



Executive

Date: Wednesday, 9 December 2020

Time: 2.00 pm

Venue: Virtual meeting: Webcast at <https://youtu.be/V6g-IWOpuLY>

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

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 ended.

Membership of the Executive

Councillors

Leese (Chair), Akbar, Bridges, Craig, N Murphy, Ollerhead, Rahman, Stogia and Richards

Membership of the Consultative Panel

Councillors

Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

The Consultative Panel has a standing invitation to attend meetings of the Executive. The Members of the Panel may speak at these meetings but cannot vote on the decisions taken at the meetings.

Second Supplementary Agenda

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|--|-----------------------------|
| 5. Spending Review Announcement
Report of the Deputy Chief Executive and City Treasurer was to follow and is now enclosed. | All Wards
5 - 16 |
| 6. Revenue Budget Monitoring to the end of October 2020
Report of the Deputy Chief Executive and City Treasurer was to follow and is now enclosed. | All Wards
17 - 80 |

Information about the Executive

The Executive is made up of nine Councillors: the Leader and Deputy Leader of the Council and seven Executive Members with responsibility for: Children Services & Schools; Finance & Human Resources; Adult Services; Skills, Culture & Leisure; Neighbourhoods; Housing & Regeneration; and Environment, Planning & Transport. The Leader of the Council chairs the meetings of the Executive.

The Executive has full authority for implementing the Council's Budgetary and Policy Framework, and this means that most of its decisions do not need approval by Council, although they may still be subject to detailed review through the Council's overview and scrutiny procedures.

The Council wants to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair. If you have a special interest in an item on the agenda and want to speak, tell the Committee Officer, who will pass on your request to the Chair. Groups of people will usually be asked to nominate a spokesperson. Speaking at a meeting will require a telephone or a video link to the virtual meeting.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting and the means of external access to the virtual meeting are suspended.

Joanne Roney OBE
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Further Information

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

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This supplementary agenda was issued on 07 December 2020 by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA.

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**Manchester City Council
Report for Information**

Report to: Executive – 9 December 2020

Subject: Spending Review

Report of: Deputy Chief Executive and City Treasurer

Summary

This report updates on the main announcements from the Spending Review 25 November 2020, with a focus on those potentially impacting the City Council.

Recommendations

The Executive is asked to note the report.

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 Council's 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.

Spending Review announcements directly linked to this priority are listed at section 8. It will remain important to have a well-developed pipeline of projects including those already set out in the Climate Change Action Plan and the recently launched Economic Recovery and Investment Plan.

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 as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
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 sets out the announcements in the Spending Review that relate to local government funding and the potential impact on Manchester City Council. The detail and actual levels of funding will not be known until at least the Finance Settlement expected mid to late December. The announcements could mean a further £8m to £9m support for adult social care and c£40m to £50m in other measures. This should be sufficient to remove the need to come back for further cuts for 2021/22, beyond the approximately £50m identified in the reports to Executive and Scrutiny in the last cycle.

Financial Consequences – Capital

None directly arising from this report.

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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.

Spending Review on 25 November treasury release

<https://www.gov.uk/government/publications/spending-review-2020-documents>

1. Introduction

- 1.1. On 25 November 2020, the Chancellor of the Exchequer, Rishi Sunak MP, delivered the Spending Review 2020 to the House of Commons. The review was originally due to be a Comprehensive Spending Review setting out three years of expenditure for revenue and four years of capital but was reduced to one year due to uncertainty around COVID-19. The Chancellor stated his intention to focus on “jobs, businesses and public services”. Also published on 25 November were the Office for Budget Responsibility’s (OBR) Economic and Fiscal Outlook, Government’s new National Infrastructure Strategy and the refreshed Green Book.
- 1.2. No individual local authority level information has been provided; any figures quoted are officer estimates based on available intelligence. This report focuses on the economic context and forecast financial impact of the announcements on the council's budget position. This is followed by a summary of the wider policy announcements grouped by the following themes: COVID-19; public sector spending; levelling up; economic and social; environment and zero carbon; and Brexit and international. Where known at the time of writing, detail of the proposal and considerations for Manchester are given.

2. Economic Context

- 2.1. Spending Review 2020 is dominated by the effects of COVID, however a change in fiscal policy is also evident. The Chancellor said that there will be “no return to austerity”, and that public spending would rise “significantly”. Higher expenditure will mean larger public sector net borrowing (with lower taxation receipts being the other contributory factor) which is likely to impact on future spending plans. The UK is now at its highest level of peacetime public borrowing. The deficit is expected to spike in 2020-21, at almost £400bn. The deficit is on a completely different scale from previous years, including following the financial crash in 2008-09.
- 2.2. The OBR have forecast the UK’s economy will contract by 11.3% this year, the largest fall in output in 300 years. Using the “central scenario” (the equivalent of Tier 3 until spring 2021), they predict GDP will then grow by 5.5% in 2021, 6.6% in 2022, 2.3% in 2023, 1.7% in 2024 and 1.8% in 2025. Despite this forecast recovery, it will take until Q4 2022 for the UK’s economy to return to its pre-pandemic size and it will be 3% smaller in 2025 than previously expected. As a result levels of public debt will be significantly higher than usual, relative to GDP, and will continue to grow after 2020-21. Public sector debt will exceed 100% of GDP from 2019-20 and will remain at that level for the foreseeable future. It is forecast to peak at 109.4% of GDP 2022-23 before starting to decline slowly.
- 2.3. September’s Consumer Price Index (CPI) was low at 0.5%, and the expected full-year CPI is 0.8%. It is expected to increase in future years but does not reach its target (2%) until 2025-26.

3. Local Government Finance Announcement

3.1. The main announcements impacting Local Government Funding can be summarised as follows:

- Core spending power is to rise by 4.5% next year which equates to an estimated additional £2.2bn in funding as follows:
 - 3% increase in Council Tax Adult Social Care precept (the referendum limit for the Council Tax precept remains at 2%);
 - £300m social care grant (£150m of this is new funding);
 - New Homes Bonus scheme will continue for 2020/21 for additional homes delivered, this will not attract legacy payments;
 - An inflationary increase (0.55%) to Revenue Support Grant
- All other existing social care funding will continue at 2020/21 level including IBCF. Better Care Fund will rise in line with NHS settlement 5.5%
- Additional support for COVID-19 losses:
 - £1.55bn unringfenced grant for expenditure pressures (tranche 5)
 - Continuation of the Sales, fees and charges reimbursement scheme for first 3 months of next year
- Council Tax and Business Rates
 - Unringfenced £670m in relation to Council tax losses including the impact of the increase in numbers receiving Council Tax Support
 - 75% of irrecoverable 2020/21 Collection Fund losses will be reimbursed treasury resulting in a smaller deficit to be smoothed over three years. The details of this are not yet available, will be based on actual losses and not cover the whole Collection Fund deficit.
 - The 100% Business Rate Pilots will continue for another year (including Greater Manchester).
 - There will be no Business Rates reset in 2021/22
 - The Business Rates multiplier will be frozen with Local Authorities compensated through Section 31 grant.
 - There are currently no plans to extend the Business Rates Extended retail relief scheme beyond this year.
- Other
 - Funding for Troubled families scheme of £165m will continue on a roll over basis
 - Funding of £254m was announced to reduce rough sleeping and homelessness. Of this £103m had been announced earlier this year for accommodation and substance misuse support.
 - Levelling up - this is a bidding process and must be spent within this parliament term.
 - The government will reform the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield, which the paper states is a risk for both

national and local taxpayers. The government will therefore PWLB lending rate cut back to 100 basis points from 26 November but with additional restrictions.

- 3.2. Public sector pay represents a very large part of overall public spending (£204bn annually for about 5.4m people). Pay rises in the public sector will be restrained and resources targeted as follows:
- Approve a pay rise to nurses, doctors and others in NHS
 - Pay in the remainder of the Public Sector frozen next year
 - Public Sector workers earning less than median pay (£24,000) will see an increase of £250 in 2021/22
 - National Living Wage (NLW) to increase to £8.91 an hour (up 2.2%). previously expected to be £9.21
 - The LGA's view is that the Government cannot automatically impose a pay freeze in local government unless it uses a legislative route to do so.
- 3.3. The changes impacting on the Councils budget can be considered over four areas as set out below. It is not possible to provide an accurate assessment of the impact as the individual authority allocations will not be known until the Finance Settlement is released. Due to the number of funding policy and allocation decisions required it is unlikely the Settlement will be received much in advance of the Parliamentary Recess on 17 December.

Core spending power and budget changes over and above those assumed

- 3.4. Pay Awards - If the pay freeze applies to local government the savings on the Council's budget would be c£7.5m alongside the lower-than-expected increase to the National Living Wage (£2.5m).
- 3.5. Inflation - This has two elements: inflation for Revenue Support Grant (RSG), and the effect of cap compensation on business rates income and baselines. These calculations have not been confirmed and remain provisional but are estimated to be worth c£0.4m. In addition, the Business rate multiplier will be frozen in 2021-22 with councils being compensated for the loss in business rate income. This and associated changes to Section 31 grant is expected to be in the region of £1.2m.
- 3.6. New Homes Bonus – This scheme will be maintained for a further year with no new legacy payments. The estimated 2021/22 receipt for Manchester is £4.7m based on new housing and houses brought back into use.

Business Rates and Council Tax

- 3.7. Tax Income guarantee scheme - £762m has been set aside to compensate local authorities for 75% of irrecoverable loss of council tax and business rates revenues in 2020/21. The government has already mandated that 2020/21 deficits must be spread over 3 years. The councils current forecast is a combined deficit of £34.6m, at £11.5m a year 2021/22 to 2022/23. The

scheme is based on reimbursing actual irrecoverable income rather than the total deficit and until the detail of is available it is not possible to estimate how much this will be worth. If it was calculated on the basis of the full Collection Fund deficit this would reduce the annualised deficit amount by £8.6m to £2.9m.

- 3.8. In addition there will be an unringfenced in relation to Council tax losses including the impact of the increase in numbers receiving Council Tax Support. This will support the Council's overall budget position but until the detail of the scheme is known it is not possible to calculate how much will be received.
- 3.9. The government has decided not to proceed with a reset of business rates baselines in 2021-22. The fundamental review of the business rates system will report in the spring. The timescales for resuming the work on Business Rates reforms and the Fairer Funding review are not known.

Support to Adult Social Care

- 3.10. The Spending review announcements could result in a further c£8m to £9m to support Adult Social Care. The 3% Adult Social Care precept would raise around £5.1m. There is also an additional Social Care grant of £300m. No information has been provided yet on the distribution method. If this is based on the Adult Relative Needs Formula (as in previous grant rounds) the council would receive around £3.3m. The allocations will take into account the ability to generate additional income from the ASC precept which will be beneficial to Manchester.
- 3.11. The £300m increase in grant funding for social care is the lowest since 2016-17. The mix has started to shift from centrally-funded grants to locally increases in council tax which passes the burden directly to residents.
- 3.12. The additional £1bn of grant funding announced at SR19 for Adult and Children's Social Care will be continuing, along with all other existing social care funding. This is already reflected in the base budget at £48.4m.

One off Local Government COVID-19 costs support

- 3.13. Government is providing an additional £1.55bn of grant funding to local authorities to meet additional expenditure pressures as a result of Covid-19, for the first few months of 2021/22 (this is separate from Core Spending Power). If the funding is allocated using the COVID relative needs formula, (which was launched alongside tranche 4 of the COVID emergency funding), the Council would receive c£22m.
- 3.14. The Covid-19 sales, fees and charges reimbursement scheme will also be extended for a further 3 months until the end of June 2021.

Summary of Budget impact

- 3.15. Overall the position is better than expected. Not all of these announcements will be available to support the councils anticipated budget gap and as stated in the report it is not possible to accurately quantify what funding will be available until the Settlement is received. Even then it is possible some funding will be announced later in the year. The announcements could mean a further £8m to £9m support for adult social care and c£40m to £50m in other measures. This will be sufficient to remove the threat of S114 and should remove the need to come back for further cuts for 2021/22, beyond the approximately £50m identified in the reports to Executive and Scrutiny in the last cycle.
- 3.16. Due to the fact this is a one-year Settlement and many of the announcements are for one-off funding the position for 2022/23 is still extremely challenging with an anticipated gap remaining of c£120m. Therefore, the Council will also need to deliver around £50m of cuts in for 2021/22 to achieve a sustainable position for the future.

4. Other COVID-19 funding announcements

- 4.1. The Chancellor confirmed further funding to continue to respond to COVID-19 and mitigate the effects of it. This included an additional £38bn for public services this year, and a further £55bn for 2021/22. COVID-19 related announcements included:
- Homelessness – an additional £254m of resource funding to support rough sleepers and those at risk of becoming homeless during COVID-19 (note this includes £103m of previously announced funding for accommodation support and substance misuse).
 - NHS - an extra £3bn to support with the recovery from COVID-19, including tackling operations backlog and expanding mental health services.
 - PPE - an additional £2.1bn to purchase and store.
 - Test and Trace - £15bn in 2021/22, designed to enhance testing capacity. Note this will be kept under review subject to vaccination.
 - Public transport – funding to support services during COVID-19, including train operator subsidies of £2bn for 2021/22.
 - Justice – an additional £119m to help with the backlog in courts due to COVID-19 and to ensure courts are COVID secure.

5. Leveling Up

- 5.1. Several policies related to the Government's 'levelling up' agenda were announced, underpinned by infrastructure investment. Announcements included:
- Levelling Up Fund – a new £4bn fund will be established and jointly managed by the Treasury, Department for Transport and the Ministry of Housing, Communities and Local Government. £600m will be available in

in 2021/22. Approximately £320m of unallocated money from the Towns Fund will be refunnelled into this scheme. Local areas will be able to bid for projects of up to £20m to drive local growth and regeneration; areas that have received less Government investment in recent years will be priorities. Proposal must command the support of local MPs, and has to be delivered by the end of this Parliament in 2024. Further details are expected in the new year.

