the airport dividend of £62m (after using £8.7m in reserve) Collection Fund shortfalls £69.4m (includes £40.2m deficit from 2020/21) and other commercial and fee income of £6m.

The forecast £25m additional costs in 2021/22 are due to:

- £7.5m relates to ongoing implications for supporting those sleeping rough through the provision of 250 bed spaces on a more permanent basis as well as associated staffing support
- £13.5m for Adult Social Care. This includes anticipated increases to complex discharges (£5m), increased demands on Home Care (£1.8m) and Residential care (£2.5m). There may also be additional staff costs to deal with the backlog of social care assessments for those discharged under Covid-19 arrangements (c £0.8m). In addition there will be additional demands for public health services which would cost an additional £0.8m in 2021/22. Beyond 2020/21 there are likely to be permanent increases in personal protective equipment (PPE) and salary costs estimated at £2.5m. Early indications from recent numbers of referrals into the safeguarding hub is demonstrating that families have struggled over the past few months and are now asking for support. Some of these requests for support will translate into care packages.
- Spikes in demand for children's social care placements £3.8m, as lockdown measures are lifted, children return to school and other factors there is a concern that this will lead to an increase in referrals into Children's Services.
- £0.2m in Coroners due to a backlog of inquests
- There are also likely to be other additional costs (not yet quantified) including support for vulnerable groups, for example those at risk of domestic violence.

The above, including the projected deficit carried over in the collection fund has fed into an initial high level forecast shortfall of **£162m in 2021/22** before any smoothing of the Collection Fund losses over 3 years as proposed in the Government's July announcements. The position will be reviewed in line with any further government announcements and other changes over the coming months

Period 2 - High Level Headlines 2020/21

The amounts below total **£53.9m** which reflects the COVID-19 budget impact of £64.5m partly offset by in year savings, mitigations and other changes of £10.6m

Corporate Budgets £14.457m overspend. COVID-19 related income loss is forecast as £15.810m from dividend losses. Partly offset by increased Public Health grant allocation of £1m and other smaller changes.

Children's Services £6.679m overspend. COVID-19 related expenditure and income loss is forecast to be £8.5m, this is partly offset by £1.8m savings, mitigations and other changes in the following areas: LAC placements of £1.340m mainly due to External residential placement numbers being lower than budget and some posts in Internal residential placements being funded by grant and additional budget available from the closure of children's homes; Permanence and leaving care of £0.759m which relates to underspends in Unaccompanied Asylum Seekers and No recourse to Public Funds being offset by overspends in Special Guardianship Orders, Child Arrangement Orders and Adoption allowance and Leaving Care; Children's Safeguarding service areas of £282k due to underspends in Early Help and Fostering and Adoption being offset by overspends in Operational Teams and Legal. These underspends are partially offset by overspends on Education Services of £299k which is mainly due to attendance fines not being made due to COVID-19 and Home to School Transport of £294k due to route cost increases which have been offset by an underspend in free travel passes.

Adult Social Care £8.365m overspend. COVID-19 related expenditure is forecast to be £10.5m, this is partly offset by savings, mitigations and other changes of £2.2m in the following areas: MLCO Provider Services underspend of £310k mainly due to reduced agency cost pressures for the in-house supported accommodation. MLCO Integrated Neighbourhood Teams £74k overspend due residential & nursing budgets. MLCO Complex services (LD, MH, Transition) £146k overspend on cash personal budgets. MLCO Population Health is £133k underspend due to renegotiations on the sexual health contracts. MLCO Commissioning £343k underspend due to a delay in the new extra care schemes. MLCO Budget growth and back office £1.087m underspend due to slippage on the investment programme and slippage against the National Living Wage and inflation budget. MHCC £271k underspend due to Population Health staffing. And £35k overspend relates in the main to externally commissioned assessors undertaking DoLs assessments.

Homelessness £7.144m overspend. COVID-19 pressure of £7.144m. Excluding this pressure the Homelessness service reports a breakeven position based on current numbers in Bed and Breakfast and Dispersed Accommodation.

Corporate Core £3.218m overspend. COVID-19 related pressures are forecast at £5.1m, these are partly offset by savings, mitigations and other changes of £1.8m which is made up of savings/underspends in Chief Executives £186k mainly due to cancelled election in 2020/21 and employees savings; and Corporate Services of £1.642m mainly due to employee savings across services, largely due to assuming a recruitment date of October 2020.

Neighbourhoods Directorate £8.496m overspend. COVID-19 related pressures are forecast at £10.378m, partly offset by savings, mitigations and other changes of £1.8m mainly due to the start date for new employees being estimated at October 2020.

Growth and Development £5.532m overspend. COVID-19 related pressures are forecast at £7.065m, partly offset by savings, mitigations and other changes of £1.5m through staffing and additional income across the service.

Period 2 monitoring	Gross position Including COVID impact			
	Original Approved Budget	Revised Budget	Forecast Outturn	Total P2 Forecast Variance
	£000	£000	£000	£000
Total Available Resources	(666,125)	(821,252)	(806,419)	14,833
Total Corporate Budgets	126,761	264,855	264,479	(376)
Children's Services	130,320	130,485	137,164	6,679
Adult Social Care	221,253	229,213	237,578	8,365
Homelessness	15,285	15,306	22,450	7,144
Corporate Core	69,958	76,918	80,136	3,218
Neighbourhoods	93,802	94,306	102,802	8,496
Growth and Development	8,746	10,169	15,701	5,532
Total Directorate Budgets	539,364	556,397	595,831	39,434
Total Use of Resources	666,125	821,252	860,310	39,058
Total forecast over / (under) spend	0	0	53,891	53,891
COVID 19 Government grant income tranche 1 and 2				(33,367)
Proposed Corporate measures included in budget report				(7,963)
Sub-Total Pre July Funding Announcement				12,561
COVID 19 Government grant income (tranche 3) - Estimated				(7,085)
Net forecast over / (under) spend				5,476

Memo: Breakdown of variance			
COVID related Expenditure	COVID related income reduction	Savings, mitigations and other changes	Total P2 Forecast Variance
£000	£000	£000	£000
0	15,810	(977)	14,833
0	0	(376)	(376)
7,961	506	(1,788)	6,679
10,545	0	(2,180)	8,365
7,110	34	0	7,144
1,485	3,561	(1,828)	3,218
3,995	6,383	(1,882)	8,496
250	6,815	(1,533)	5,532
31,346	17,299	(9,211)	39,434
31,346	17,299	(9,587)	39,058
31,346	33,109	(10,564)	53,891
(33,367)			(33,367)
		(7,963)	(7,963)
31,088		(18,527)	12,561
(7,085)			(7,085)
24,003		(18,527)	5,476

Original Budgeted Savings

2019/20 Approved Savings - Of the £7.463m original planned savings, £2.349m are rated as red, which were to be delivered by Homelessness, Corporate Core, Neighbourhoods and Growth and Development. The capacity to deliver savings has been greatly reduced with the impact of COVID-19.
All red rated savings are included as overspends in the Directorate's Period 2 position. Amber savings remain as being achievable but with risk attached.

	Savings Target 2020/21			
	Green	Amber	Red	Total
	£000	£000	£000	£000
Children's Services	0	0	0	0
Adults Social Care	0	0	0	0
Homelessness	0	0	1,000	1,000
Corporate Core	2,803	146	500	3,449
Neighbourhoods	1,930	35	359	2,324
Growth and Development	200	0	490	690
Total Budget Savings	4,933	181	2,349	7,463

Amber Risk savings of £181k include:

Corporate Core - £146k

- £96k from annual leave purchase scheme, may increase later in the year
- £50k Capital programmes increased income at risk due to slippage

Neighbourhoods - £35k

- £35k Highways: Increase permit/license fees (skips, hoardings, scaffold, etc) by 3.5%.