- National Infrastructure Strategy – alongside the Spending Review, the long-awaited new National Infrastructure Strategy was published. It sets out plans to transform UK infrastructure in order to level up, strengthen the Union and achieve net zero carbon emissions by the UK's target of 2050. The Strategy confirms the Government's previous commitment to Northern Powerhouse Rail between Manchester and Leeds, but not the wider network needed across the whole of the North to drive true transformational change. The Strategy also confirms an intracity transport settlement of £4.2bn for Mayoral Combined Authorities (including Greater Manchester) is going ahead from 2022/23, plus £50m to develop in it in 2021/22. The full Strategy can be accessed here:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938049/NIS_final_web_single_page.pdf
- Infrastructure investment – the Review stated that there will be £100bn of capital investment in infrastructure in 2021/22, although not all of this is new funding. Transport announcements included £58bn for roads and rail between 2021/22 and 2024/25, £300m for bus service transformation, and £120 million for 500 new zero emissions buses. Over £260m will be invested in digital infrastructure programmes including Local Full Fibre Networks and 5G Diversification and Testbeds and Trials Programmes.
- UK Infrastructure Bank – to support with the above, a new infrastructure bank will be established in spring 2021 and headquartered in the North. It will support and lend to local and combined authorities.
- Green Book reform – the Treasury also published its new Green Book, which has a greater focus on the strategic case, working across departmental silos and new guidance on the appraisal of transformational projects. However, for this to have the needed positive impact to deliver greater funding in the North, it will need to be reflected in updated departmental guidance which is under currently review.

5.2. Levelling up the UK's economy is much needed and Manchester could offer a number of opportunities to the Government to support them with this ambition. However, the announcements are weighted towards towns rather than cities. They also do not support the devolution agenda, with the funds being centrally administered and local areas having to competitively bid against each other for them. Before the Review, it was thought there would be further announcements about the move of Civil Servants out of London, including a new Northern Treasury office; however, these did not materialise beyond the Infrastructure Bank.

6. Other Public Sector Spending

6.1. Announcements of note, outside Local Government, included:

- Departmental spending – will be increased by 3.8% in 2021/22, including £6bn core funding increase for Health and a £2.2bn increase for Education for schools. However, multi-year increases trailed prior to the formal statement - including a £24bn three year settlement for Defence – mean that there is likely to be reductions in other departments from 2022.
- Police - the Home Office settlement includes £400m of additional funding to fund the recruitment of an additional 6,000 officers in 2021/22.

6.2. Additional public sector funding is welcomed; however, these increases will not fill many of the gaps left by necessary COVID-19 expenditure. They are also predicated on reducing non-COVID public services spend by £13bn a year than previously planned from 2022 onwards; local authorities are likely to be hit by these decreases when they occur. Whilst there were no tax hikes announced to support borrowing in this Review, it is likely they will happen next year or as soon as economic recovery look more secure. Notably, the Chancellor did not announce a rise the public health grant or any funding specifically aimed at care homes beyond the social care grant, which need support following the impact of COVID-19.

7. Employment, Economic and Social Policy

7.1. The Chancellor made some announcements that focused on the next stage of his “Plan for Jobs” which was kicked off in the 2020 Summer Statement with the aim of increasing employment and addressing rising unemployment. There were also a number of policies which focus on existing economic and social manifesto commitments. Across these announcements, there was limited detail of how the funding will be targeted. Announcements included:

- ‘Restart’ programme – a three year £2.9bn programme to provide intensive and tailored support to 1m long term unemployed (over 12 months) people and help them back into employment. However, only £0.4bn of this is to be spent in the next 18 months.
- Kickstart – top up funding for the existing scheme to ensure it can support an increased total of 250,000 Kickstart jobs. It has not been announced what this funding will be used for within the scheme which relies on businesses coming forwards with appropriate placements.
- New housing – complimenting the Government’s current planning reforms, almost “20bn of investment to support new housing was announced from 2021/22, including the new £7.1bn National Home Building Fund (which included the previously announced Brownfield Housing Fund and the Single Housing Infrastructure Fund) and £12.2bn Affordable Homes Fund.
- Research and Development - £14.6bn of R&D funding, including increases for UK Research and Innovation core science and Innovate UK programmes and infrastructure. Whilst a long-term manifesto aim, specific reference to funding for clinical research to support the delivery of new drugs, treatments and vaccines suggests that this may be linked to COVID-19.

7.2. The OBR forecasts the UK’s unemployment rate to peak at 7.5%, the equivalent of 2.3m people out of work, whilst the Bank of England estimates

that an additional 1m people will be made unemployed in the next 6 months. Although the announced schemes and funding will support many, they will not support everyone who may lose employment due to COVID-19, those who were already long term unemployed and those who have not yet entered the labour market but were due to in the next few years. This is coupled with there being no commitment to keeping the additional £20 Universal Credit uplift into the next financial year, which will affect those not in work or with low earnings.

8. Environment and Climate Change

8.1. Given the Prime Minister's recently announced Ten Point Plan which aims to set out a vision for a green industrial revolution, there was arguably limited new spending or further detail announced for the environment and climate change. Further detail is now expected in the early new year. The Review states that total investment will be £12bn but some of this is existing funding. Announcements included:

- Zero emission vehicles - £1.9bn for electric charging infrastructure and consumer incentives, including £950m to support the rollout of rapid electric vehicle charging hubs at every service station, and £275m to extend support for charge point installation.
- Homes and buildings - £1.1bn to make homes and buildings net zero ready, including a further £60m to retrofit social housing and an extension of the Green Homes Grant voucher scheme with £320m in 2021/22.
- Carbon Capture and Storage (CCS) Infrastructure Fund – a £1bn fund to develop clean energy technologies. This also aims to establish four CCS clusters by 2030 in industrial areas of the North West, as well as the North East, the Humber, Scotland and Wales, to increase jobs and investment.
- Environment – a further £40m to the existing Green Recovery Challenge Fund for a second round of natural capital projects next year.
- Net zero R&D - £280m for research and development to achieve carbon neutrality, including £81m multi-year commitment for hydrogen heating trials. Note that much of this funding comes from the broader £14.6bn R&D figure.
- Climate-related finance - the Government is aiming to get the financial sector to support the management of climate-related financial risks. The Government will introduce mandatory reporting of climate-related financial information across by 2025, with most requirements to be in place by 2023.

8.2. Given the scale of the climate challenge faced and the potential to stimulate the economy via investment in labour-creating programmes, further investment in this area would have been welcomed, especially for retrofitting buildings. As the Government strongly favours competitive bidding for funds, it will remain important to have a well-developed pipeline of projects including those already set out in the Climate Change Action Plan and the recently launched Economic Recovery and Investment Plan.

9. Brexit and International

9.1. It was expected that there would be announcements related to future funding arrangements for when the UK's transition period ends at the end of December 2020; however, there was very little detail and notably no mention of Brexit in the Chancellor's statement to the Commons. Announcements included:

- UK Shared Prosperity Fund - the Fund will “at least” match receipts from the EU structural funding, reaching £1.5bn a year, with the funding profile to be set at the next Spending Review. However, it is not confirmed that regions (e.g. Greater Manchester) will receive the same amount of funding that they currently do, with the Review specifically referencing a portion of the Fund being targeted to “former industrial areas, deprived towns and coastal communities”. Places receiving funding will need to agree specific outcomes to target within the UK-wide framework and will need to “develop investment proposals to be approved by the government”. Areas for funding include clean growth, net zero and employment and skills, with further details now due to be set out in spring 2021. To help prepare for the introduction of the UKSPF, an additional £220m will be made available for pilot programmes in 2021/22 via the Ministry of Housing, Communities and Local Government and the Department for Work and Pensions; again, other further details will be published in the new year.
- International aid – the aid budget was decreased to 0.5% of national income in 2021 from 0.7%. The decision has been widely criticised by international charities, former Conservative frontbenchers and prompted the resignation of Baroness Sugg, Minister for Overseas Territory and Sustainable Development.

9.2. Given the UK is due to leave the European Union on 1 January 2021, the lack of detail on the UK Shared Prosperity Fund is disappointing. However, it appears that it will be weighted towards the Government's towns agenda when it is finally launched, which may limit opportunities for Manchester.

10. Conclusion

10.1. Whilst the Spending Review did announce a significant level of spending and investment, arguably some of the announcements do not go far enough to support services in their response to COVID-19 or radically galvanise the economy. There was a limited amount of detail on a number of the proposals, with further detail needed in the coming weeks. The announcements do align with the Government's focus on towns to date and remain highly centralised, with no mention of devolution beyond the devolved administration.

10.2. This report sets out the main impact of the changes announced in the Spending review for 2021/22 for Local Authorities and other public spending. As stated in the introduction no details of individual allocations have been released for any local authorities, this will be updated in the provisional statement which is usually released early December.

**Manchester City Council
Report for Resolution**

Report to: Executive – 9 December 2020

Subject: Revenue Budget Monitoring to the end of October

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 October 2020 and future projections.

Recommendations

The Executive is recommended to:

1. Note the global revenue monitoring report and a forecast outturn position of a breakeven position.
 2. Approve additional COVID-19 grants to be reflected in the budget, see section 3.
 3. Approve the use of budgets to be allocated, in Appendix 1, Slide 11.
 4. Approve the use of unbudgeted external grant funding (non COVID-19) in Appendix 1, Slide 11.
 5. To recommend to the Council the approval of a proposed budget transfer of £1m from Corporate Core directorate to Collection Fund to offset council tax discounts (funded through the specific Hardship Fund grant). Also £.675m within Adults Social Care for the mpower savings delivery partnership See Appendix 1 Slide 11.
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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
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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 balanced budget for 2020/21, based on the financial implications of COVID-19, government funding confirmed to date and other identified changes, in year efficiencies and mitigations.

This report focuses on 2020/21, however it is anticipated the implications of COVID-19 will have a significant impact on the Council's 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 – 11 November 2020 Report to update on the Council's MTFP focusing on the financial position and strategy from 2021/22
Executive - 14 October 2020 P5 Revenue Budget Monitoring 2020/21 and Budget Position 2021/22

1 Introduction

- 1.1 This report provides an overview of the Council's current financial position for 2020/21. It should be noted that the COVID-19 related forecasts included in this report are based on the draft 8th monthly return submitted to MHCLG in December. The figures will continue to be refined as costs crystallise and income implications become clearer.
- 1.2 The forecast budget shortfall including COVID-19 pressures is £55.3m this financial year, after allowing for identified efficiencies, mitigations and other changes to the end of October. The forecast overall position for 2020/21 is a balanced budget after taking account of confirmed government funding and mitigation through the Council's share of the sales, fees and charges emergency funding.
- 1.3 Whilst the position for the current year looks manageable through funding and mitigations this is not the case next year and there remains a significant shortfall in future years. The position for 2021/22 is assisted by the recent Spending Review announcements which are provided in a separate report elsewhere on this agenda, but there will still be a need to deliver the planned budget cuts.

2 Overview of COVID-19 Financial implications

- 2.1 The round 7 return to MHCLG will be submitted 11 December. At the time of writing it is expected this will show the anticipated financial cost of COVID-19 to the Council is currently £152.9m of which £23.8m relates to additional expenditure and £129.1m to loss of income.

Table One: COVID-19 Forecast Financial Impact

	COVID-19 Financial impact
	£000
2020/21 forecast cost pressures	23,858
Forecast Income Shortfalls	129,090
Total	152,948

- 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 usually reflected in the year following that in which the income is (or is not) collected. Note the government has mandated that any 2020/21 deficit is smoothed over 3 years 2020/21 to 2023/24.
 - The Council has an airport dividend reserve which means that a significant proportion of the income (£56m) is used a year in arrears.

- The budget shortfall has been adjusted for bus lane and parking lane enforcement income as this affects the level of the available reserve to fund future commitments.

2.3 This has resulted in the financial effect of COVID-19 for 2020/21 and 2021/22 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 in 2021/22, particularly in adult social care and homelessness.

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

	2019/20 £000	2020/21 £000	2021/22 £000
Additional Costs (MCC only)	389	23,858	24,941
Income:			
Loss of Income (MCC only)		129,860	103,164
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		(34,576)	34,576
2020/21 Council Tax shortfall relating to 2019/20 deficit impact a year in arrears*		(3,081)	3,081
Bus Lane and Parking Income - impact on reserves capacity		3,912	0
Budget impact of lost income	0	31,482	132,092
Total Costs and Net income losses	389	55,340	157,033
Mandated smoothing of collection Fund deficit over 3 years			(23,051)
Forecast Budget Impact of COVID-19	389	55,340	133,982

**This element of the deficit is not eligible to be spread as it relates to an increase in the 2019/20 bad debt provision*

Total forecast COVID-19 cost pressures

2.4 Dealing with the immediate impact of COVID-19 has resulted in major spending pressures, particularly in social care and homelessness. There are also additional costs arising from 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 £23.9m by directorate.

Table Three: Forecast COVID-19 additional costs by Directorate

Service Area	MCC Forecast Cost 2020/21 £000
Children's Services	518
Adult Social Care	9,355
Public Health	528
Homelessness	4,919
Corporate Core	2,005
Neighbourhoods	4,236
Growth and Development	236
Community Hub	2,061
Total forecast additional costs	23,858

Forecast COVID-19 Income Shortfalls

- 2.5 The total income loss is forecast at £129.090m (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 is £30.5m as shown in table four.

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	37,657	(37,657)	0
Corporate Budgets	71,619	(55,809)	15,810
Children's Services	537		537
Homelessness	34		34
Corporate Core	7,284	(3,912)	3,372
Neighbourhoods	7,007		7,007
Growth and Development	4,724		4,724
Total forecast additional costs	128,862	(97,378)	31,484

3 Additional Central Government Funding for COVID-19 response

- 3.1 Since the last monitoring report to Executive on 14 October there have been further government grant allocations to be reflected in the budget as follows:

- **Tranche four emergency funding (£24.330m)** The further package of

support for local government, of around £1 billion was announced on 12 October 2020 of which £0.9bn is for Council's ongoing work to support communities during the pandemic. Manchester will receive £24.330m.

- **Sales, fees and charges grant (£3.7m to date, FYE £6.4m)** A support package for losses from sales, fees and charges was announced in July. 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. The first claim relates to losses April to July and has been confirmed at £3.7m. Based on current forecasts the full year claim will be in the region of £6.4m.
- **Neighbourhood Services - Contain Outbreak Management Fund (£4.423m)** The Department of Health and Social Care announced £465m to fund activities such as enforcement, compliance and contact tracing with all authorities receiving £8 per head. This equates to £4.423m for Manchester.
- **Growth and Development - Clinically Extremely Vulnerable people (£286k).** £32m has been provided to upper tier councils in England to support Clinically Extremely Vulnerable (CEV) people during the 28-day period the restrictions are in force (to 2 December 2020). This is being used to provide support, such as access to food deliveries and signposting to local support services, to the most at risk and enable them to stay at home as much as possible over this period.
- **Children's Services - The Holiday Activities and Food programme (£2.581m)** A £170 million funding package was announced on 8 November to support families and the most vulnerable over winter. This will be ring-fenced, with at least 80% earmarked to children and families with support for food and bills and will cover the period to the end of March 2021. This will cover provision of food for children who normally would have access to a free school meal (FSM) during the school holidays including Christmas and February half term in 2021. The Council is working with schools and other education providers to deliver the programme.
- **Neighbourhood Services - Cultural recovery (£390k).** This is the first payment against a total of £0.780m awarded to Manchester Art Gallery for qualifying organisations that were severely financially impacted by COVID 19. The funding will be used to cover income losses and making the Gallery and ongoing exhibitions programme COVID secure.
- **Funding Announcement for rough sleepers - Protect programme (£454k)** This is from the £15m announced earlier this year for rough sleeper accommodation in ten areas of England. It will be used to provide accommodation for entrenched rough sleepers who are very complex in nature and will include Mental Health and Drugs/Alcohol misuse support with a dedicated worker to maintain the provision. Although this funding must be spent by 31st March it is expected that funding will continue into next year as part of the Rough Sleeper Initiative funding.

3.2 Further grant allocations expected shortly include the following:

- **Extended Contain Outbreak Management Fund.** The Covid-19 Winter Plan was published 23 November, this included an extension to the Contain Outbreak Management Fund of up to £900m to recognise the ongoing public health and outbreak management costs to Local Authorities of tackling COVID-19. For authorities under the highest level of restrictions, this will amount to £4 per head of population per month. It will be made available from the end of national restrictions and will be subject to review in January 2021.
- **Leisure Centre support** - c£0.1bn funding has been identified to provide support council leisure centres most in need. Further details on the scheme will be set out shortly by Government.

3.3 A full resourcing plan is being finalised which sets out the use of the different funding streams for the additional COVID-19 related responsibilities and associated workforce requirements'

Business Grant support

3.4 There have also been several announcements relating to support for businesses. The Council acts as agent to administer these government schemes so the payments are netted off the grant received and will not be shown gross in the budget. The exception is the Additional Restrictions Grant which will be reflected in the budget as the council has discretion on its application.

3.5 Support prior to 5 November and the national restrictions is over three categories as follows:

- **Pre 5 November - Local Restriction Support Grant (Open) (£7.665m)** - Local authorities in Tier 2 and Tier 3 in any period from 5 August to 4 November received an allocation to pay Local Restrictions Support Grant (Open) grants for the period they spent in these tiers. This was a formula based allocation for each full or part four-week period in these tiers. Whilst discretionary the formula was based on support to specific businesses that remained open but were significantly impacted and with the funding levels per business suggested. This forms the basis of the Manchester scheme. The Council received £7.665m with grant payments of up to £2,100 for every four-week period, pro rata if appropriate.
- **Pre 5 November - Local Restrictions Support Grant (Closed)** - Local authorities will receive an allocation to pay LRSG (closed) grants for the time they have been in Tier 3. Local authorities must make grant payments to businesses that had to close between 23 October to 4 November, with grants of up to £3,000 per four-week period, pro rata. Further funding will be available should grant payments exceed the allocation.
- **Pre 5 November - Local Restriction Support Grant (Sector)** - Businesses that were required to close in March and which have never been able to re-open (for example nightclubs) will be paid grants of up to £3,000 for every

four-week period that they have to remain closed. There is no back-dating of the scheme, it began 1 November 2020. The Council's allocation is still to be confirmed and further funding will be available should grant payments exceed this allocation.

3.6 Support made available following the national restrictions introduced 5 November:

- **Local Restrictions Support Grant (Closed Addendum) (£11.187m).** The LRS (Closed Addendum) is a mandatory grant for businesses that have a rateable value (thresholds in the rating system are used to set different grant rates rather than this being based on eligibility for business rates reliefs). A single grant for the four-week period will be paid. The amounts are fixed and businesses with more than one qualifying property will receive more than one grant. The grants are: for properties with a rateable value of £15k or under, £1,334; for properties with a rateable value of over £15k and below £51k, £2,000 ; and for properties with a rateable value of £51k or over, £3,000. The Council's allocation is £11.187m and further funding will be available should grant payments exceed this allocation.
- **Corporate Core - Additional Restrictions Grant (£11.698m).** This is a single allocation based on £20 per head of population (ONS 2019 Mid-Year Population Estimates) for each local authority to run a discretionary grant scheme, for example to closed businesses that do not have a rateable value, or for those who are severely impacted rather than closed and are not eligible for other forms of support such as supply chain businesses. The ARG is a one-off payment and is for 2020/21 and can be used in 2021/22. The Council's allocation for this grant scheme is £11.698m.
- **£1k grants for 'wet-led pubs'** - On 1 December an additional £1,000 Christmas grant for 'wet-led pubs' in tiers 2 and 3 was announced. This will be a one-off for December and will be paid on top of the existing up to £3,000 monthly cash grants for businesses. This will cover those in tiers 2 and 3 forced to reduce their operations as a result of the latest regional measures put in place. Local authorities will be responsible for distributing the grants.

3.7 The COVID-19 related grants notified to date are summarised in Appendix 2. Note only the confirmed emergency funding of £65.2m (of which £0.4m has been applied to 2019/20) and £6.4m, forecast for Sales Fees and charges losses 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.

3.8 These grants and associated spend are now reflected in the revised budget shown in table six below.

4 Measures taken to balance the budget

- 4.1 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 £55.3m, increasing to £134m next year. This figure was previously £157m but now allows for the mandatory spreading of the Collection Fund deficit over three years.
- 4.2 The unringfenced support for 2020/21 now totals £64.8m plus the funding to support sales, fees and charges income losses estimated at £6.4m. In addition £19m of in year savings and mitigations have been identified to support the current year's position.
- 4.3 The tranche four funding announcement and other changes have provided an additional £34.8m to offset COVID related pressures some of which will impact Manchester in 2021/22, subject to any further in-year costs arising from COVID-19. This will leave a balanced budget for 2020/21.

Table Five: Measures taken to offset the underlying gap in 2020/21

	Revised 2020 / 21 £000
Original Gap (pre COVID)	0
In year COVID-19 budget impact of additional costs and net income losses	55,340
Gross Underlying Gap (incl COVID-19)	55,340
Confirmed COVID-19 Emergency Funding	(64,782)
COVID-19 Sales, fees and charges support (full year estimate)	(6,400)
Savings, mitigations and other changes	(18,993)
Budget shortfall after expected funding/mitigations	(34,835)
Use of reserves to fund remaining smoothed Collection fund deficit and loss of income impacting in future years	34,835
Total - Potential Budget Gap	0

5 Overview of forecast Position 2020/21

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

Table Six: Overall forecast position as at 31 October 2020

Forecast as at 31 October 2020	Original Approved Budget	Revised Budget	Forecast Outturn	Total Forecast Variance	Movement from last reported to Exec	Memo: Breakdown of variance			
						COVID related Expenditure	COVID related income reduction	Other over / under spends	Total Forecast Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Available Resources	(666,125)	(846,898)	(832,997)	13,901	(965)	0	15,810	(1,909)	13,901

Total Corporate Budgets	126,761	258,851	257,019	(1,832)	(264)	0	0	(1,832)	(1,832)
Children's Services	130,320	134,728	132,811	(1,917)	(2,575)	518	535	(2,970)	(1,917)
Adult Social Care	221,253	232,247	238,968	6,721	(153)	9,883	0	(3,162)	6,721
Homelessness	15,285	17,604	22,771	5,167	339	4,919	34	214	5,167
Corporate Core	69,958	91,354	93,178	1,824	529	2,005	3,372	(3,553)	1,824
Neighbourhoods	93,802	100,842	109,517	8,675	234	4,236	7,007	(2,568)	8,675
Growth and Development	8,746	11,272	15,079	3,807	(1,522)	2,297	4,724	(3,214)	3,807
Total Directorate Budgets	539,364	588,047	612,324	24,277	(3,148)	23,858	15,672	(15,253)	24,277
Total Use of Resources	666,125	846,898	869,343	22,445	(3,412)	23,858	15,672	(17,085)	22,445
Total forecast over / (under) spend	0	0	36,346	36,346	(4,377)	23,858	31,482	(18,994)	36,346
COVID 19 Government grant income (tranche 1 to 4) - Confirmed				(64,782)	(24,330)	(64,782)			(64,782)
COVID 19 Sales, fees and Charges grant income – Forecast				(6,400)	(6,400)	(6,400)			(6,400)
Reprofile the use of reserves				34,836	34,836	34,836		0	34,836
Net forecast over / (under) spend				0	(271)	18,994		(18,994)	0

- The original approved Directorate budget was £539.364m, and this has increased by £48.683m to a revised budget of £588.047m. This reflects a £42.245m increase to resources and directorate budgets for specific grants and spend relating to COVID-19. Note, this excludes funding for the business support grants schemes and the latest tranche of unringfenced support and the detail is in Appendix 2. As well as the covid funding this includes the budgets held corporately which have now been allocated as follows:
 - £5.252m for the 2020/21 pay award allocated across all Directorates.
 - £2.349m allocations for inflationary pressures :
 - £0.805m annual contractual inflationary increase on the waste collection and disposal contract,
 - £364k for a 2% inflationary increase on in house foster care allowances,
 - £200k inflationary uplift for external residential placements on the North West Regional Group network,
 - £190k annual inflationary increases on the Street Lighting PFI unitary

- charge relating to 2019/20 and 2021/22,
 - £32k increase for ongoing management costs of two landfill sites,
 - £40k increase for Bereavement Services,
 - £57k External Foster care inflationary uplift for increases of 1.5% on the North West framework applied to any new placements from 1 April 2020,
 - £0.600m Security contract increase to support the commitment that the workforce should be paid the Manchester Living Wage as a minimum which has added 15% to the cost of the service for which there is no budget provision. This was agreed as part of the re-tender process and Mitie have agreed to work with the council to try to identify further savings; and
 - £61k inflationary increase in business rates across the operational and investment estate.
- £100k investment in Domestic Violence services for a trauma informed response.
 - £50k increased budget in the Neighbourhoods Directorate for Domestic Abuse Capacity Building Fund grant.
 - Reductions of £1.109m relating to a change in the Employer Pension Contribution rate following completion of the Pensions Actuarial Review.
 - Reduction of £204k following re-procurement of the Council's utilities provision.
- 5.2 There have also been previously approved virements between Directorates to reflect the movement of services and other changes which are reflected in the above table.
- 5.3 The increase in total available resources of £180.773m includes
- £138.478m section 31 grant to reimburse the council for loss of Business Rates income due to Extended Retail Relief. This has to be held in a reserve to offset the associated collection fund deficit that is required to be funded in 2021/22;
 - £42.245m increase to both resources and directorate budgets for specific grants and spend relating to COVID-19 not yet allocated, see Appendix 2; and
 - £50k Domestic Abuse Capacity Building Fund grant to help local authorities plan and prepare for their new duty to provide domestic abuse support in safe accommodation.
- 5.4 All variances to forecast outturn are measured against the revised budget.

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.

- 6.2 Whilst the position for 2020/21 looks manageable the financial position in 2021/22 becomes much more challenging. An updated report will be going to January Executive that reflects the latest position on the budget and the impact of the Spending Review announcements and the Finance Settlement which is expected on 17 December 2020.

7 Recommendation

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

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Appendix 1: Executive Summary Integrated Monitoring Report Period 7 – End of October 2020

Financial Impact of COVID-19

The position:

The anticipated 2020/21 financial cost of COVID-19 to the Council is currently £152.4m. Of this £23.9m relates to additional expenditure and £128.5m to loss of income (most of which will impact the budget in future years).

The budget impact of COVID-19 up to March 2021 will be spread across the financial years 2020/21 to 2023/24 due to the way the council budgets for the airport dividend, parking income and the operation of the collection fund.

Government has published regulations to require billing authorities to spread their 2020-21 collection fund deficit over 3 years (2021/22 to 2023/24). The deficit is estimated at £34.8m - included in the forecast at £11.6m a year. From 2021/22.

This results in an estimated COVID-19 budget impact of **£55.3m in 2020/21 (pre grant allocations)** and £134m in 2021/22. The impact will continue beyond 2021/22.

The mitigation:

In year savings and mitigations have been identified to support the current year's position, these total £19m.

Tranche 1 to 4 emergency funding totals £64.8m (plus £0.4m used in 2019/20). £3.7m of round 1 COVID-19 emergency funding to support sales, fees and charges income losses has been confirmed, the 2020/21 total is estimated at £6.4m (tbc).

The recent funding announcement and other changes have provided additional resources totalling £34.8m which can be used to offset COVID related pressures which impact on the budget in future years, subject to any further in-year costs arising from COVID-19.

This leaves a **balanced budget for 2020/21** after expected funding and mitigations.

	Revised 2020 / 21
	£000
Original Gap (pre COVID)	0
COVID-19 Budget impact of Additional Costs and Net income losses (includes mandatory smoothing of CF deficit)	55,340
Gross Underlying Gap (incl COVID-19)	55,340
COVID-19 Emergency Funding (Confirmed)	(64,782)
COVID-19 Sales, fees and charges support (estimate)	(6,400)
Savings, mitigations and other changes	(18,993)
Corporate measures	0
Budget shortfall after expected funding/ mitigations	(34,835)
Use of reserves to fund remaining smoothed Collection fund deficit and loss of income impacting in future years	34,835
Total - Potential Budget Gap	0

Note the COVID-19 position is based on the draft round 8 return to MHCLG, to be submitted 11 Dec.