Red High Risk savings of £2.349m include:

Homelessness - £1.000m

- A reduction in the cost to the council of temporary accommodation through transfer to registered providers is not being achieved due to senior staff in Homelessness focusing on the COVID 19 response. Work is ongoing to implement a pilot with a registered provider. Procurement and Legal are reviewing revised timescales.

Corporate Core - £0.500m

- £0.500m from Manchester Central 2020/21 rental income / profit share due to reduced events as a result of COVID-19

Neighbourhoods - £359k

- £105k Highways increase income generation through fees and charges across compliance
- £40k Galleries exhibition tax relief
- £57k Libraries and galleries income generation due to closures
- £20k Car park income from pay and display at Heaton Park due to closure
- £30k Other income from Heaton Park due to park closure
- £86k from revised operating model at Piccadilly Market
- £21k income from Pest Control due to restricted service offer

Growth and Development - £490k

- £340k Additional airport lease income, Project Quantum will need to allow additional lead in time for developers due to COVID-19
- £150k Investment Estate additional income due to additional lead time for developers

Investments

Investment Priorities	2020/21 Budgeted Investment	2020/21 Full Year Committed Investment	Objective / Update on progress / Outcomes
	£000	£000	
Neighbourhoods Investment			
Capacity for further pressures including Domestic Violence	200	100	Investment will support earlier identification and intervention working with key partners and agencies. Bid for investment identified there was a 6-8 month lead in period needed to codesign interventions. This has been delayed due to covid which has a knock on impact on forecast spend this year. If the programme could be commissioned over four years the full £1m allocation could be spent.
Anti Social Behaviour team	540	540	Additional funding for the ASBAT team to address the increasing number of cases of antisocial behaviour across the city which have increased by 34% during lockdown compared to the same period last year.
Spring Challenge Fund	250	250	Due to lockdown the Spring challenge did not take place, the programme is currently being reviewed, with a view to potentially providing alternative arrangements later in the year.
Total Neighbourhoods Investment	990	890	
Corporate Core Investment			
Our Transformation Investment £1m over 3 years	333	193	Funding for additional capacity of three fte at 50% along with external support for system implementation etc. The remaining £140k to be released in year towards the savings for 2020/21.
Total Corporate Core Investment	333	193	
Growth and Development Investment			
Deliver Carbon Reduction Plan	1,000	400	This is to fund a dedicated team to deliver the commitments within the Carbon Reduction Plan, recruitment of three officers is anticipated by October. This funding is to be profiled over three years to support work to identify and deliver large scale remote renewable energy projects. This includes procuring a Solar PV partner, deliver a Zero Carbon whole building retrofit pilot and develop an accelerated boiler replacement programme. Progress towards the carbon reduction plan this year to date includes - 20% completion of LED lighting for the Town Hall Extension, Solar panels installed Wythenshawe Forum roof, charging stations and electric vehicles on site at Hooper St Depot and Hydrozero pilot in 2 libraries
Housing Investment Reserve - support implementation of Local Delivery Vehicle	100	100	The £100k initial investment was to provide additional capacity to allow work to establish the viability of a Manchester bespoke scheme, identify indicative land and any title or grant issues, and develop a report leading to full approval of a model by summer 2020.
Total Growth and Development Investment	1,100	500	
Total Investment	2,423	1,583	

Budgets to be allocated from Corporately held Inflation and Pay Budgets

Budget to be allocated	2020/21	Description
	£000	
In-house foster care	364	2% to be applied as at 1 April 2020. This relates to the fee uplift for inflation for 2020/21.
Residential placement uplift	200	Along with the North West Regional Group, an inflationary uplift has been agreed on a provider by provider basis from 1st April 2020 for external residential placements which have been in place for two years or more. 22 placements are eligible for the agreed increase.
Waste collection and disposal contract	805	Annual inflation due on the waste collection and disposal contract.
Management and maintenance of landfill	32	Annual increase in costs for management and maintenance of two landfill sites.
Street Lighting PFI	91	Annual inflationary increases on the Street Lighting PFI unitary charge. .

Grants received, use of reserves and virements

Grants received	2020/21	2021/22	Description
	£000	£000	
Pocket Parks	15	0	To improve accessibility of Fletcher Moss park and help support social subscribing for those with mild depression, social isolation or health problems.
Use of reserves	2020/21	2021/22	Description
	£000	£000	
Adult Social Care Reserve	1,000	0	A drawdown request has been made to utilise £550k from the ASC reserve to support the demand from increased placement costs within the Learning Disability Service. In addition, a further request is made to drawdown £300k to support the immediate implementation of a Brokerage function to embed new commissioning arrangements resulting from the implementation of Liquidlogic. Finally, there is a request to drawdown £150k due to the demand diagnostics work which will support the future funding work for ASC in 2021/22.
Virements	2020/21	2021/22	Description
	£000	£000	
Operations and Commissioning - Neighbourhoods Services to Communications - Chief Executives	300	300	This relates to income the Council receives for the advertising sites across the city from Media Co Outdoor Limited.
Adult Social Care	600	0	This is uncommitted inflation funding which will support wider care pressures across the service.

Corporate Budgets £14.457m overspend

	Gross position including COVID impact		
	Annual Budget	Projected Outturn	Projected Variance from Budget
	£000	£000	£000
Resources Available			
Retained Business Rates	(309,692)	(310,710)	(1,018)
Council Tax	(174,465)	(174,465)	0
Other Specific Grants	(83,292)	(83,251)	41
Business Rates Grants	(168,333)	(168,333)	0
Dividends	(62,890)	(47,080)	15,810
Use of Reserves	(22,581)	(22,581)	0
Fortuitous Income	0	0	0
Total Corporate Resources	(821,252)	(806,419)	14,833
Planned Use of Resources	£000	£000	£000
Other Corporate Items	203,251	203,251	0
Contingency	860	860	0
Budgets to be Allocated	9,888	9,649	(239)
Levies	41,277	41,291	14
Historic Pension Costs	9,580	9,428	(152)
Total Corporate Budgets	264,855	264,479	(377)
Total	(556,397)	(541,940)	14,457

Memo: Breakdown of variance	
COVID related pressures	Savings, mitigations and other changes
£000	£000
0	(1,018)
0	0
0	41
0	0
15,810	0
0	0
0	0
15,810	(977)
£000	£000
0	0
0	0
0	(239)
0	14
0	(152)
0	(377)
15,811	(1,354)

COVID related Pressures (£15.8m):

- £15.810m of dividend income from Manchester Airport Group and National Care Parks, and Piccadilly Triangle's rental income share is unlikely to be received due to the impact of COVID 19. (Note a significant element of the Airport Dividend is used a year in arrears so the income is included)

Savings, mitigations and other changes (£1.4m)

- There is an increase of £1.018m on the Retained Business Rates budget due to the late announcement of Public Health allocation for 2020/21 which increased the Council's Baseline Funding Level and reduced the Tariff payment due to Government.
- Council Tax is forecast to budget as changes in the level of collection impact on the following year.
- Business Rates Grants reflect £138.477m section 31 grant to reimburse the council for loss of Business Rates income due to Extended Retail Relief. This will be held in a reserve to offset the associated collection fund deficit in 2021/22.
- Other Specific Grants include lower than budgeted allocations for Council Tax Subsidy Grant of £7k and Care Act Grant of £34k.
- Budgets to be Allocated have a surplus of £309k due to the Pension Contribution rate reducing by 0.2% more than expected, partly offset by the apprenticeship levy which is expected to be £70k higher than budgeted.
- The overspend of £14k on levies is due to the Flood Levy and the Port Health Levy being £7k higher than expected.
- Historic pension costs are currently forecast to underspend by £152k due to reduced recipients.