Any additional COVID costs in 2020/21 will be met through the adjusting the smoothing of reserves, if it cannot be accommodated through in-year BAU

Should any further capacity be created in 2020/21, this will enable the Council to further defer and reprofile the use of those reserves that were planned to support the budget position and which could be applied to reduce the gap in 2021/22.

Appendix 1 - Item 6

Financial Impact of COVID-19 in 2021/22

The 2021/22 budget impact of COVID is forecast at £134m from anticipated continuing income losses of £109m (council tax, business rates, dividend) as well as additional costs of £25m - recognising the social care needs (Adults and Children's) 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 £109m which includes the airport dividend of £62m (after using £8.7m in reserve) Collection Fund shortfalls £42m (includes £14.6m from 2020/21 - with a further c£23m spread over 2023/24 and 2024/25) and other commercial and fee income of £5m.

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 increased 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.
- £200k in Coroners due to a backlog of inquests

Period 7 - High Level Headlines 2020/21

The net variations below total **£36.346m** which reflects the COVID-19 budget impact of £55.340m partly offset by in year savings, mitigations and other changes of £18.994m but before COVID-19 main funding.

Corporate Budgets £12.069m overspend. COVID-19 related income loss is forecast as £15.8m from dividend losses. Partly offset by increased Public Health grant allocation of £1m, £0.6m income from historic rents, £400k additional grant income, £0.5m reduced historic pension costs and £1.3m savings against budgets to be allocated.

Children's Services £1.917m underspend. COVID related expenditure and income loss is forecast to be £1.053m, this is offset by underspends of £2.970m in the following areas: an underspend due to improved commissioning of external provision, potential in-year savings through delaying restructures, vacancies, renegotiation of partner contribution, additional grant and efficiencies. Alongside the savings there are a number of existing pressures relating to legal charges, leaving care allowances, short breaks and supervised contact.

Adult Social Care £6.721m overspend. COVID related expenditure is forecast to be £9.883m, this is offset by underspends totalling £3.162m in the following areas: Provider Services of £0.695m, (made up of underspends of £1.920m primarily across Reablement, Day Care and Short Breaks, offset by a significant pressure on the Internal Supported Accommodation budget of £1.225m); Hospital Teams, Front door and TEC of £76k; Integrated Neighbourhood Teams of £0.729m mainly from Homecare; Population Health of £102k; Commissioning £0.806m on Extra Care; Back office of £0.765m relating to investment funding, NLW budgets and staffing; MHCC of £154k due to recruitment delay. Partly offset by overspends of £147k in MLCO Complex Services and £18k mainly due to the use of external best interest assessors

Homelessness £5.167m overspend. COVID related pressures of £4.953m, increased by a further £214k due to the net impact of savings, mitigations and other changes. In addition Next Steps Accommodation funding has now been allocated of £2.068m, of which £1.668m has been assigned to accommodation costs already committed with a further £100k to be utilised for additional cold weather provision and £300k for incentives to move people on into Private Rented Sector.

Corporate Core £1.824m overspend. Due to £5.377m COVID related pressures which are partly offset by in year savings, and mitigations of £3.553m. This is made up of an underspends in Chief Executives £0.518m mainly due to savings on employees' and running costs, along with savings in Elections because of the cancelled election; and Corporate Services £3.035m mainly due to employee savings (£2.635m), additional capital programmes fee income (£150k) and higher than forecast savings from the upfront payment of employer contributions (£250k).

Neighbourhoods Directorate £8.675m overspend. COVID-19 related pressures of £11.243m, made up of £4.236m increased expenditure and £7.007m loss of income. This is offset by in year savings and mitigations of £2.568m across the Directorate. This is mainly due to the employee savings in galleries and libraries, parks and leisure and compliance and community safety, along with £471k higher than forecast income from highways capital works that have been undertaken during the lockdown period.

Growth and Development £3.807m overspend. Due to COVID pressures of £7.021m, made up £2.297m increased expenditure and £4.724m loss of income. This is offset by in year savings and mitigations of £3.214m through a combination of staff savings and additional income across the service.

Period 7 monitoring	Gross position Including COVID impact				
	Original Approved Budget	Revised Budget	Forecast Outturn	Total Forecast Variance	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Total Available Resources	(666,125)	(846,898)	(832,997)	13,901	(965)
Total Corporate Budgets	126,761	258,851	257,019	(1,832)	(264)
Children's Services	130,320	134,728	132,811	(1,917)	(2,575)
Adult Social Care	221,253	232,247	238,968	6,721	(153)
Homelessness	15,285	17,604	22,771	5,167	339
Corporate Core	69,958	91,354	93,178	1,824	529
Neighbourhoods Directorate	93,802	100,842	109,517	8,675	234
Growth and Development	8,746	11,272	15,079	3,807	(1,522)
Total Directorate Budgets	539,364	588,047	612,324	24,277	(3,148)
Total Use of Resources	666,125	846,898	869,343	22,445	(3,412)
Total forecast over / (under) spend	0	0	36,346	36,346	(4,377)
COVID 19 Government grant income (tranche 1 to 4) - Confirmed				(64,782)	(24,330)
COVID-19 Sales, Fees and Charges grant Income - Forecast				(6,400)	(6,400)
Reprofile the use of reserves to fund income losses in future years				34,836	34,836
Net forecast over / (under) spend				0	(271)

Memo: Breakdown of variance			
COVID related Expenditure *	COVID related income reduction*	Savings, mitigations and other changes	Total Forecast Variance
£000	£000	£000	£000
0	15,810	(1,909)	13,901
0	0	(1,832)	(1,832)
518	535	(2,970)	(1,917)
9,883	0	(3,162)	6,721
4,919	34	214	5,167
2,005	3,372	(3,553)	1,824
4,236	7,007	(2,568)	8,675
2,297	4,724	(3,214)	3,807
23,858	15,672	(15,253)	24,277
23,858	15,672	(17,085)	22,445
23,858	31,482	(18,994)	36,346
(64,782)			(64,782)
(6,400)			(6,400)
34,836			34,836
18,994		(18,994)	0

* COVID-19 pressures as per draft round 8 return to MHCLG, to be submitted 11 Dec.

Investments

Investment Priorities	2020/21 Budgeted Investment	2020/21 Full Year Committed Investment	Objective / Update on progress / Outcomes
	£000	£000	
Neighbourhoods Directorate Investment			
Capacity for further pressures including Domestic Violence	100	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 £1.0m allocation could be spent. Discussions have been held about the potential to mainstream this budget in future years.
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	0	Due to lockdown the Spring challenge did not take place, the programme is currently being reviewed following this delay to potentially provide alternative arrangements. A request will be made to carry forward the funds to support the initiative in 2021/22.
Total Neighbourhoods Investment	890	640	
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 has been 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 two 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 model by Summer 2020.
Total Growth and Development Investment	1,100	500	
Total Investment	2,323	1,333	

Original Budgeted Savings

2020/21 Approved Savings - Of the £7.463m original planned savings, £1.958m 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 7 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 Directorate	1,941	75	308	2,324
Growth and Development	200	340	150	690
Total Budget Savings	4,944	561	1,958	7,463

Red High Risk savings of £1.958m 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 Directorate - £308k

- £21k income from Pest Control due to restricted service offer
- £20k Car park income from pay and display at Heaton Park due to closure
- £30k Other income from Heaton Park due to park closure
- £46k Libraries and galleries income generation due to closures
- £86k from revised operating model at Piccadilly Market
- £105k Highways increase income generation through fees and charges across compliance

Growth and Development - £150k

- £150k Investment Estate additional income target delayed due to the additional lead time for developers and the impact of Covid-19.

Amber Risk savings of £0.561m include:

Corporate Core - £146k

- £96k from annual leave purchase scheme.
- £50k Capital programmes increased income at risk due to slippage

Neighbourhoods Directorate - £75k

- £40k Galleries exhibition tax relief.
- £35k Highways: Increase permit/license fees (skips, hoardings, scaffold, etc.) by 3.5%.

Growth and Development - £340k

- £340k Reduced investment income relating to Project Quantum that will need to allow additional lead time for developers due to Covid-19.

COVID-19 Grant Allocations

Grant	Total Amount £000	Directorate	Spend to Date £000	Plans
COVID-19 Emergency Funding for Local Government - (tranches 1 to 4)	65,171	All	65,171	To partly offset COVID-19 related additional costs and income losses as reported in monthly returns to MHCLG.
Care Home Infection Control Fund Round 1 (£600m nationally)	3,342	Adults Social Care	3,184	All providers which have met the grant conditions and signed the grant agreements have been paid. The funding ended 30th September.
Care Home Infection Control Round 2	3,084	Adults Social Care	1,716	There is a commitment for 80% proportion of the funding for care homes is to be paid. Plans for the remaining 20% allocation are yet to be confirmed.
Test and trace service (£300m nationally)	4,837	Population Health	19	The funding is to ensure that appropriate systems are in place for outbreak management and prevention of COVID-19.
Next Step Accommodation Grant, cold weather provision and landlord incentive funding	2,000	Homelessness	900	£1.6m of funding linked to accommodation provision from July to March with £2.6m associated costs (£300k per month). £400k of provision relates to expenditure to be incurred November to March.
Emergency Support for Rough Sleepers (£3.2m nationally)	68	Homelessness	68	To provide emergency support for rough sleepers to self-isolate during the coronavirus outbreak
Council Tax Hardship Fund (£500m nationally)	7,458	Corporate Core	6,402	The majority of this is the £150 hardship fund payable to a working age claimant in receipt of council tax support. It is anticipated that the number of claims November onwards will fully utilise this grant. Other funding is for food poverty, carers and WPS
Reopening High Streets Safely Fund (£50m nationally)	489	Strategic Development	5	Communication, public information and Business facing awareness raising activities to ensure reopening of local economies to be managed successfully and safely.
Local Welfare Assistance Fund (£63m nationally)	957	Strategic Development	957	To assist those struggling to afford food and other essentials due to the financial impact of COVID-19.
Local Authority Business Rates Grant Administration (New Burden)	225	Corporate Core	225	To support the administrative costs of the additional Business Rates grants
Contain Outbreak Management Fund	4,423	Neighbourhoods and Population Health	nil - recently announced	Led by Public Health working collaboratively with other teams in MCC fund activities such as Test and Trace, VCSE, Comms and the 4Es of Compliance and Enforcement.

COVID-19 Grant Allocations

Grant	Total Amount £000	Directorate	Spend to Date £000	Plans
Test and Trace Support Payments (Self Isolation Scheme)	680	Corporate Core	535	Further allocation to assist individuals who have been formally notified to self-isolate and meet eligibility criteria set out by the government
Local Authority Compliance and Enforcement Grant	453	Neighbourhoods	35	Manchester's share of the national allocation to support additional compliance and enforcement activities. Grant not received to date.
Clinically Extremely Vulnerable individuals advised to shield	286	Strategic Development	Announced October 2020	To provide support to clinically extremely vulnerable individuals who are required to shield under local restrictions. To be delivered through the Manchester Community Hub
Cultural Recovery	390	Neighbourhoods	Announced October 2020	To support the culture sector. Grant to be received on 30 Dec and 28 April
Winter Grant Scheme (£170m nationally)	2,581	Children's Services	Announced November 2020	To support the hardest hit families and individuals for the cost of food and bills to the end of March 2021.

COVID-19 Grant Allocations – Business Support (Corporate Core)

Grant	Total Amount £000	Spend to Date £000	Plans
<u>Support for Businesses</u>			
Expanded Retail Discount 2020/21 (excludes 1% for Fire Authorities)	138,477	138,477	To provide 100% business rates relief to retail, hospitality and leisure properties in 2020/21
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032	106,070	To provide business support grants to small, retail, hospitality and leisure businesses across the city, ranging from £10k to £25k depending on size of property.
Local Authority Discretionary Grants Fund		5,418	To provide discretionary business support grants to businesses who do not necessarily have a business rates liability. Grants range from £5k to £25k.
Local Restriction Support Grant (open)	7,665	Announced October 2020	To provide support to Manchester businesses that remained open but were impacted during Tier 2 and Tier 3 local restrictions (5 August to 4 November). Includes 5% discretionary element. No further funding will be provided.
Local Restriction Support Grant (closed)	TBC (c£0.502m)	Announced October 2020	To provide support to Manchester businesses that closed during the Tier 3 restriction period (23 October to 4 November). Further funding will be provided if grants exceed allocation.
Local Restriction Support Grant (sector)	TBC (c£21k)	Announced October 2020	To provide support to Manchester businesses have been that closed since March, namely nightclubs and adult entertainment venues (1 November to 4 November). Further funding will be provided if grants exceed allocation.
Local Restriction Support Grant (closed addendum) - National Lockdown	11,187	Announced October 2020	To provide support to Manchester businesses forced to close in the second national lockdown period (5 November to 2 December). Further funding will be provided if grants exceed allocation.
Additional Regional Grant (£60m allocated to Greater Manchester)	11,698	Announced October 2020	This will be allocated to GMCA and passported to individual authorities based on a per-capita allocations, this is for all regions going into Tier 3 restrictions. Funding can be applied in 2020/21 and 2021/22.

Budgets to be allocated from Corporately held Inflation, unbudgeted external grant funding and virements

Budget to be allocated	2020/21	Description
	£000	
Street Lighting	99	The PFI contract has generated savings in electricity costs and maintenance costs of the streetlights, However the increased budget is to fund the annual inflation increase on the PFI Unitary payments.

Unbudgeted external grant funding	2020/21	Description
	£000	
Wellbeing for education return grant (Dept for Education)	65	The funding is to provide training and support on specific mental health areas, several of which are available within the HS service. The proposal directly supports the Thrive rollout and the mental health support for children in Manchester. The progress of the work will be reported to the Inclusion strategy steering group and the Children's Board and the Manchester Safeguarding Partnership.
Safer Streets Funding (Home Office via GMCA)	360	The criteria of the grant identified key interventions that will impact on the acquisitive crime in the area and included: target hardening improvements to individual properties, such as fencing, doors and windows; environmental improvements in the local area, such as cutting back bushes/trees, tidying pieces of land improved defensible space and alleyway improvements; CCTV.