Children's and Education Services - £6.679m overspend

Children's and Education Services	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
LAC Placements	47,151	2,697	49,753	2,431
Permanence and Leaving Care	18,488	2,672	17,766	(550)
Children Safeguarding Service Areas	43,150	4,829	43,626	476
Children's Safeguarding	108,789	10,199	111,146	2,357
Education Services	6,610	962	7,473	863
Home to School Transport	9,810	358	13,268	3,459
Targeted Youth Support Service	807	66	807	0
Education	17,226	1,387	21,548	4,322
Children's Strategic Management and Business Support	4,471	726	4,471	0
Total Children's and Education Services	130,485	12,311	137,164	6,679

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
3,771	(1,340)
209	(759)
758	(282)
4,737	(2,380)
564	299
3,167	292
0	0
3,730	592
0	0
8,467	(1,788)

Children's and Education Services: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Number of Looked after children (snapshot at month end)	Low	May-20	1,397	1,452	☑	6	⚠	81	☒
Number of External Fostering Placements (snapshot at month end)	Low	May-20	440	n/a		-1	⚠	32	☒
Number of Internal Fostering Placements (snapshot at month end)	High	May-20	296	n/a		4	⚠	4	⚠
Number of External Residential Placements (snapshot at month end)	Low	May-20	103	n/a		-1	⚠	9	☒
Number of Internal Residential Placements (snapshot at month end)	Low	May-20	8	n/a		0	⚠	1	☒
Number of Special Guardianship Orders (projected year end)	High	May-20	66	70	☒	-42	☒	6	☑
Number of active Special Guardianship Order Allowances	Low	May-20	592	n/a		-1	⚠	61	☒
Number of Adoptions (projected year end)	High	May-20	6	60	☒	6	☑	-36	☒
Number of active Adoption Allowances	Low	May-20	143	n/a		-2	⚠	-36	☑
Number of active Child Arrangement Order / Residence Order Allowances	Low	May-20	54	n/a		0	⚠	-10	☑
Number of Referrals per month (total per month)	Low	May-20	503	919	☑	69	☒	-108	☑
% of Re-Referrals (year to date)	Low	Apr 20 - May 20	19.40%	22.10%	☑	-0.6%pts	☑	-15%pts	☑
Number of Children in Need (snapshot at month end - now includes care leavers)	Low	May-20	5,072	4,847	☒	-25	⚠	-63	⚠
Number of Child Protection Plans (snapshot at month end)	Low	May-20	685	728	☑	-46	☑	-51	☑
% of children starting a CPP for a 2nd or subsequent time (year to date)	Low	Apr 20 - May 20	21.40%	22.00%	☑	-7.7%pts	☑	-3.8%pts	☑
% of children ceasing a Child Protection Plan, subject to that plan for 2+ years (YTD)	Low	May-20	2.30%	4.00%	☑	-0.4%pts	☑	-1.5%pts	☑
Number of Education, Health and Care Plans	n/a	May-20	5,040	n/a		74	⚠	642	☒

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Performance Analysis

- The number of LAC has increased slightly and remains higher than at this point last year.
- There has been a slight decrease in the number of External Fostering placements this month and a concurrent increase in Internal Fostering placements. External fostering is however still higher than last year.
- The number of children placed in External Residential placements has decreased slightly but remains higher than last year. Internal Residential placements are lower than last year.
- The number of Special Guardianship Orders (SGO) is slightly below target but higher than at this point last year. The large decrease compared to last month is due to a large number of SGOs granted in April which was then extrapolated over the full year. As it was only one data point however this resulted in an overly high projection for April.
- Adoptions are significantly lower than target and last year.
- The number of active SGO Allowances decreased slightly from last month but remains significantly higher than last year, at least partly due to a higher number of SGOs granted last year than in previous years. Active financial assistance for adoptions has reduced slightly from last month but significantly compared to last year and active Child Arrangement Orders/Residence Orders have also decreased.
- The number of referrals has increased compared to last month but remains much lower than at this point last year. Re-Referrals are now below target and have reduced considerably compared to last year.
- The number of Children in Need decreased slightly this month and is now slightly lower than at this point last year.
- The number of Child Protection Plans has decreased significantly again this month and remains significantly lower than at this point last year. The percentage of repeat Child Protection Plans has decreased significantly this month and last year and is now below target, and the percentage of Child Protection Plans ending where the child was on a Plan for more than two years has decreased and is significantly below target.
- The number of active Education, Health and Care Plans continues to increase.

Note: Fostering and Residential placement figures reported here may differ from figures reported by Finance due to different data collection systems and calculation methodologies

Children's and Education Services Financial Headlines

Children's Services revenue budget totals £130.485m

The overall forecast position as at Period 2 is an overspend of £6.679m, this is made up of;

- Covid-19 pressures through increased costs and reduced income - £7.961m;
- Partly offset by savings, mitigations and other changes of net £1.788m underspend.

COVID related Pressures (£7.661m):

This includes COVID-19 pressures of £7.961m and shortfalls in income of £0.506m relating primarily to additional spend which expected for Children in Care. Currently there is an underlying underspend in safeguarding but due Covid-19 and lockdown measures demand for services has been suppressed, it is expected that there will be a spike in referrals when school open fully in September. It is also expected that demand for services will increase as the are multiple factors influencing demand and activity for Children's Services such as deprivation, domestic abuse, substance misuse and adult mental health have been heightened due to the pandemic. It is also currently expected that additional Home to School transport will be incurred as more children go back to school in September and social distancing measures continue to be in place.

COVID-19 spend and income loss figures are reviewed regularly as more information and costs are finalised.

Savings, mitigations and other changes (£1.788m)

This includes the following:

- An underspend of £2.3m on safeguarding due to £2.1m of potential in-year savings through delaying restructures, vacancies, renegotiation of partner contribution and efficiencies. Alongside the savings there are a number of existing pressures relating to legal charges, short breaks, leaving care allowances and supervised contact totalling £0.785m which after taking this into account is a net saving totalling £1.322m - detailed on next slide.
- Unaccompanied Asylum Grant increase in rate per child/young person particularly for those over 18. The Service is now expected to be completely funded by the grant. This increase in rate has recently been announced and was not known at the time of setting the 2020/21 budget.

The Dedicated Schools Grant (DSG) is projected to overspend by £292k, the overspend is due to the high needs block, which supports children with special education needs and special school places. DSG received additional high needs funding (after recoupment) in 2020/21 of £11.71m, of which £9.88m was allocated to meet demands in growth, and £1.83m was to be used towards mitigating the 2019/20 DSG deficit of £4.2m. Due to increased growth pressures within high needs at this point no funds have been allocated towards reducing the 2020/21 DSG deficit, work is ongoing in reviewing the areas of pressure.

Children's and Education Services Financial Headlines

Other non COVID-19 related pressures:

- Education Services - overspend £0.592m mainly due to Home to School Transport pressures and Attendance team pressures.
- Legal Services - £239k overspend based on last year's activity and increased use of external legal services due to staff turnover of the Council's in house legal support.
- Supervised Contact and Safeguarding - £184k overspend mainly due to use agency staff.