Virements	2020/21	Description
	£000	
Corporate Core to Collection Fund (resources)	1,000	Support to Council Tax Support Scheme claimants (£150 council tax discount per claimant) is exceeding previous estimates. This is mainly due to an increased number of recipients due to the current circumstances. The £1m will be used to replenish the Collection Fund deficit created as a result of these discounts.
Adult Social Care change of budget use	375	Impower savings delivery partnership, funded from within the service's underspend position.

Corporate Budgets £12.069m overspend

	Gross position including COVID impact				Memo: breakdown of variance	
	Annual Budget	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec	Covid related pressures	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000
Resources Available						
Retained Business Rates	(309,692)	(310,710)	(1,018)	0	0	(1,018)
Council Tax	(174,465)	(174,465)	0	0	0	0
Other Specific Grants	(108,937)	(109,261)	(324)	(398)	0	(324)
Business Rates Grants	(168,333)	(168,333)	0	0	0	0
Dividends	(62,890)	(47,080)	15,810	0	15,810	0
Use of Reserves	(22,581)	(22,581)	0	0	0	0
Fortuitous Income	0	(567)	(567)	(567)	0	(567)
Total Corporate Resources	(846,898)	(832,997)	13,901	(965)	15,810	(1,909)
Planned Use of Resources						
Other Corporate Items	203,251	203,251	0	0	0	0
Contingency	860	860	0	0	0	0
Budgets to be Allocated	3,883	2,540	(1,343)	0	0	(1,343)
Levies	41,277	41,282	5	(9)	0	5
Historic Pension Costs	9,580	9,086	(494)	(255)	0	(494)
Total Corporate Budgets	258,851	257,019	(1,832)	(264)	0	(1,832)
Total	(588,047)	(575,978)	12,069	(1,229)	15,810	(3,741)

COVID related Pressures (£15.810m):

- £15.810m of dividend income from Manchester Airport Group and National Car 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 reserve use is still reflected)

Savings, mitigations and other changes (£3.7471m)

- 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 years.
- The movement on Other Specific Grants of £398k is due to overachievement on New Burdens funding relating to Housing Benefit and Universal Credit, partly offset by a lower than budgeted allocations for Council Tax Subsidy Grant of £7k and Care Act Grant of £67k following allocation confirmation from Government
- Rental income from Manchester Central relating to 2019/20 has been confirmed as £30k more than estimated. Fortuitous income of £0.537m has also been received relating to historic rents recovered from an agent managing properties on behalf of the council.
- 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.
- Budgets to be Allocated have a surplus of £1.343m made up of £309k Pension Contribution rate reducing by 0.2% more than expected, £204k from utility savings, and £0.900m release of funds held for investment. £100k of the £1m set aside will be spent in 2020/21 on an initiative to revise the Domestic Violence approach. These underspends are partly offset by the apprenticeship levy which is expected to be £70k higher than budgeted.
- The overspend of £5k on levies is due to the Flood Levy and the Port Health Levy being £14k higher than expected, offset by the Probation Loan payment which was £9k less than expected.
- Historic pension costs are currently forecast to underspend by £494k

Movement since last reported to Executive - £1.229m improvement

This is due to £398k overachievement of New Burdens funding, fortuitous income of £30k from Manchester Central's rental income relating to 2019/20 and £0.537m relating to historic rents, £9k on lower levies than budgets and £255k underspend on Historic pension costs due to fewer recipients.

Children's and Education Services - £1.917m underspend

Children's and Education Services	Gross position including COVID impact					Memo: Breakdown of variance	
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec	COVID related impact	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000	£000
LAC Placements	47,631	19,659	47,052	(579)	(1,656)	0	(579)
Permanence and Leaving Care	20,918	8,624	19,198	(1,720)	(824)	0	(1,720)
Children Safeguarding Service Areas	44,112	26,059	43,556	(556)	96	566	(1,122)
Children's Safeguarding	112,661	54,343	109,806	(2,855)	(2,384)	566	(3,421)
Education Services	6,702	3,835	7,497	795	(223)	487	308
Home to School Transport	9,907	746	10,030	123	12	0	123
Targeted Youth Support Service	807	0	807	0	0	0	0
Education	17,416	4,581	18,334	918	(211)	487	431
Children's Strategic Management and Business Support	4,651	3,070	4,671	20	20	0	20
Total Children's and Education Services	134,728	61,994	132,811	(1,917)	(2,575)	1,053	(2,970)

Children's and Education Services: Period 7 (1 of 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	Oct-20	1,385	n/a		-3		4	
Number of External Fostering Placements (snapshot at month end)	Low	Oct-20	410	n/a		-12		-21	
Number of Internal Fostering Placements (snapshot at month end)	High	Oct-20	319	n/a		3		30	
Number of External Residential Placements (snapshot at month end)	Low	Oct-20	92	n/a		-5		-12	
Number of Internal Residential Placements (snapshot at month end)	Low	Oct-20	3	n/a		0		-6	
Number of Special Guardianship Orders (projected year end)	High	Oct-20	57	70		-5		-12	
Number of active Special Guardianship Order Allowances	Low	Oct-20	593	n/a		1		71	
Number of Adoptions (projected year end)	High	Oct-20	24	60		6		-5	
Number of active Adoption Allowances	Low	Oct-20	131	n/a		4		-34	
Number of active Child Arrangement Order / Residence Order Allowances	Low	Oct-20	44	n/a		-3		-17	
Number of Referrals per month (total per month)	Low	Oct-20	822	919		202		154	
% of Re-Referrals (year to date)	Low	Apr 20 - Oct 20	19.6%	22.1%		-0.3%pts		-6.5%pts	
Number of Children in Need (snapshot at month end - now includes care leavers)	Low	Oct-20	5,255	4,878		233		-174	
Number of Child Protection Plans (snapshot at month end)	Low	Oct-20	655	728		-39		-78	
% of children starting a CPP for a 2nd or subsequent time (year to date)	Low	Apr 20 - Oct 20	24.3%	22.0%		-0.7%pts		-1.7%pts	
% of children ceasing a Child Protection Plan, subject to that plan for 2+ years (YTD)	Low	Oct-20	5.9%	4.0%		1.2%pts		2.4%pts	
Number of Education, Health and Care Plans	n/a	Oct-20	5,253	n/a		-32		722	

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: Period 7 (2 of 2)

Performance Analysis

- The number of LAC has decreased slightly compared to last month but remains slightly higher than at this point last year. A contributing factor to the increase in LAC numbers compared to last year remains the increase in Unaccompanied Asylum Seeking Children since the end of March 2019. We now have 103 UASC, an increase of 21 (26%), and Manchester's percentage of UASC continues to be greater than the national and other comparator benchmarks
- External Fostering placements have decreased this month and there has been a slight increase in Internal Fostering placements. External fostering numbers are now lower than at this point last year and Internal Fostering numbers have increased
- The number of children placed in External Residential placements has decreased and remains lower than last year. Internal Residential placements have decreased compared to last year
- The number of Special Guardianship Orders projected to have been granted by year end has decreased this month and remains lower than target and last year at this time. Projected adoptions are significantly lower than target and also lower than last year. This can be at least partly explained by a decrease in court capacity during lockdown
- The number of active SGO Allowances has increased by one compared to last month and remains significantly higher than last year. Active financial assistance for adoptions has increased slightly from last month but is lower than at this point last year and active Child Arrangement Orders/Residence Orders have also decreased
- The number of referrals has increased significantly this month and compared to this point last year but remains below target. Re-Referrals have decreased, are below target and have reduced significantly compared to last year
- The number of Children in Need has increased this month as referrals have increased but remains lower than at this point last year
- The number of Child Protection Plans has decreased again this month and is significantly lower than last year
- The percentage of repeat Child Protection Plans has also decreased. This measure remains above target but is lower than at this point last year
- The percentage of Child Protection Plans ending where the child was on a Plan for more than two years has increased again this month and remains above target and last year's figure. This is due to recent increased management oversight of the case progression of children who have been on Plans for over two years. This increased scrutiny has had the positive effect of reducing the number of these children from 25 at the end of August to 10 at the end of October (and 7 at time of writing in November) but inevitably has a negative effect on this KPI.
- The number of active Education, Health and Care Plans has decreased slightly this month

Children's and Education Services Financial Headlines (1 of 2)

Children's Services revenue budget totals £134.728m

- The overall forecast position as at Period 7 is an underspend of £1.917m, this is made up of;
- Covid-19 pressures through increased costs and reduced income - £1.053m;
- Partly offset by savings, mitigations and other changes of net £2.970m underspend.

Budget now includes £2.581m funding allocation for Government's COVID Winter Grant Scheme to support the hardest hit families and individuals for the cost of food and bills to the end of March 2021.

COVID related Pressures and Shortfalls in Income £1.053m:

This includes COVID-19 pressures of £0.518m and shortfalls in income of £0.535m relating primarily to additional spend for Short Breaks during lockdown, PPE equipment and support for schools Care. The service has reviewed its 'front door' arrangement to strengthen the response to identify children in need of help/protection and the multi-agency response. The impact is being closely monitored. Currently there is an underlying underspend in safeguarding but due to Covid-19 and lockdown measures demand for services has been suppressed, it is expected that there will be a sharp increase in referrals later this term. Demand for Children's Services may increase as there are multiple factors influencing demand and activity for Children's Services, such as deprivation, domestic abuse, substance misuse and adult mental health, which have been heightened due to the pandemic. Home to School transport is incurring additional costs due to high level of passenger assistant's absence due to need to self-isolate, the financial impact of this yet to be quantified and is not yet included.

Savings, mitigations and other changes (£2.970m)

Manchester's Children and Education Services continues on a 'journey to excellence' to increase the effectiveness of services and outcomes for children and young people. The current position indicates that implementation of the strategy has started to lead to efficiencies and service underspends.

This includes the following:

An underspend of £2.970m on Children's Services and Education due to increasingly effective commissioning activity with improved processes through liquid logic/control and work with providers. There are also in-year savings through delaying restructures, vacancies, renegotiation of partner contribution, additional grant and efficiencies. Alongside the savings there are a number of existing pressures relating to legal charges, leaving care allowances, short breaks, and supervised contact totalling; details as follows :

Other non COVID-19 related pressures - £0.601m:

- Education Services - overspend £408k mainly due to additional demand for Short Breaks and Home to Schools Transport pressures
- Legal Services - £109k overspend based on activity and use of external legal services due to staff turnover of the Council's in-house legal support.
- Youth Justice - Remand pressures of £84k

Children's and Education Services Financial Headlines (2 of 2)

Savings/underspends and other mitigations - (£3.571m):

- No Recourse to Public Funds - £0.798m based on current levels of activity, a large part of this underspend has been offered up as an efficiency saving.
- Unaccompanied Asylum Seeking Children (UASC) - £0.951m Home Office grant has increased per child, particularly for those over 18, the Council can now seek to ensure that sufficient support is provided to UASC as long-term support is not currently covered by the grant.
- Our Children Care, Permanence placements and Leaving Care Service - underspend of £0.701m based on current placements and support provided to date.
- Children's Localities, Permanence, Families First Fostering and Adoption Service underspends £1.108m
- Other underspends totalling £13k.

The Dedicated Schools Grant (DSG) is projecting in-year overspend of **£1.44m**. 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 work is on-going in reviewing the areas of pressure within high needs. As at period 7 the cumulative DSG deficit is **£4.52m**.

Movement since last reported to Executive - £2.575m improvement

The movements are due to:

- Lower than expected increase in children placements. Strategic planning and improved practice is helping to prevent and manage the increase in referrals and admissions and reduced discharges for looked after children resulting in a £1.786m reduction in costs compared to the last reported position. External Residential placements are 14 placements lower than planned. Whilst fostering placements are 14 higher than budgeted for, due to a reduction in use of comparatively expensive external fostering and an increase in less costly in-house placements has also contributed to reduction in projected fostering spend.
- Reduction in Leaving Care placement costs and spend on supporting children placed with parents, reduction of £0.799m. Leaving Care Supported Accommodation placements are 15 below budgeted placements of 93 and have reduced since the last report to the Executive. The Strategic Lead for Leaving care continues to focus on moving aged 18 or above to independence after their 18 birthday, where appropriate. There has been a reduction in the projected cost of children placed with parents, special guardianship orders, child arrangement orders and adoption allowances.
- Early Years projected spend has increased by £70k mainly due to loss of children centres rental income and change in staffing.
- Education Services including short breaks spend is £80k lower than previously projected. This is mainly due to a reduction in projected cost of short breaks.
- Core and Business Support is £20k higher than previously expected mainly due to small changes in staff related costs.

Adult Social Care and Population Health - £6.721m 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	Movement from last Exec
	£000	£000	£000	£000	£000
Provider Services	27,787	14,917	27,594	(193)	45
Hospital Teams, Front door and TEC	2,491	495	2,666	175	(118)
Integrated Neighbourhood teams	39,856	16,691	47,066	7,210	(17)
Complex Services (LD, MH, Transition)	88,336	44,173	89,051	715	(399)
Population Health	36,730	18,699	37,156	426	66
Commissioning (MLCO)	4,277	1,599	3,472	(806)	(465)
Budget growth and back office	3,884	(3,400)	3,174	(710)	353
Total ASC Pooled Budget	203,361	93,174	210,179	6,818	(534)
MHCC	24,030	11,450	23,917	(113)	338
MCC – ASC outside of Pool	4,856	3,226	4,872	18	43
Total ASC and Population Health	232,247	107,850	238,968	6,721	(153)

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
502	(695)
251	(76)
7,939	(729)
568	147
528	(102)
0	(806)
55	(765)
9,843	(3,025)
40	(154)
0	18
9,883	(3,162)

Adult Social Care: Period 7

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
No of MOAT per 100,000 of the 18+ population	Low	Oct-20	11.8	Under Review		n/a		N/A	
Total number of people in Residential Care (65+) at the end of the month	Low	Oct-20	758	TBC		-5		-37	
Total number of people in Nursing Care (65+) at the end of the month	Low	Oct-20	367	TBC		14		-10	
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	Oct-20	57.80%	54.00%		-3%pts		16.7%pts	
% of safeguarding enquiries which resulted in the desired outcome identified by the individual being achieved	High	Oct-20	80.00%	TBC		10%pts		5%pts	
The number of carers receiving carers-specific services (per 10,000 popn)	High	Mar-20	29.5	TBC		n/a		-13	

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Performance Analysis

Delayed Transfers of Care (DTC), Medically Optimised Able to Transfer (MOAT) people - due to COVID-19 national reporting on DTCs ceased on 19 March 2020. Since this time the Control Room has continued monitoring delays locally and October saw the first full month where figures on patients who were medically optimized and able to be transferred were available. Now that these are available we will be able to report month-on-month trends again in the next two months. Day-to-day monitoring of MOATs has shown variation, but the position as at 17 November shows a small decrease - 55 compared to the figure of 58 reported in P6. The figure for P5 was 51, so the level of variation month-on-month is fairly stable.

Total Older People in Residential and Nursing Care - Total numbers aged 65+ recorded as being in either residential or nursing care at the end of the month have shown a small increase overall in the last period. Those reported as being in residential care showed a small fall of 5 (from 763 to 758) which was off-set by an increase of 4% in those in nursing care (353 in P6 to 367 in P7). Nursing home levels are now back to those reported before the pandemic with the year-to-date average of 2019/20 being 363. These figures include everyone recorded as being in receipt of either of these services, including those who were discharged from hospital into a home as a result of COVID, within Liquid Logic. New admissions on discharge from hospital continue to be paid for by Manchester Health and Care Commissioning (MHCC) for 6 weeks so the impact of these will not yet be hitting the ASC budget

Outcomes following Reablement - Outcomes following Reablement have fallen slightly this month. Those leaving with no care reduced from 60.8% to 57.8% and those leaving with reduced care fell marginally from 16.5% to 15.7%. These levels continue to be considerably improved on performance levels during 2019/20 and those leaving with no care packages continues to remain above target.

Outcomes following Safeguarding - Following on-going improvements to the Safeguarding workflow on Liquid Logic we can report that the proportion of our clients for whom we have achieved their desired outcome at 80% is above target and an improvement on the position of 70% reported for last month. This is the highest level reported since April 2019 and is a positive indication that we are supporting our most vulnerable to achieve the outcomes they want.

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

The Adult Social Care budget totals £232.247m of which £227.391m is part of the Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2020/21.

The overall forecast position as at Period 7 is an overspend of £6.721m, this is made up of;

- COVID-19 pressures through increased costs - £9.883m;
- Partly offset by savings, mitigations and other changes of net £3.162m underspend.

The budget includes grant allocations of £3.342m for Infection Control Fund, £3.084m for Infection Control Round 2 and £4.837 m for Track and Trace, provided by Government.

COVID related Pressures (£9.883m)

In line with the national picture across councils, the Adult Social Care (ASC) financial position for 2020/21 continues to carry significant financial risk arising from the impact of COVID-19. The pressures created across the care sector are challenging and the recent increases in confirmed cases will provide further challenges in the coming months. The assumptions in the reported position are significant and as such are likely to fluctuate as the year progresses.

The Council has received Covid-19 funding to support pressures across its services. The ASC projected costs eligible for funding total £9.883m with a further £9.149m set against Health Covid-19 funding. In addition, there is £6.426m for Infection Control spend and £4.837m for Test and Trace program. These figures are reviewed regularly as more information and costs are finalized for each monthly return to Government.

Savings, mitigations and other changes (£3.162m)

The position at Period 7 is a reported forecast underspend of £3.162m, of which there is an underspend of £3.180m on the Pool and an overspend of £18k relates to services outside of the scope of the Pool.

The Directorate has identified £2.600m of non-recurrent savings which are included in the forecast. The non-recurrent savings 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 national living wage (NLW) and inflation budget.

Close scrutiny of each budget line is on-going and individual packages of care are being reviewed to ensure they are the most appropriate they can be to meet the needs of the clients.

Care pressures in the Internal Learning Disability Supported accommodation budget (£1.8m) are proposed to be funded in part from the use of ASC reserves, to allow for transition of clients to new build accommodation (£0.595m), resulting in a reported pressure of £1.225m.

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

The savings, mitigations and other changes (£3.162m) are due to:

- MLCO Provider Services - underspend of £0.695m due to underspends on day centres of £343k, reablement of £1.077m, specialist short team intervention £279k, short breaks of £307k, and other underspends totalling £10k. This is offset by an overspend on in-house supported accommodation of £1.225m, (this is a gross pressure of £1.820m offset by £0.595m for new build accommodation from reserves) and Equipment and Adaptions of £95k.
- MLCO Hospital Teams, Front Door and TEC - £76k underspend, predominantly due to the timing of recruitment.
- MLCO Integrated Neighbourhood Teams - £0.729m underspend due to underspends on homecare of £0.731m (including expected £0.716m costs to be recharged to Health), carers of £102k, and other care net underspends of £289k; offset by overspends on the Residential & Nursing budgets of £110k, and integrated neighbourhood teams of £283k.
- MLCO Complex services (Learning and Disability, Mental Health, Transition) £147k overspend due to overspend on cash personal budgets of £163k, mental health supported accommodation of £100k, Learning and Disability care packages of £7k and Emergency Duty service of £42k; offset by underspends on Learning and Disability social worker staffing budgets totalling £32k, Mental Health Care packages of £99k and other minor underspends £34k.
- MLCO Population Health – £102k underspend due to delay in renegotiations on the sexual health contracts.
- MLCO Commissioning - £0.806m underspend due to a delay in the opening of the new extra care schemes.
- MLCO Budget growth and back office - £0.765m underspend due to slippage on the investment programme of £345k, slippage against the National Living Wage and inflation budget of £0.550m, both of which will be utilised to support the Directorate overall position; winter pressures of £75k and £169k on staffing across business support, offset by a commitment to costs to support the Impower savings delivery partnership of £375k
- MHCC - £154k underspend due to underspends on staffing
- MCC – £18k overspend relates in the main to the use of external best interest assessors.

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Movement since last reported to Executive - £153k improvement

The movement arises from a reduction in the forecast COVID-19 costs of £24k to £9.883m, primarily following review of forecast costs for residential care. In addition, the mitigating forecast budget underspend has increased by £129k, to £3.162m.

The main factors are a decrease in the forecast overspend for Learning Disabilities of (£379k), offset by increased forecast costs on the Internal Learning Disability Supported Accommodation budget (£373k), an increased underspend on Extra Care due to delays in the new schemes (£464k), a commitment to costs relating to the Impower savings delivery partnership of £375k and other minor variations of £34k.

Homelessness – £5.167m overspend

Homelessness	Gross position including COVID impact				
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Singles Accommodation	1,748	1,544	1,707	(41)	93
Bed & Breakfast's (Room only)	4,063	2,966	5,006	398	45
Families Specialist Accommodation	314	228	288	(26)	(17)
Accommodation Total	6,670	4,738	7,001	331	121
Floating Support Service/HMT	1,477	797	1,510	33	(28)
Dispersed and TAMF	2,166	473	4,049	1,883	337
Dispersed Accommodation Total	3,643	1,452	5,559	1,916	309
Homeless Management	685	398	660	(25)	7
Homeless Assessment and Caseworkers	2,320	1,313	1,984	(336)	(93)
Homelessness PRS and Move On	798	454	770	(28)	4
Rough Sleepers Outreach	403	193	382	(21)	8
Tenancy Compliance	207	96	164	(43)	(17)
Homelessness Support Total	4,413	2,454	3,960	(453)	(91)
Commissioned Services	1,210	583	1,210	0	0
Commissioned Services Total	1,210	583	1,210	0	0
COVID-19 Response Rough Sleepers	1,668	3,442	5,041	3,373	0
COVID-19 Response Total	1,668	3,442	5,041	3,373	0
Total	17,604	12,669	22,771	5,167	339

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	(41)
0	398
0	(26)
0	331
34	(1)
1,546	337
1,580	336
0	(25)
0	(336)
0	(28)
0	(21)
0	(43)
0	(453)
0	0
0	0
3,373	0
3,373	0
4,953	214

Homelessness: Period 7

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	Oct-20	219	TBC		-8		58	
Number placed in Bed and Breakfast Accommodation: Families	Low	Oct-20	31	TBC		0		-50	
Number of dispersed accommodation placements: Single person	Low	Oct-20	220	TBC		26		70	
Number of dispersed accommodation placements: Families	Low	Oct-20	1,626	TBC		-15		179	

Performance Analysis

Work is ongoing with RPs to give backdates to homeless households. Offers are being made to encourage people to rightsize properties and make larger properties available. A bid has been successful from MHCLG for capital funding for 1 bedroom affordable flats, which there is a lack of in the city compared to demand. Work is being undertaken to help people access the PRS in affordable locations, many of which are outside of Manchester, and schemes such as a landlords insurance are being used. A bid for £2 million of short term funding from MHCLG has been successful. Incentives for PRS landlords are included.

The service is continuing to focus upon accommodating people who sleep rough to mitigate the public health risk, and ensure people do not return to the streets. Service changes due to COVID-19, such as remote working, will feed into service transformation going forward as it has proven to be successful. The numbers of single people moving into dispersed accommodation has increased. Officers have been working hard throughout the pandemic to move more singles and families out of temporary and into permanent accommodation. Households presenting will continue to increase over the next few months as the economic outcome of the pandemic is fully realised. It is anticipated the number of people sleeping rough will also increase, although significant work and investment is ongoing to keep people from the streets.

The homeless service is returning to business as usual, even during the second lockdown. It is anticipated that there will be a significant demand for services once the pandemic is over, and the service is preparing for a large increase in numbers. This is due to the continuation of welfare reform, the high level of rental income that the PRS demands, but most significantly, the number of people that will be economically affected by the outcome of COVID-19, through losing employment, being unable to pay their rent, the reduction in support services that would have otherwise helped them being reduced or stopped due to essential cuts in services. The freeze on evictions is enabling people to ignore their rental arrears, which will cause its own issues as we try to mediate between tenants and landlords, but comms work is progressing to encourage people to access debt advice.

Homelessness Financial Headlines (1 of 3)

The Homelessness budget for 2020/21 is £17.604m

The overall forecast position as at Period 7 is an overspend of £5.167m, this is made up of;

- COVID-19 pressures through increased costs and income shortfalls - £4.953m;
- Increased by savings, mitigations and other changes of net £214k overspend.

COVID related Pressures (£4.953m overspend):

COVID-19 response to Government's Everyone In, providing accommodation for 280 people sleeping rough in the City. Indicative annual cost of £5.075m, £457k 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), £4.584m accommodation, food and security to provide accommodation for those who would otherwise be sleeping rough linked to the Government's Everyone In and the exit strategy. In addition to the increased expenditure, there is a forecast lost income of £34k linked to Legal Services provided to Registered Providers.

Next Steps Accommodation funding has now been allocated of £2.068m, of which £1.668m has been assigned to accommodation costs already committed with a further £100k to be utilised for additional cold weather provision and £300k for incentives to move people on into Private Rented Sector.

Dispersed temporary accommodation placements have increased by 183 since March 2020 to 1,846 in October in 2020 (an increase of 11 since last month). £546k of costs have been assigned as Covid-19 costs. At budget setting 20/21 £1.5m of reserves were allocated to cover the impact of increased demand, at this stage this has not been allocated. The Flexible Housing Support grant (£2.1m) is being fully applied to meet the cost.

Savings of £1.000m unachieved, have been reported to MHCLG as part of COVID-19 return, with delays in procurement as a result of Senior Management involvement in COVID-19 response. Work is ongoing with Legal and Procurement to revise timelines.

Homelessness Financial Headlines (2 of 3)

Savings, mitigations and other changes (£214k overspend):

Mainstream funded services, Continued increase in numbers in dispersed has increased the expected Housing Benefit Subsidy loss by £337k partly offset by an underspend of £178k linked to staffing underspends where recruitment has been delayed as a result of Covid-19, and a balance of £55k overspend which is offsetting pressure on Bed and Breakfast.

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 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. Additional capacity is needed for:

- Housing Solutions Officers to increase prevention work and reduce flow into the system
- Private Rented Sector (PRS) team to develop a PRS offer for homeless people
- Investment to reduce floating support caseloads to allow meaningful work in moving people on and ensuring people are appropriately safeguarded
- Funding of £1.6m has been awarded by the Greater Manchester Combined Authority (GMCA) to fund 142 beds spaces in Phase 3 of A Bed Every Night programme which has been extended to cover the period July 2020 to March 2021, indicative costs are £2.5m. Revenue and Benefits are currently reviewing the proposals at each of the properties to confirm the level of Housing Benefit which can be claimed, current conversations indicate that funding of £300k will be provided, therefore the shortfall in funding is approximately £0.600m which has been included in COVID-19 costs.

Homelessness Financial Headlines (3 of 3)

Movement since last reported to Executive - £339k increased pressure

This is mainly due to dispersed temporary accommodation placements increasing from 172 since March 2020 to 1,626 in October 2020. Continued increase in numbers in dispersed has increased the expected Housing Benefit Subsidy loss by £337k. At budget setting 2020/21 £1.5m of reserves were allocated to cover the impact of increased demand, at this stage this has not been allocated. The Flexible Housing Support grant (£2.1m) is being fully applied to meet the cost.