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Savings/underspends and other mitigations:

- No Recourse for Public Funds - £0.789m based on current levels of activity, a large part of this underspend has been offered up as an efficiency saving
- Early Help - £0.501m following a delay in restructure.
- Unaccompanied Asylum Seeking Children - £0.567m. Home Office grant has increased per child, particularly for those over 18, the service is now expected this to have a positive impact and is seeking to ensure that sufficient support is provided to UASC as long term support is not currently covered by the grant.
- Adoption - underspend of £203k following reduction in the regional adoption agency recharge.
- Children in Care and Children Leaving Care - underspend of £0.743m based on current placements and support provided to date.

Adult Social Care and Population Health - £8.365m overspend

Adult Social Care and Population Health	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
Provider Services (incl Infection Control)	30,728	4,460	31,115	387
Hospital Teams, Front door and TEC	2,052	687	2,032	(20)
Integrated Neighbourhood teams	43,086	6,591	51,524	8,438
Complex Services (LD, MH, Transition)	80,513	3,845	81,233	720
Population Health (incl Track and Trace services)	41,632	5,168	42,032	400
Commissioning MLCO	4,211	565	3,868	(343)
Budget growth and back office	10,073	316	9,041	(1,032)
MHCC	12,514	1,829	12,294	(220)
Total ASC Pooled Budget	224,809	23,461	223,139	8,330
MCC – ASC outside of Pool	4,404	485	4,439	35
Total ASC and Population Health	229,213	23,946	229,399	8,365

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
697	(310)
270	(290)
8,364	74
574	146
533	(133)
0	(343)
55	(1,087)
52	(272)
10,515	(2,215)
0	35
10,545	(2,180)

Adult Social Care: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?			
				Target	Last Period	Last Year	
Average Daily DTOC per 100,000 of the 18+ population	Low	Feb-20	38.3	Under Review	4.5	☒ 21.4	☒
Total number of people in Residential Care (65+) at the end of the month	Low	May-20	707	TBC	-13	⚠ -70	☑
Total number of people in Nursing Care (65+) at the end of the month	Low	May-20	295	TBC	-10	☑ -49	☑
Weekly Homecare hours (snapshot at end of month)	Low	Jun-19	26,826	TBC	51	⚠ -121	⚠
% of Adults receiving a Long term service awaiting a review (Annual Review backlog as a % of people receiving long term services)	Low	Jul-19	34.60%	TBC	-0.9%pts	☑ 2.2%pts	☒
% people receiving a reduction in care following a review	High	Jun-18	8.89%	TBC	3.6%pts	☑ 3.1%pts	☑
% people leaving Reablement with no ongoing care commitments	High	May-20	39.00%	54.00%	☒ -6.6%pts	☒ -15.6%pts	☒
The number of carers receiving carers-specific services (per 10,000 popn)	High	Jun-19	11.1	TBC	-32	☑ -5	☒

Performance Analysis

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Delayed Transfers of Care

Official figures on this stopped being produced nationally because of Covid-19. Local monitoring has been taking place on a daily basis from the Control Room and updated directly via the Covid Dashboard each Tuesday and Thursday to SMT. This reporting cannot be directly aligned to national reporting but it is a good indication of delayed activity on a daily basis across the city. This reporting to SMT commenced in June therefore local figures for delayed transfers in P1 and P2 are unavailable. Given the priority of managing capacity in hospitals because of Covid-19 it is expected that when official figures are released delayed transfers will show a marked reduction during this time.

Total in Residential/Nursing Care

Similarly to delayed transfers reporting for people who were admitted into residential/nursing care changed as a result of the pandemic because of the pressing need to manage capacity in hospitals. Discharge to Assess is the preferred route as per government guidance with costs associated not currently impacting. The result of this is that current figures on the total number in care show a reduction in April and May. This position may change in future months.

Outcomes following Reablement

The percentage of citizens requiring no further care following reablement fell by 6.6%pts from 45.6% in April to 39.0% in May. This is lower than the 2019/20 average of 52%, and the 2018/19 average of 51%. The vast majority of Reablement clients are currently in the Red and Amber categories in order to manage the service's resources (those in the green category were discharged during March and early April). This means they require considerable support which they are likely to need for the foreseeable future which has directly impacted in out-turn for this metric. The percentage of people leaving with same or more care has increased to 41% from 28% last month which evidences that the level of need of those leaving has increased.

Adult Social Care and Population Health Financial Headlines (1 of 2)

The Adult Social Care budget totals £229.213m of which £224.809m is part of the Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2020/21.

The overall forecast position as at Period 2 is an overspend of £8.363m, this is made up of;

- Covid-19 pressures through increased costs - £10.545m;
- Partly offset by savings, mitigations and other changes of net £2.180m underspend.

The budget includes grant allocations of £3.342m for the Infection Control Fund and £4.837m for Track and Trace, provided by Government. The remaining £4.4m is outside of the scope of the pool.

COVID related Pressures (£10.545m)

In line with the national picture across councils, the ASC financial position for 2020/21 and beyond is very uncertain and includes significant financial risk. The pressures created across the care sector from the impact of COVID-19 are significant and unparalleled. The assumptions in the reported position are based on the current expectation and may fluctuate as the year progresses.

The ASC projected costs relating to COVID-19 and funded by the Council are £10.545m and relate to paying homecare providers for hours commissioned rather than actual delivery, additional demand on homecare and residential placements following hospital discharge, PPE supplied to homes across the city, additional staffing to support providers where needed with a further £6.868m which will be set against health COVID-19 funding. This figures are reviewed regularly as more information and costs are finalised. The Pool already includes funding for the first tranche of COVID-19 funding which has been approved for transfer to the MHCC Pooled Budget (£3.834m).

Savings, mitigations and other changes (£2.180m)

The position at Period 2 is a reported forecast underspend of £2.180m, of which there is an underspend of £2.215m on the Pool and an overspend of £35k relates to services outside of the scope of the Pool.

£2.180m of non-recurrent in-year savings and other mitigations which are included in the forecast which relate primarily to realistic assumptions on the recruitment to vacant posts, a revised implementation for the social worker career pathway scheme, revised assumptions on the opening of the new extra care facilities and an expected uncommitted balance on the inflation budget.

Care pressures in Learning Disability (£1.2m) are proposed to be funded from demographics and an in-year virements from the unallocated budgets National Living Wage and Price Inflation

Adult Social Care & Population Health (2 of 2)

The savings, mitigations and other changes (£2.180m) are due to:

- MLCO Provider Services - underspend of £310k against budget due in the main to pressures on the in-house supported accommodation of £857k, offset by underspends on day centres of £373k, reablement of £627k, equipment of £54k and other underspends totalling £113k.
- MLCO Hospital Teams, Front Door and TEC - £290k underspend, predominantly due to the timing of recruitment.
- MLCO Integrated Neighbourhood Teams - £74k overspend due to an overspend on the residential & nursing budgets of £1.050m, offset by an underspend on the homecare of £0.698m and carers of £162k and other care of £116k.
- MLCO Complex services (LD, MH, Transition) - £146k overspend on cash personal budgets of £257k offset by underspends on LD social worker staffing budgets. LD care pressures (£1.2m) are proposed to be funded from demographics and repurposing funding from NLW unallocated and available unallocated price inflation.
- MLCO Population Health – £133k underspend due to renegotiations on the sexual health contracts.
- MLCO Commissioning - £344k underspend due to a delay in the new extra care schemes.
- MLCO Budget growth and back office - £1.087m underspend due to slippage on the investment programme of £420k, slippage against the National Living Wage and inflation budget of £0.550m both of which will be utilised to support the Learning and Disability care pressures and £117k on staffing across business support.
- MHCC - £271k underspend due to Population Health staffing of £173k and senior manager budgets of £98k
- MCC – £35k overspend relates in the main to an overspend on externally commissioned assessors undertaking Deprivation of Liberty (DoLs) assessments.