Homelessness Period 7 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	2,070
Quarter 2	1,400	1,626	2,174	2,525	2,541
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	4,521

Total number of B&B cases booked in and out in the month		Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	June-20	Jul-20	Aug-20	Sept-20	Oct-20	Total
Families	Booked In	83	90	100	71	81	39	51	82	115	68	102	82	964
	Booked Out	76	81	84	91	102	97	69	63	92	89	99	94	1,047
	Change	7	9	16	(20)	(21)	(58)	(18)	19	23	(21)	3	(14)	(73)

Single Person	Booked In	109	99	104	101	133	118	126	169	166	165	160	135	1,585
	Booked Out	106	89	121	86	121	107	117	141	174	165	174	137	1,538
	Change	3	10	(17)	15	12	11	9	28	(8)	0	(14)	(2)	47

B&B average placements in month	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	June-20	Jul-20	Aug-20	Sept-20	Oct-20
Single person	166	167	169	176	179	191	211	231	233	228	227	219
Families	102	105	112	113	101	50	20	20	41	45	31	31
Total	268	272	281	289	280	241	231	251	274	273	258	250

Dispersed Accommodation placements at the end of the month	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	June-20	Jul-20	Aug-20	Sept-20	Oct-20
Families	1,455	1,472	1,489	1,498	1,505	1,573	1,614	1,611	1,618	1,629	1,641	1,626
Singles	155	156	159	157	158	161	174	184	188	191	194	220
Total	1,610	1,628	1,648	1,655	1,663	1,734	1,788	1,795	1,808	1,820	1,835	1,846

Corporate Core – £1.824m overspend (1 of 2)

Corporate Core	Gross position including COVID impact				
Chief Executives	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Coroners and Registrars	2,348	1,140	3,092	744	(32)
Elections	1,079	2,198	979	(100)	0
Legal Services	7,129	5,273	7,123	(6)	(109)
Communications	3,371	1,879	3,606	235	(35)
Executive	987	424	887	(100)	(36)
Legal, Comms, Democratic and Statutory Sub Total	14,914	10,914	15,687	773	(212)
Corporate Items	545	(101)	1,015	470	160
Chief Executives Total	15,459	10,813	16,702	1,243	(52)

Memo variance of breakdown	
Covid related impact	Savings, mitigations and other changes
£000	£000
776	(32)
0	(100)
356	(362)
349	(114)
	(100)
1,481	(708)
280	190
1,761	(518)

Corporate Core - £1.824m overspend (2 of 2)

Corporate Core	Gross position including COVID impact				
Corporate Services	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Policy, Performance and Reform	15,590	8,603	14,908	(682)	(68)
Procurement and Commissioning	1,414	760	1,247	(167)	(18)
Revenue and Benefits	26,591	9,724	28,084	1,493	1,250
Discretionary Housing Payments and Welfare Provision	2,600	1,515	2,600	0	0
Financial Management	5,532	3,910	4,947	(585)	(90)
ICT	13,746	10,992	14,901	1,155	98
Human Resources/ Organisational Development (HR/OD).	4,119	2,647	3,953	(166)	0
Audit, Risk and Resilience	1,483	888	1,406	(77)	0
Shared Service Centre	1,132	716	797	(335)	(160)
Capital Programmes	(31)	667	556	587	(413)
CS Corporate Items (non business plan)	226	297	6	(220)	30
Customer Services	4,217	2,442	3,818	(399)	(48)
Commercial Governance	259	182	236	(23)	0
Decriminalised Parking Enforcement	(649)	7,326	(649)	0	0
Bus Lane	(334)	6,416	(334)	0	0
Corporate Services Total	75,895	57,085	76,476	581	581
Total Corporate Core	91,354	67,898	93,178	1,824	529

Memo variance of breakdown	
Covid related impact	Savings, mitigations and other changes
£000	£000
0	(682)
0	(167)
1,572	(79)
0	0
0	(585)
1,307	(152)
0	(166)
0	(77)
0	(335)
737	(150)
0	(220)
0	(399)
0	(23)
0	0
0	0
3,616	(3,035)
5,377	(3,553)

Corporate Core: Period 7

	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	Oct-20	99.5%	98.5%		-0.1%pts		0.2%pts	
Average Number of ICT Major Incidents in a month (year to date)	Low	Apr 20 - Oct 20	5.43	n/a		0.10		-1.71	
% of transactions delivered face to face (year to date)	Low	Apr 20 - Oct 20	0.0%	n/a		0%pts		-3.7%pts	
% of transactions delivered by telephone (year to date)	Low	Apr 20 - Oct 20	32.1%	n/a		2.5%pts		-16.2%pts	
% of transactions delivered online (year to date)	High	Apr 20 - Oct 20	68.0%	n/a		-2.5%pts		19.9%pts	
% of annual due Council Tax collected (year to date)	High	Apr 20 - Oct 20	55.6%	94%	n/a	8.2%pts	n/a	-1.3%pts	
% of annual due Business Rates collected (year to date)	High	Apr 20 - Oct 20	48.7%	97%	n/a	7.5%pts	n/a	-14%pts	
% invoices paid within 10 days (average monthly result YTD)	High	Apr 20 - Oct 20	61.1%	65%		0.6%pts		1.4%pts	
% invoices paid within 30 days (average monthly result YTD)	High	Apr 20 - Oct 20	83.4%	90%		0.1%pts		-6.3%pts	
% of pursuable miscellaneous debt over 1 year old (excluding C'tax and B'rates)	Low	Oct-20	3.0%	5%		-10.8%pts		-8.1%pts	
BR Grants: Small Business Grant (% allocated)	High	30-Sep	95.8% (£64,770,000)	£67,610,000	n/a	0.19%	n/a	n/a	n/a
BR Grants: Retail, Hospitality & Leisure Grant (% allocated)	High	30-Sep	95.3% (£41,300,000)	£43,210,000	n/a	0.28%	n/a	n/a	n/a
BR Grants: Local Authority Discretionary Grant (% allocated)	High	30-Sep	99.8% (£5,417,500)	£5,432,000	n/a	-0.09%	n/a	n/a	n/a

Corporate Core: Period 7

Performance Analysis

- The % of business rates grants allocation was finalised on 30 September. Overall 95.9% of businesses identified as in scope were allocated grant.
- The proportion of transactions undertaken online and via phone were just over 48% prior to COVID (with face-to-face transactions representing circa 3% of transactions). However, 85% of transactions up to the end of June were online and 15% were via phone (due to the closure of non-critical contact centre phone lines from March as a result of the pandemic). The reopening of these non-critical phone lines (e.g. Council Tax, business rates and neighbourhoods switchboard) from July has seen the year to date figures gradually move back towards pre-pandemic levels each month, with online transactions standing at 68% and phone transactions at 32% at the end of October.
- The percentage of Council Tax due for 2020/21 which had been collected at the end of October (55.62%) was just over 1% below that collected at the same point last year (56.95%), and at £121.7m, it was over £1.7m more than that collected at the same point last year. COVID-19 and the lockdown has impacted on people's ability to pay.
- Total collectible Business Rates has reduced from £378.5 million (1st April) to £237.2m (1st Nov) because of the expanded Retail Relief which is fully funded by Central Government. The percentage of business rates due for 2020/21 which had been collected at the end of October was 48.7%, which was 14% lower than the 62.7% collected at the same point last year and at £117m was just under £120m less than that collected last year. This decrease was exacerbated by the need to suspend direct debit payments while grants and retail relief were administered. These restarted from 21 May 2020 with repayment plans reprofiled over the ten or eleven months.
- The % of pursuable miscellaneous debt over a year old fell from 13.84% at the end of September to 9.86% at the end of October. Formal recovery of such debt only resumed in late July. The amount of collectable debt +1yr old is now just over £3.48m, almost £2.01m more than the figure from April 2018. Circa 75% of the increase since April 2018 is attributed to the ASC business area with the majority of this belonging to the NHS. The Council is prioritising chasing NHS invoices and other large ASC invoices to reduce the collectable debt figure and progress is being made in resolving outstanding disputes which are preventing payment. With the NHS currently prioritising paying COVID-19 related invoices it is more challenging to chase older invoices.
- The percentage of invoices paid within 10 and 30 days both remain below target.

Corporate Core Financial Headlines (1 of 3)

Corporate Core revenue budget totals £91.354m

The overall forecast position as at Period 7 is an overspend of £1.824m, this is made up of:

- COVID-19 pressures through increased costs and reduced income - £5.377m;
- Partly offset by in year savings, mitigations and other changes of net £3.553m.

The Council Tax Hardship fund of £1.3m, has been reviewed and a budget virement has been requested to transfer £1m to support the Council Tax Support Scheme (CTSS) £150 scheme due to the increased number of CTSS claimants.

The test and trace isolation support payments are currently projecting to exceed the initial grant allocation and officers are preparing a submission to Government requesting the required additional Funding to meet the demands in Manchester.

The overall Corporate Core budget includes the £11.698m Additional Restriction Grant allocated to the Council to support businesses across the city.

It is forecast that all the other 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

The Corporate Core is forecasting an overall overspend of £1.824m at Period 7 an increase of £0.529m since the P5 report to Executive. The overall overspend is made up of £5.377m COVID pressures through increased costs and lost income. This is offset by in year savings and mitigations of £3.553m which are mainly due to staff savings because of vacant posts.

Corporate Core Financial Headlines (2 of 3)

COVID related Pressures (£5.377m)

These are due to:

- £2.005m increased expenditure largely relating to ICT costs of mobilising staff to work more flexibly, additional licensing costs, and additional costs within Coroners for cemetery and mortuary services.
- £3.372m shortfalls in income due to reduced capital programme fee income of £0.737m due to the slow down of capital schemes, reduced income in registrars of £281k, legal services fee income of £325k, Communications of £249k, Revenue and Benefits reduced income £1.5m due to a reduction in the number of council tax enforcement notices being issued, and lower than forecast take up of the annual leave purchase scheme of £280k.

Savings, mitigations and other changes (£3.553m)

These are made up of Chief Executives £0.518m and Corporate Services of £3.035m and further detail is provided below.

The Chief Executives £0.518m underspend is due to the following:

- Elections underspend of £100k due to cancelled 20/21 election year;
- Legal £362k, Coroners and Registrars £32k, Communications £114k and Executive office underspend of £100k due to savings on employee budgets and running costs.
- Offset by £190k additional costs for prior years catering costs.

The Corporate Services forecast underspend of £3.035m is due to:

- Employee savings and running costs of £2.635m in Policy and Performance and Reform, Procurement, Financial Management, HR/OD, Audit, Shared Service Centre, Customer Services and Commercial Governance Team;
- Corporate items £250k underspend due to higher than forecast pensions savings from upfront funding of contributions.
- Capital Programmes £150k additional income

Corporate Core Financial Headlines (3 of 3)

Movement since last reported to Executive - £0.529m increased pressure

This is made up of £52k improvement in Chief Executives, offset by £0.581m increased pressure in Corporate Services. Further details of these variances is set out below :

Chief Executives position has improved by £58k since the last reported position mainly due to staff savings in Coroners, Legal Services, and Executive, offset by reduced forecast income from the purchase of annual leave.

The Corporates Services increased pressure of £0.581m is made up of a projected £1.250m reduction in income from court summons in relation to council tax and business rates bills in arrears. This is due to a combination of reduced numbers being subject to enforcement activity because of support provided due to COVID and the closure of the Courts during lockdown. There is £98k of ICT costs of mobilising staff to work more flexibly and £30k increase in bad debt provision. This is reduced by £384k employee and running cost savings in Performance Research and Intelligence, Procurement and Commissioning, Financial Management, Shared Service Centre and Customer Services. There is a reduction in the overspend on Capital of £413k since the last report due to a more accurate forecast in the Covid income pressure.

Neighbourhoods Directorate - £8.675m overspend

Neighbourhoods Directorate	Gross position including COVID impact				
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Neighbourhood Management and Directorate Support	1,160	611	1,234	74	18
Operations and Commissioning	48,790	34,264	53,350	4,560	666
Parks, Leisure, Events and Youth	7,573	6,608	11,843	4,270	(238)
Compliance and Community Safety	15,830	5,290	15,412	(418)	(226)
Libraries, Galleries and Culture	9,706	5,111	9,511	(195)	(240)
Neighbourhood Area Teams	2,700	1,340	2,624	(76)	(8)
Other Neighbourhood Services (including COVID pressures)	352	140	352	0	0
Neighbourhood Services Total	86,111	53,364	94,326	8,215	(28)
Highways	14,731	4,013	15,191	460	262
Neighbourhoods Directorate Total	100,842	57,377	109,517	8,675	234

Memo: Breakdown of variance	
Covid related impact	Savings, mitigations and other changes
£000	£000
0	74
5,138	(578)
4,492	(222)
434	(852)
248	(443)
0	(76)
0	0
10,312	(2,097)
931	(471)
11,243	(2,568)

Neighbourhoods: Period 7

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target	Last Period		Last Year		
Neighbourhoods									
Total levy refuse tonnage	Low	Oct-20	6,445	6,115		-311		268	
Total levy recycling tonnage	High	Oct-20	4,850	5,078		n/a	n/a	-220	
Citywide recycling rate (provisional)	High	Q1 20/21	38.0%	n/a		n/a	n/a	-5.7%pts	
Total number of waste related requests for service resolved in the quarter	High	Q2 20/21	1,588	n/a		168	n/a	186	n/a
% of waste related requests for service resolved informally (remainder were formal resolutions)	n/a	Q2 20/21	85%	n/a		-5%pts	n/a	9.1%pts	n/a
Number of burials (in the month)	n/a	Oct-20	151	Projection: 123	n/a	13	n/a	7	n/a
Number of cremations (in the month)	n/a	Oct-20	81	Projection: 85	n/a	-36	n/a	-22	n/a
Connected City									
Road network beyond mid-life grading (A, B, C, U roads - excluding footways)	Low	2020	17.7%	23.0%		n/a		-2.3%pts	

Performance Analysis

The refuse collected in October was 330 tonnes higher than the 6,115 tonnes target, this is due to residents spending more time at home due to the pandemic. Although the overall position is 311 tonnes lower than position in September.

Recycling tonnages are 228 tonnes below the target for October. In October 2020, more commingled recycling was collected than the target but less pulpable (paper and card) and organic was recycled compared to the target.

In the last 12 months there has been a significant increase in large volumes of waste being tipped, waste described as significant loads increased by 38% (+4,054). The only waste size to see a decline in reports were single black bags (-7%). Work is progressing to mitigate some of the waste issues including increasing communications and engagement in community languages.

Neighbourhoods Directorate Finance Headlines (1 of 3)

Neighbourhoods Directorate revenue budget totals £100.842m

The overall forecast position as at Period 7 is an overspend of £8.675m, this is made up of:

- COVID-19 pressures through increased costs and reduced income - £11.243m;
- Offset by identified in year mitigations of net - £2.568m underspend.

COVID related Pressures (£11.243m)

This is made up of a combination of increased expenditure £4.236m and forecast reductions in income of £7.007m. Further details are provided below:

£4.236m increased COVID-19 costs are made up as follows:

- Leisure services £3.380m support to leisure operator to fund the ongoing costs of maintaining City Council assets during closure.
- £111k in Parks and Events for additional signage and markings to promote social distancing.
- Highways Services - £0.583m increased costs of introducing social distancing measures in and around the City Centre.
- £13k sanitisers and shields within Libraries.
- £146k additional security, staffing and equipment costs within Bereavement Services.
- £3k minor costs within Fleet Services.

£7.007m reduced income is made up as follows:

- Reduced income of £4.989m in Operations and Commissioning Services, due to the £1.761m loss on the Christmas Offer income including Christmas Markets, £2.210m reduced income for Wholesale, Retail, City Centre and Commercial Markets as a result of required closure, Catering £0.898m due to a combination of reduced numbers during lockdown, and reduced take up of the catering offer following the return of schools, Pest Control £104k and £16k in Fleet Services due to reduced demand during lockdown.
- Libraries & Galleries £235k due to reduced sales income and funding contribution because of closure and reduced footfall.
- Leisure, Parks and Events - £1.001m due to reduced income because of closure, this includes £0.664m because of the cancelled Parklife concert and loss of car parking income at Heaton Park and £291k in Leisure mostly due to loss of Swimming Income and £46k in Events.
- Highways reduced income from off street parking and sales of fees and permits £348k.
- £434k 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 3)

Savings, mitigations and other changes (£2.568m)

The Directorate has identified in year savings and mitigations of £2.568m and a further breakdown is provided below:

Operations and Commissioning £0.578m underspend due to;

- The underspend relates to the decision to request drawdown of the catering reserves to mitigate the projected lost income for Manchester Fayre £0.605m together with staffing savings due to revised recruitment profiles and ad hoc savings on running costs offset by the change in the funding of essential building and maintenance work at New Smithfield Market.

Compliance and Community Safety £0.852m savings due to;

- employee savings due to revised recruitment assumptions with some vacant posts now anticipated to be filled in January 2021 and beyond.

Libraries, Galleries and Culture £443k saving mostly due to;

- £308k saving on employee costs in Libraries due to ongoing vacancies and;
- saving on running costs in Libraries, including £100k reduced spend on the Libraries book fund.

Parks, Leisure, Youth and Events £222k savings due to;

- £200k employee savings due to revised recruitment assumptions and other minor savings on running costs.

Neighbourhood Teams £76k savings due to;

- Staff savings because of vacant posts

Highways - £471k savings due to;

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

Offset by the Management and Directorate Support £74k overspend due to;

- Minor supplies and services variations

Neighbourhoods Directorate Finance Headlines (3 of 3)

Movement since last reported to Executive - £234k increased pressure

The main change is the effect of the second lockdown on Markets and the impact of a reduction in the uptake of school meals on Manchester Fayre since the start of the new school year. This has been offset by savings on planned recruitment within Compliance and Community Safety, increase forecasted income from parking and pool time within Leisure Services and the receipt of the Cultural Recovery Fund Grant for Galleries.

Growth and Development - £3.807m overspend

Growth and Development	Gross position including COVID impact					Memo: Breakdown of variance	
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec	Covid related impact	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000	£000
Operational Property	8,194	5,988	8,261	67	(121)	6	61
Facilities Management	9,963	4,882	9,960	(3)	(63)	216	(219)
Property Rationalisation	0	1,138	0	0	0	0	0
Investment Estate	(11,938)	(8,808)	(10,459)	1,479	(510)	2,772	(1,293)
MCDA	0	947	0	0	(750)	820	(820)
Growth and Development	164	(205)	111	(53)	0	0	(53)
City Centre Regeneration	1,016	450	1,091	75	4	1	74
Housing and Residential Growth	1,445	564	1,041	(404)	(8)	0	(404)
Planning, Building Control and Licensing	(588)	(632)	203	725	(74)	1,128	(403)
Work and Skills	1,773	930	1,616	(157)	0	0	(157)
The Community Hub	1,243	1,360	3,304	2,061	0	2,061	0
MAES	0	67	17	17	0	17	0
Our Town Hall Project	0	1,240	0	0	0	0	0
Total Growth & Development	11,272	7,922	15,145	3,807	(1,522)	7,021	(3,214)

Growth and Development : Period 7

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	Oct-20	0	n/a	-4	-2
Number of Planning Applications with fees of £50k +	High	Oct-20	2	n/a	1	-1
Planning Fee Income	High	Oct-20	£372,794	£210,555	£80,704	-£39,508
Net annual Business Rate charges payable (quarterly snapshot)	High	01-Oct-20	£240.52m	n/a	-£3.76m	-£132.73m
No. of properties for which business rates are payable (quarterly snapshot)	High	01-Oct-20	27,063	n/a	33	45
No. of year end new homes built (excluding small developments)	High	Q2 20/21	3,869	n/a	n/a	942
% of properties empty long-term	Low	2019/20	0.53%	n/a	n/a	0.01%points

Performance Analysis

Planning Fee income in October was £373k, an increase of £80k from the previous month and exceeding the target. Given the unprecedented economic climate, the expectation is that planning fee income may fluctuate could reduce over the final quarter of the year due to the impacts of the Economic downturn.

The Business Rate charges payable dropped in October, partly due to Extended Retail Relief being applied which will be funded by Government. There has been a small increase in the number of properties for which business rates are liable.

Growth and Development Financial Headlines (1 of 2)

Growth and Development revenue budget totals £11.272m

The overall forecast position as at Period 7 is an overspend of £3.807m, this is made up of:

- COVID-19 pressures through increased costs and reduced income - £7.021m;
- Offset by identified in year savings and mitigations of £3.214m.

The net £11.272m budget includes Government grant allocations for Reopening High Streets Safely Fund of £489k and Local Welfare Assistance Fund of £0.957m and reflects pay award.

As at Period 7, the Directorate is forecasting an overspend of £3.807m. The current overspend includes impact of COVID-19 of £7.021m, which is made up increased expenditure of £2.297m and shortfalls in income of £4.724m. This is offset by savings of £3.214m through staffing and additional income across the service as set out in this report.

The overall Directorate position is due to the following:

Overspends of £4.424m in:

- Operational Property - £67k mainly due a combination of increased utility costs across the estate, and security costs at Wythenshawe Hall, partially offset by staff savings due to vacant positions.
- Investment Estate - £1.479m, mainly as a result of anticipated COVID-19 income pressures, which are partially offset by staffing savings (£381k) and higher than forecast income from development sites (£136k).
- City Centre Regeneration - £75k, due to higher than budgeted salary costs.
- Planning, Building Control and Licensing - £0.725m due to a net income reduction of £225k in Building Control, £64k in Landcharges, £346k shortfall in licensing, £302k from taxi MOT/testing, and £35k legal costs. These are partially offset by staff savings of £247k in planning due to vacant posts.
- Community Hub - £2.061m – payments to food banks and provision of food support to vulnerable residents.
- Manchester Adults Education Service (MAES) - £17k of Covid-19 related expenditure.

Growth and Development Financial Headlines (2 of 2)

Offset by underspends of £0.617m:

- Facilities Management - £3k, additional costs of ensuring offices are COVID secure, offset by savings on staffing costs due to vacant positions.
- Growth and Development - £53k underspends on staff costs due to vacancies.
- Housing and Residential Growth - £404k due to staff vacancies, reduced general running costs and increased rental income on the Ben Street scheme.
- Work and Skills - £157k due to staffing savings (£57k) and reduced project costs (£100k).

Movement since last reported to Executive - £1.522m improvement

This is due to the following:-

- Manchester Creative and Digital assets overspend being reduced by £0.750m as a result of Council agreeing to defer the spend to save recharge for one year to offset the loss of income due to COVID,
- the Investment Estate position has improved by £464k due to the anticipated loss of income due to COVID not being as high as initially forecast, this is retained under monthly review.
- A reduction in the forecast overspend in Planning, Building Control and land charges of £110k due to the planning fee income continuing to hold up, despite the pandemic,
- £115k improvement in Facilities management mainly due to increased staffing savings and reduced security costs and
- £83k other minor variations

Housing Revenue Account

	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Housing Rents	(60,881)	(25,623)	(61,027)	(146)	(80)
Heating Income	(600)	(255)	(623)	(23)	(23)
PFI Credit	(23,374)	(11,687)	(23,374)	0	0
Other Income	(1,281)	(670)	(919)	362	(39)
Funding from General/MRR Reserves	(18,632)	0	(18,632)	0	0
Total Income	(104,768)	(38,235)	(104,575)	193	(142)
					0
Northwards R&M and Management Fee	20,694	12,137	21,097	403	306
PFI Contractor Payments	36,296	16,221	35,631	(665)	(199)
Communal Heating	584	226	607	23	23
Supervision and Management	5,213	1,790	5,433	220	(21)
Contribution to Bad Debts	613	(51)	854	241	(306)
Depreciation	17,378	0	17,378	0	0
Other Expenditure	1,370	452	1,393	23	0
RCCO	19,841	0	(1,898)	(21,739)	(2,735)
Interest Payable and similar charges	2,779	0	2,779	0	0
Total Expenditure	104,768	30,775	83,274	(21,494)	(2,932)
					0
Total HRA	0	(7,460)	(21,301)	(21,301)	(3,074)

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	76,012	(18,632)	57,380	21,301	78,681

Housing Revenue Account Financial Headlines

The Housing Revenue Account (HRA) is forecasting lower than forecast expenditure of £21.301m at Period 7. This is due to:

Underspends of £22.573m:

- Reduced contribution towards capital expenditure of £21.739m, this is due to reduced capital expenditure, partially due to the impact of COVID and a combination of increased time to undertake works because of changes to working practices, and reduced works because of reduced accessibility to tenants' properties.
- Reduced PFI Payments £0.665m:
 - £0.614m reduction on Brunswick PFI due to the delays in completion for the extra care scheme – this is expected to be complete in quarter 4.
 - £119k saving due to lower than forecast inflationary increase on the unitary charge.
 - £68k increased in Communal Heating costs due to new contract.
- Additional Rental income of £146k mainly due to a reduced number of right to buy sales because of COVID, partially offset by a reduction because of the delay in the Brunswick Extra Care Scheme.
- Additional income of £23k on Communal Heating schemes due a higher number of customers than originally forecast.

Offset by overspends of £1.272m:

- Northwards Management Fee - £403k higher than forecast largely due to increased costs of the agreed pay awards, additional costs in respect of supplier relief payments due to support provided during COVID and costs of support to tenants as part of the planned demolition of Riverdale Estate.
- Other income £362k lower than forecast due to a refund of prior year overpayments of VAT Shelter monies made by a partner RSL, reduced non-dwelling rent income for vacant shops in Brunswick and a refund of 2019/20 Service Charge following reconciliation.
- Bad debt provision increase £241k, to reflect the expected increase in rent arrears due to Covid-19. The provision has been increased from the initial 1% to 1.5%.
- Supervision & Management - increase £220k. This is due to higher than forecast salary costs and estimated costs of £200k relating to work associated with the ongoing ALMO review, offset by a reduction in the requirement for valuations, plans and energy performance certificates due to the reduced number of right to Buys.
- Increased gas costs of £23k due to higher than forecast demand in Communal Heating scheme.
- An increase of £23k relating to other miscellaneous costs.

Any surplus/deficit in year must be transferred to/from the HRA reserve. At Period 7 it is forecast that an additional £2.669m will be transferred to reserves at year end and this would leave a forecast balance of £78.681m in the HRA General Reserve at year end.

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

		Memo:		
Funding Source	Manchester	Specific Directorate Budget Increase	Emergency Funding	Transfer payment *
	£000	£000	£000	£000
Grants announced since Executive report:				
COVID-19 Emergency Funding for Local Government -(tranche 4)	24,330		24,330	
Sales, fees and charges grant (claim 1 of £3.7m confirmed to date)	6,400		6,400	
Contain Outbreak Management Fund (£465m nationally)	4,423	4,423		
Clinically extremely vulnerable individuals advised to shield	286	286		
Cultural recovery	390	390		
Winter Grant Scheme (£170m nationally)	2,581	2,581		
Grants included in Oct 20 executive report:				
Next Step Accommodation Grant, cold weather provision and landlord incentive funding	2,000	2,000		

Infection Control Round 2 (£546m nationally)	3,084	3,084		
Test and Trace Support Payment (£50m nationally)	680	680		
Local Authority Compliance and Enforcement Grant (£30m nationally)	453	453		
Grants included in July Executive report:				
COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first tranche	18,589		18,589	
COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second tranche	15,167		15,167	
COVID-19 Emergency Funding for Local Government - (£0.5m nationally) - third tranche	7,085		7,085	
Council Tax Hardship Fund (£500m nationally)	7,458	1,300		6,158
Emergency Support for Rough Sleepers (£3.2m nationally)	68	68		
Care Home Infection Control Fund Round 1 (£600m nationally)	3,342	3,342		
Reopening High Streets Safely Fund (£50m nationally)	489	489		
Test and trace service (£300m nationally)	4,837	4,837		

Local Welfare Assistance Fund (£63m nationally)	957	957		
Local Authority Business Rates Grant Administration (New Burden)	225	225		
<u>Support for Businesses:</u>				
Expanded Retail Discount 2020/21 (excludes 1% for Fire Authorities)	138,477			138,477
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032			115,600
Local Authority Discretionary Grants Fund		5,432		
Local Restriction Support Grant (open)	7,665			7,665
Local Restriction Support Grant (closed)	TBC (c£0.502m)			
Local Restriction Support Grant (sector)	TBC (c£21k)			
Local Restriction Support Grant (closed addendum) - National Lockdown	11,187	11,187		11,187
Additional Restriction Grant (£60m allocated to Greater Manchester)	11,698	11,698		
Total grants	386.503	42,245	65,171	279,087

*The Council is acting as agent to administer the government scheme for grants to businesses. As the Council is acting as agent these payments will be netted off the grant received and will not be shown gross in the budget.

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