Homelessness - £7.144m overspend

Homelessness	Gross position including COVID impact				Memo: Breakdown of variance	
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	COVID related impact	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000
Singles Accommodation	1,691	602	1,762	71	0	71
B&B's (Room only)	2,901	1,075	3,155	254	0	254
Families Specialist Accommodation	299	102	311	12	0	12
Accommodation Total	4,891	1,779	5,228	337	0	337
Floating Support Service/HMT	1,422	361	1,348	(74)	34	(108)
Dispersed & TAMF	3,328	356	4,874	1,546	1,546	0
Dispersed Accommodation Total	4,750	717	6,222	1,472	1,580	(108)
Homeless Management	668	96	653	(15)	0	(15)
Homeless Assessment & Caseworkers	2,328	382	2,239	(89)	0	(89)
Homelessness PRS & Move On	793	(309)	754	(39)	0	(39)
Rough Sleepers Outreach	397	(218)	329	(68)	0	(68)
Tenancy Compliance	201	30	183	(18)	0	(18)
Homelessness Support Total	4,387	(19)	4,158	(229)	0	(229)
Commissioned Services	1,210	(278)	1,210	0	0	0
Commissioned Services Total	1,210	(278)	1,210	0	0	0
COVID-19 Response Rough Sleepers	0	1,669	5,564	5,564	5,564	0
Emergency Support for Rough Sleepers	68	0	68	0	0	0
COVID-19 Response Total	0	1,669	5,632	5,564	5,496	68
Total Homelessness	15,306	3,868	22,450	7,144	7,144	0

Homelessness: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?				
				Target	Last Period	Last Year		
Number placed in Bed and Breakfast Accommodation: Single person	Low	May-20	211	TBC	20	✗	68	✗
Number placed in Bed and Breakfast Accommodation: Families	Low	May-20	20	TBC	-30	✓	-50	✓
Number of dispersed accommodation placements: Single person	Low	May-20	174	TBC	13	✗	38	✗
Number of dispersed accommodation placements: Families	Low	May-20	1,614	TBC	41	✗	242	✗

Performance Analysis

The number of single people placed in Bed and Breakfast (B&Bs) has increased. This is due to covid-19 and difficulties in moving people on, into accommodation that they can socially distance in. Family placements have decreased, this is because staff have still managed to move people on to dispersed accommodation throughout this period. The increase overall is strongly linked to welfare reform, for example the freezing of Local Housing Allowance (the Government increase to LHA in April 2020 has not impacted on the rate which can be claimed by Councils), the 'bedroom tax', the benefit cap, the application of the shared room rate to single households under 35 years, the stricter sanction regimes and universal credit itself. Singles numbers will continue to increase over the next few months due to Covid-19, as sofa surfers and insecure lodgers are asked to leave their accommodation. The Section 21 (landlord evictions) team continues to prevent significant demand and many landlords have taken government guidance and are not evicting people during the pandemic. It is anticipated there will be a significant demand for services once the pandemic is over.

The private rented sector has doubled in size nationally in the last ten years, and rents have increased three times faster than wages nationally. Homes in this tenure are increasingly unaffordable for families on low incomes, particularly to households in receipt of Local Housing Allowance. The Government has announced that the freeze on LHA rates will end and they will increase in line with CPI. This, whilst welcome, is not sufficient to cover the increase in rents in Manchester, and will actually penalise some families, bringing them into the benefit cap. Work is being undertaken to help people access the PRS in affordable locations, and schemes such as a landlords insurance are being developed to make the offer more attractive.

As we come out of lockdown, more households are being moved out of B&B and into dispersed accommodation, as well as people being moved into permanent accommodation. Inspections are beginning to start again with landlords to improve standards. Work with RPs has allowed us to give backdates to homeless people as we try to create vacancies to accommodate singles from Covid-19 hotels.

The transformation programme is currently on hold during COVID-19 as the service focuses upon accommodating people who sleep rough to mitigate the public health risk, and providing a service with reduced staffing. Service changes due to Covid-19, such as remote working, will feed into service transformation going forward as it has proven to be successful.

Homelessness Financial Headlines

The Homelessness budget for 2020/21 is £15.306m

The overall forecast position as at Period 2 is an overspend of £7.144m, this is made up of;

- Covid-19 pressures through increased costs and income shortfalls - £7.144m;
- Non COVID - balanced budget

The Homelessness budget includes Emergency Support for Rough Sleepers grant of £68k.

COVID related Pressures (£7.144m):

The COVID-19 response to Government's 'Everyone In' policy is providing accommodation for 280 people sleeping rough in the City. Indicative annual cost of £6.110m, £320k staffing related expenditure up to 31 July 2020 (this does not reflect the cost of staff who have been redeployed, whose costs are covered by budgets linked to substantive roles), £5.244m accommodation, food and security to provide accommodation for those who would otherwise be sleeping rough linked to the Governments Everyone In and the exit strategy. Dispersed temporary accommodation placements have increased by 125 since March 2020 to 1,788 in May 2020 (an increase of 54 since last month). £0.546m of costs have been assigned as COVID 19 costs. The Flexible Housing Support grant (£2.1m) is being fully applied to meet the cost.

In addition to the increased expenditure, there is a forecast lost income of £34k linked to Legal Services provided to Registered Providers.

Further to this as a result of COVID-19 will be savings of £1.0m unachieved, with delays in procurement as a result of Senior Management involvement in COVID 19 response. Work is ongoing with Legal and Procurement Services to revise timelines.

Non COVID - balanced budget:

The position reported reflects the allocation of £0.979m investment due to increased need for Dispersed Accommodation, £1m of funding to enable a permanent staffing structure to be implemented and £373k of funding to offset the loss of GMCA income at the Longford Centre as per the Council's 2020/21 budget process.

Additional one off funding in 2020/21

- Rough Sleeper Initiative (RSI) funding of £0.724m funds a number of different initiatives and services that work together as an RSI Partnership, with the objectives of preventing people from rough sleeping and finding accommodation for people already rough sleeping. This funding included the provision of Rapid Rehousing Pathway programme of £215k for 4 Navigators and 1 Team Leader. These are attached to the Council's Outreach Team and the Navigators will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation
- The new burdens funding of £461k is being utilised to provide capacity to reduce demand.
- Funding of £1.6m has been awarded by GMCA to fund 142 beds spaces in Phase 3 of A Bed Every Night which has been extended to cover the period July 2020 to March 2021, indicative costs are £2.4m. Revenue and Benefits are currently reviewing the proposals at each of the properties to confirm the level of Housing Benefit which can be claimed to help offset the costs.

Homelessness Period 2 Activity

Table 1. Presentations at Front Door	2016/17	2017/18	2018/19	2019/20	2020/21
Quarter 1	1,329	1,644	1,692	2,388	TBC
Quarter 2	1,400	1,626	2,174	2,525	
Quarter 3	1,331	1,453	1,978	2,393	
Quarter 4	1,619	1,545	2,303	2,534	
Total	5,679	6,268	8,147	9,840	

Total number of B&B cases booked in and out in the month		Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Totals
Families	Booked In	78	110	86	95	110	83	90	100	71	81	39	51	994
	Booked Out	93	108	94	68	91	76	81	84	91	102	97	69	1,054
	Change	-15	2	-8	27	19	7	9	16	-20	-21	-58	-18	-60

Single Person	Booked In	73	101	118	116	125	109	99	104	101	133	118	126	1,323
	Booked Out	82	114	102	81	125	106	89	121	86	121	107	117	1,251
	Change	-9	-13	16	35	0	3	10	-17	15	12	11	9	72

B&B average placements in month	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Single person	136	125	125	153	161	166	167	169	176	179	191	211
Families	61	50	53	67	81	102	105	112	113	101	50	20
Total	197	175	178	220	242	268	272	281	289	280	241	231

Dispersed Accommodation placements at the end of the month	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Families	1,379	1,404	1,433	1,428	1,447	1,455	1,472	1,489	1,498	1,505	1,573	1,614
Singles	143	144	149	148	150	155	156	159	157	158	161	174
Total	1,478	1,508	1,522	1,548	1,582	1,576	1,597	1,610	1,655	1,663	1,734	1,788

Corporate Core - £3.218m overspend (1 of 2)

Corporate Core	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
Chief Executives	£000	£000	£000	£000
Coroners and Registrars	2,281	169	2,543	262
Elections	1,061	1,876	961	(100)
Legal Services	6,755	2,139	7,099	344
Communications	3,295	437	3,694	399
Executive	967	119	933	(34)
Legal, Comms, Democratic and Statutory Sub Total	14,359	4,740	15,230	871
Corporate Items	545	(60)	895	350
Chief Executives Total	14,904	4,680	16,125	1,221

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
262	0
0	(100)
344	0
451	(52)
0	(34)
1,057	(186)
350	0
1,407	(186)

Corporate Core - £3.218m overspend (2 of 2)

Corporate Core	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
Corporate Services	£000	£000	£000	£000
Policy, Performance and Reform	15,367	2,033	15,078	(289)
Procurement & Commissioning	1,371	254	1,300	(71)
Revenue and Benefits	13,894	(3,379)	14,137	243
Discretionary Housing Payments and Welfare Provision	2,600	276	2,600	0
Financial Management	5,374	1,113	5,167	(207)
ICT	13,520	6,690	14,685	1,165
Human Resources/ Organisational Development (HR/OD).	4,003	1,133	3,907	(96)
Audit, Risk and Resilience	1,427	962	1,350	(77)
Shared Service Centre	1,045	417	920	(125)
Capital Programmes	(163)	566	1,837	2,000
CS Corporate Items (non business plan)	226	376	(24)	(250)
Customer Services	4,083	715	3,810	(273)
Commercial Governance	250	139	227	(23)
Decriminalised Parking Enforcement	(649)	8,055	(649)	0
Bus Lane Enforcement	(334)	6,870	(334)	0
Corporate Services Total	62,014	26,220	64,011	1,997
Total Corporate Core	76,918	30,900	80,136	3,218

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	(289)
0	(71)
322	(79)
0	0
0	(207)
1,317	(152)
0	(96)
0	(77)
0	(125)
2,000	0
0	(250)
0	(273)
0	(23)
0	0
0	0
3,639	(1,642)
5,046	(1,828)

Corporate Core: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Availability of 11 critical ICT Services and Applications (year to date)	High	May-20	99.8%	98.5%	✔	0%pts	▲	0.4%pts	▲
Average Number of ICT Major Incidents in a month (year to date)	Low	Apr 20 - May 20	5.50	n/a		0.50	☒	-2.00	✔
% of transactions delivered face to face (year to date)	Low	Apr 20 - May 20	0.0%	n/a		0%pts	☒	-3.9%pts	✔
% of transactions delivered by telephone (year to date)	Low	Apr 20 - May 20	16.2%	n/a		-0.4%pts	✔	-33%pts	✔
% of transactions delivered online (year to date)	High	Apr 20 - May 20	83.8%	n/a		0.4%pts	▲	36.9%pts	✔
% of annual due Council Tax collected (year to date)	High	Apr 20 - May 20	16.6%	94%	n/a	7.4%pts	n/a	-1.5%pts	☒
% of annual due Business Rates collected (year to date)	High	Apr 20 - May 20	13.7%	97%	n/a	7.9%pts	n/a	-8.1%pts	☒
% invoices paid within 10 days (average monthly result YTD)	High	Apr 20 - May 20	56.6%	65%	☒	-3.6%pts	☒	5%pts	✔
% invoices paid within 30 days (average monthly result YTD)	High	Apr 20 - May 20	87.9%	90%	☒	2.8%pts	✔	0.5%pts	▲
% of pursuable miscellaneous debt over 1 year old (excluding C'tax and B'rates)	Low	May-20	13.8%	5%	☒	6.9%pts	☒	8.3%pts	☒

Performance Analysis

- 84% of the transactions undertaken up to the end of May were delivered online which was significantly higher than the 47% seen at the same time last year. The % of transactions delivered on the telephone reduced to 16% from 49% over the same period. These positive trends in channel shift can be largely attributed to how the service has responded to the impacts of the pandemic with all transactions expected to take place face to face and many of those expected to take place via telephone shifting to take place online. The service has not delivered any face to face transactions in 2020/21 and all phone services except Social Care and Emergency Control, plus the newly set up COVID Hub, were shut down since 24 March. The average number of transactions delivered face to face and via telephone in a month over 2019/20 was 4,367 and 57,738 respectively and at the end of May 2020 these were zero and 16,559 respectively.
- The percentage of council tax due for 2020/21 which had been collected at the end of May (16.58%) was below that collected at the same point last year (18.10%), and at £32.84m, was over £3.84m less than that collected at the same point last year. This clearly reflects the impact of Covid 19 and the lockdown on people's ability to pay.
- Total collectible Business Rates has reduced from £376m to £241.6m, partly due to Extended Retail Relief which will be funded by Government. The percentage of business rates due for 2020/21 which had been collected at the end of May (13.69%) was over 8% pts lower than that collected at the same point last year (21.82%) and at £33.1m was nearly £49m less than that collected last year. This decrease has been exacerbated by the need to suspend direct debit payments while grants and retail relief have been administered. These restarted from 21 May 2020 with payment plans reprofiled over ten or eleven months.
- At 56.6% at the end of May, the percentage of invoices paid within 10 days was below the average for 2019/20 (63.84%) and at 87.9%, the percentage of invoices paid within 30 days was also just below the average for 2019/20 (90.49%).
- The percentage of pursuable miscellaneous debt over a year old has increased to 13.8% at the end of May. The current economic climate and the suspension of recovery in March has contributed to this.
- The average number of major ICT incidents in a month at the end of May was 5.5, which was 2 fewer incidents than at the end of May last year and equal to the average for the 2019/20 financial year.
- The average percentage of critical ICT services and applications which were 'available' in a month was 99.8% at the end of May, which was above the 98.5% target and above the average for 2019/20.

Corporate Core Financial Headlines (1 of 2)

Corporate Core revenue budget totals £76.918m

The overall forecast position as at Period 2 is an overspend of £3.218m, this is made up of:

- Covid-19 pressures through increased costs and reduced income - £5.046m;
- Partly offset by savings, mitigations and other changes of net £1.828m underspend.

The Corporate Core annual budget includes the following additional Covid-19 grant funding allocations

- Council Tax Hardship - £1.3m
- Local Authority Discretionary Fund Grant - £5.432m
- New Burdens funding for the administration of Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund - £225k.

It is forecast that all the additional grants will be fully utilised in year.

The Core budget is net of £3.449m savings that were approved as part of the 2020/21 budget setting process

COVID related Pressures (£5.046m)

These are due to:

- £1.485m increased expenditure largely relating to ICT costs of mobilising staff to work more flexibly and additional licensing costs
- £3.561m shortfalls in income due to reduced capital programme fee income due to the slow down of capital schemes, reduced income in registrars, legal services and Communications and a lower than forecast take up of the annual leave purchase scheme.

Corporate Core Financial Headlines (2 of 2)

Savings, mitigations and other changes (£1.828m)

These are made up of Chief Executives £186k and Corporate Services of £1.642m and further detail is provided below.

The Chief Executives £186k underspend is due to the following:

- Elections underspend of £100k due to cancelled 20/21 election year;
- Communications and Executive office underspend of £86k due to savings on employee budgets and running costs

The Corporate Services forecast underspend of £1.642m is due to:

- £1.498m employee savings in Reform and Innovation, Policy and Partnerships, Performance Research and Intelligence, Procurement, Revenue and Benefits, Financial Management, ICT, HR/OD, Audit, Customer Services and Commercial Governance Team;
- Corporate items £250k underspend due to pensions savings from upfront funding of contributions (3 years); and
- The above are offset by a £106k overspend in the Shared Service Centre due to reduced income.

As part of the work undertaken to identify in year mitigation for the above costs a review of vacant posts has been undertaken and an assumed recruitment date of October 2020 has been included.

Neighbourhoods Directorate - £8.496m overspend

Neighbourhoods Directorate	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
Neighbourhoods Management & Directorate Support	1,135	75	1,175	40
Operations and Commissioning	48,602	10,203	52,203	3,601
Parks, Leisure, Events and Youth	7,510	2,216	9,671	2,161
Compliance and Community Safety	10,524	1,035	10,330	(194)
Libraries, Galleries and Culture	9,091	1,950	9,081	(10)
Neighbourhood Area Teams	2,635	394	2,598	(37)
Other Neighbourhoods Service (incl Covid pressures)	352	2,712	2,904	2,552
Neighbourhood Service	79,849	18,585	87,962	8,113
Highways	14,457	(1,018)	14,840	383
Total Neighbourhoods Directorate	94,306	17,567	102,802	8,496

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	40
3,572	29
2,259	(98)
500	(694)
581	(591)
0	(37)
2,552	0
9,464	(1,351)
914	(531)
10,378	(1,882)

Neighbourhoods: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Neighbourhoods									
Total levy refuse tonnage	Low	Apr-20	7,523	5,685	☒	1051	☒	1453	☒
Total levy recycling tonnage	High	Apr-20	5,031	5,473	☒	n/a	n/a	-923	☒
Citywide recycling rate (provisional)	High	Q4 19/20	35.70%	n/a		n/a	n/a	-1.8%pts	☒
Total number of Neighbourhood Compliance Team resolutions	High	Q4 19/20	1,353	n/a		47	n/a	-45	n/a
% of resolutions which were informal (remainder were formal resolutions)	n/a	Q4 19/20	85%	n/a		10.3%pts	n/a	4.8%pts	n/a
Number of burials (in the month)	n/a	May-20	180	Projection: 199	↓	-18	↓	42	↑
Number of cremations (in the month)	n/a	May-20	137	Projection: 108	↑	3	↑	50	↑
Connected City									
Road network beyond mid-life grading (A, B, C, U roads - excluding footways)	Low	Oct-19		26.00%	☑	n/a		-7.9%pts	☑

Performance Analysis

Lockdown has meant that residents are spending more time at home and as a result producing more domestic waste. This has contributed to the increase in refuse tonnages collected seen from March to May 2020, and an increase in recycling tonnages collected in the brown bin over the same period.

Garden and food waste collections were suspended during three weeks in April and are now being collected on a fortnightly basis. This led to the tonnages of garden and food waste collected in April being lower than the forecast. Such tonnages contribute to the total recycling tonnages figures.

There was a decrease of 1.8% points in the 2019/20 Quarter 4 recycling rate (35.7%) compared to Quarter 4 last year (37.5%). Despite this, the provisional figures for 2019/20 as a whole shows a record high recycling rate of 40.4%, up from 40.1% in 2018/19.

In addition to waste related requests for service, the Neighbourhood Compliance Teams proactively investigated 461 flytipping, commercial and domestic waste incidents. The Neighbourhood Project Team also proactively investigated 1,111 jobs and served 1,337 notices in relation to flytipping during this period.

Neighbourhoods Directorate Finance Headlines (1 of 2)

Neighbourhoods Directorate revenue budget totals £94.306m

The overall forecast position as at Period 2 is an overspend of £8.496m, this is made up of:

- Covid-19 pressures through increased costs and reduced income - £10.378m;
- Offset by identified in year mitigations of net £1.882m underspend.

COVID related Pressures (£10.378m)

This is made up of a combination of increased expenditure £3.995m, and forecast reductions in income of £6.383m. Further details are provided below:

£3.995m increased Covid-19 costs are made up as follows:

- Leisure services £0.872m support to leisure operator to fund the ongoing costs of maintaining City Council assets during closure.
- £49k in Parks for additional signage and markings.
- Highways Services - £0.522m increased costs of introducing social distancing measures
- £491k costs of funding contribution towards additional temporary mortuary and making adjustments in cemeteries and crematoria.
- £2.061m costs of providing the community hub to provide food support to vulnerable residents.

£6.383m reduced income is made up as follows:

- Reduced income of £3.572m in Operations and Commissioning Services, due to the £1.958m reduced Christmas offer income as a result of operating socially distanced Christmas Markets, £1.464m reduced income for Wholesale, Retail and City Centre Markets as a result of required closure and £150k reduced pest control income.
- Libraries & Galleries £0.581m due to reduced sales income and funding contribution because of closure and reduced footfall
- Leisure, Parks and Events - £1.338m due to reduced income because of closure, this includes £375k because of the cancelled Parklife concert and £281k loss of swimming lesson income.
- Highways reduced income from off street parking and sales of fees and permits £392k.
- £0.5m reduced income from penalty notices and licences in Community Safety and Enforcement.

The above figures assume use of GMCA reserves to mitigate the overspend on the Waste Levy due to increased tonnages as a result of COVID-19.

Neighbourhoods Directorate Finance Headlines (2 of 2)

Savings, mitigations and other changes (£1.882m)

The Service has identified in year savings of £1.882m that have been offset against the Covid -19 cost pressures as part of undertaking this work it has been assumed that any vacant posts will not be filled through external recruitment before October 2020. The breakdown of the identified in year savings are provided below.

Community Safety and Compliance £0.694m savings due to;

- £0.636m employee savings due to revised recruitment assumptions and £58k saving on running costs. .

Libraries, Galleries and Culture £0.591m due to;

- £381k saving on employee costs in Libraries and Galleries;
- £110k saving on running costs in Galleries, and £100k saving on the libraries book fund.

Parks, Leisure, Youth and Events £98k savings due to;

- £110k employee savings due to revised recruitment assumptions, offset my small underspend on running costs.

Highways - £0.531m savings due to;

- Higher than forecast income from highways capital works that have been undertaken during the lockdown period.

Other Service areas - £32k overspend due to;

- Net minor overspend in operations and commission, and directorate support offset by staffing underspends Neighbourhood teams.

Growth and Development - £5.532m overspend

Growth and Development	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
Operational Property	8,203	3,369	8,395	192
Facilities Management	9,266	1,736	9,266	0
Property Rationalisation	0	921	0	0
Investment Estate	(11,969)	(2,328)	(8,221)	(3,748)
Growth and Development	156	758	548	392
City Centre Regeneration	518	159	588	70
Housing and Residential Growth	1,417	138	1,061	(356)
Planning, Building Control and Licensing	(609)	(112)	877	(1,486)
Work and Skills	1,741	514	1,741	0
Manchester Adult Education Service	0	424	0	0
Our Town Hall Project	0	514	0	0
Reopening High Streets Safely Fund	489	0	489	0
Local Welfare Assistance Fund	957	0	957	0
Total Growth and Development	10,169	6,193	15,701	5,532

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	192
250	(250)
0	0
(1,640)	(2,108)
450	(58)
0	70
0	(356)
(1,409)	(77)
0	0
0	0
0	0
0	0
0	0
7,065	(1,533)

Growth and Development : Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?				
				Target	Last Period	Last Year		
Number of Planning Applications with fees of £10k - £50k	High	May-20	1	n/a	-5	☒	-1	☒
Number of Planning Applications with fees of £50k +	High	May-20	1	n/a	-1	☒	0	☒
Planning Fee Income	High	May-20	£197,881	£210,555	☒	-£282,168	☒	-£4,881
Net annual Business Rate charges payable (quarterly snapshot)	High	1-Apr-20	£378.45m	n/a	£10.24m	☑	£5.44m	☒
No. of properties for which business rates are payable (quarterly snapshot)	High	1-Apr-20	27,002	n/a	-13	⚠	461	☒
Hotel room occupancy rate	High	Feb-20		n/a	n/a		n/a	
No. of year end new homes built (excluding small developments)	High	Q4 19/20	4,201	n/a	n/a		1274	☒
% of properties empty long-term	Low	2020/21	0.62%	n/a	n/a		0.09%pts	☒

Performance Analysis

Planning Fee income in May 2020 is £198k, and has reduced from the previous month of £480k, and from the 2019/20 monthly average of £296k. However, with an economic downturn likely, the expectation is that planning fee income will reduce further towards the end of the year. Whilst standard Planning Committee meetings have had to be cancelled in response to social distancing regulations, the planning system remains operational with arrangements in place for a reduced number of applications to be considered under delegated powers.

The Business Rate charges payable has dropped from the reported £378.45m in May to £241.6m in June is partly due to Extended Retail Relief being applied which will be funded by Government. There has been no reduction in the number of properties for which business rates are liable.

The Hotel Occupancy performance measure is currently suspended due to restrictions on the hospitality industry during lockdown.

Growth and Development Financial Headlines

Growth and Development revenue budget totals £10.169m

The overall forecast position as at Period 2 is an overspend of £5.532m, this is made up of:

- Covid-19 pressures through increased costs and reduced income - £7.065m;
- Offset by identified in year mitigations of net £1.533m underspend.

The net £10.169m budget includes Government grant allocations for Reopening High Streets Safely Fund of £489k and Local Welfare Assistance Fund of £0.957m.

The current overspend includes costs and loss of income due to COVID-19 of £7.065m, which is made up of COVID-19 cost pressures of £250k and shortfalls in income of £6.815m . This is offset by underspends through staffing and additional income of £1.533m across the service.

The overall directorate position is due to the following:

Underspends of £414k:

- Growth and Development - £58k underspends in staffing
- Housing and Residential Growth - £356k due to staff vacancies and increased rental income on the Ben Street scheme

Offset by overspends of £5.946m in:

- Operational Property - £192k is mainly due to utility costs across the Estate, offset by savings relating to staff vacancies
- Investment Estate - £3.748m, mainly as a result of anticipated COVID-19 income pressures. These are offset by staffing savings, and forecast additional income from other areas across the Investment Estate
- MCDA – a forecast £450k loss of income due to Covid-19.
- City Centre Regeneration - £70k mainly due to higher than forecast salary costs
- Planning, Building Control and Licensing - £1.486m due to a net reduction of income which is made up of £0.51m in Building Control, £338k in Planning, £171k in Land Charges, £314k shortfall in premises licensing, and £153k from taxi MOT/testing.

Housing Revenue Account

Housing Revenue Account	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement From Previous Period
	£000	£000	£000	£000	£000
Housing Rents	(60,881)	(581)	(61,056)	(175)	(175)
Heating Income	(600)	(25)	(600)	0	0
PFI Credit	(23,374)	0	(23,374)	0	0
Other Income	(1,281)	(93)	(1,165)	116	116
Funding from General/MRR Reserves	(18,632)	0	(18,632)	0	0
Total Income	(104,768)	(699)	(104,827)	(59)	(59)
Northwards R&M & Management Fee	20,694	3,428	20,705	11	11
PFI Contractor Payments	36,296	3,700	36,043	(253)	(253)
Communal Heating	584	19	584	0	0
Supervision and Management	5,213	548	5,268	55	55
Contribution to Bad Debts	613	0	1,160	547	547
Depreciation	17,378	0	17,378	0	0
Other Expenditure	1,370	118	1,398	28	28
RCCO	19,841	0	19,841	0	0
Interest Payable and similar charges	2,779	0	2,779	0	0
Total Expenditure	104,768	7,813	105,156	388	388
Total HRA	0	7,114	329	329	329
Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	76,012	(18,632)	57,380	(329)	57,051

Housing Revenue Account Financial Headlines

The Housing Revenue Account (HRA) is forecasting an adverse variance of £329k at Period 2, due to:

Overspends of £0.757m due to:

- Increased bad debt provision of £0.547m to reflect the expected increase in rent arrears due to COVID 19, this is a change in provision from 1% to 2%.
- Reduced other income of £116k due to 2 vacant shop units and a reduction in ground rent income.
- £94k increased costs against various other budgets.

Offset by underspends of £428k, made up of:

- £253k reduced PFI payments due a combination to lower than forecast inflationary increases and in year cost reductions due to the later than forecast completion date for the extra care scheme in Brunswick.
- Increased rental income of £175k due to higher than forecast stock numbers because of the reduced number of right to buys, the current forecast is 120 compared with the original 194 included in the business plan.

Due to Covid-19 the current years capital programme has been subject to some delays, and in particular when access to tenants homes is required. The current years programme is being reviewed, but it is expected that there will be further slippage in the HRA contribution required to fund capital expenditure.

Any surplus/deficit in year has to be transferred to/from the HRA reserve, at Period 2 it is forecast that £18.961m will be transferred from reserves to fund HRA costs, this will leave a balance of £57.051m in the HRA General Reserve at year end.

Appendix 2: Additional Central Government COVID-19 Funding Announcements to Date

Funding Source	Manchester £000
COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first tranche	18,589
COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second tranche	15,167
COVID-19 Emergency Funding for Local Government - (£0.5m nationally) - third tranche	7,085
Council Tax Hardship Fund (£500m nationally)	7,458
Emergency Support for Rough Sleepers (£3.2m nationally)	68
Care Home Infection Control Fund (£600m nationally)	3,342
Reopening High Streets Safely Fund (£50m nationally)	489
Test and trace service (£300m nationally)	4,837
Local Welfare Assistance Fund (£63m nationally)	957
Local Authority Business Rates Grant Administration (New Burden)	225
<u>Support for Businesses:</u>	
Expanded Retail Discount 2020/21(excludes 1% for Fire Authorities)	138,477
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032
Local Authority Discretionary Grants Fund	5,432

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