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MANCHESTER CITY COUNCIL

Executive

Date: Friday, 22 July 2022
Time: 2.30 pm
Venue: Council Antechamber, Level 2, Town Hall Extension

This is a supplementary agenda containing additional information about the business of the meeting that was not available when the agenda was published.

Access to the Public Gallery

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Membership of the Executive

Councillors
Craig (Chair), Akbar, Bridges, Hacking, Igbon, Midgley, Rahman, Rawlins, T Robinson and White

Membership of the Consultative Panel

Councillors
Ahmed Ali, Butt, Collins, Douglas, Foley, Johnson, Leech, Lynch and Stanton

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.

Supplementary Agenda

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 19 July 2022 by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

Manchester City Council
Report for Information

Report to: Executive – 22 July 2022

Subject: Our Manchester Progress Update

Report of: Chief Executive

Summary

The report provides an update on key areas of progress against the Our Manchester Strategy – Forward to 2025 which resets Manchester's priorities for the next five years to ensure we can still achieve the city's ambition set out in the Our Manchester Strategy 2016 – 2025

Recommendations

The Executive is requested to note the update provided in the report.

Wards Affected - All

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

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The work to reset the Our Manchester Strategy considered all five of the Strategy's existing themes to ensure the city achieves its aims. The themes are retained within the final reset Strategy, Forward to 2025.
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

None

Financial Consequences – Capital

None

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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 Report – 17th February 2021 - Our Manchester Strategy – Forward to 2025

1.0 Introduction

1.1 This is the latest in an ongoing series of reports highlighting examples of areas where strong progress is being made against key strategic themes identified in the Our Manchester Strategy.

2.0 GM Integrated Care Partnership – Manchester

2.1 NHS Greater Manchester Integrated Care Partnership was formally established on 1 July 2022, further cementing Greater Manchester's health and social care devolution arrangements.

2.2 It brings together the city region's 10 pre-existing Clinical Commissioning Groups, Greater Manchester Health and Social Care Partnership and Greater Manchester Shared Services, as well as community and voluntary sector and other relevant partners.

2.3 The chief executive of Manchester City Council, Joanne Roney OBE, has been appointed as Place Lead for the Manchester Integrated Care Partnership. Place Leads are responsible for driving the further integration of health and social care services and connecting to wider public services to address the social determinants of health.

2.4 There is now a much greater emphasis for the NHS on tackling health inequalities in Manchester, in line with the city's local response to the Greater Manchester Building Back Fairer report led by Professor Sir Michael Marmott which was endorsed at the Health and Wellbeing Board earlier this month.

2.5 The partnership plan sets out how Manchester will tackle health inequalities over the next five years to narrow the health gap within the city, and between the city and the rest of the country.

2.6 This plan, with the chief executive as Place Lead, will give the city a strong platform for improvements.

Related Our Manchester Strategy themes:

- *Progressive and Equitable City*
- *Liveable and Low Carbon City*

3.0 Smoke Free Spaces pilot

3.1 Manchester's Health and Wellbeing board has given its support to a Greater Manchester Integrated Care Partnership project on smoke free outdoor spaces.

3.2 The partnership will begin public consultation later this month and as part of this consideration will be given to a number of potential pilot sites in the city centre including the new Mayfield Park, which opens later this year, St Peter's Square and Piccadilly Gardens. Other potential locations may also be considered.

3.3 The pilot project is intended to complement work currently being undertaken on Manchester's Outdoor Spaces Strategy and wider health campaigns to encourage people to stop smoking.

3.4 Smoke free spaces model healthy behaviours for children and young people and provide a supportive environment for the majority of smokers who want to quit. They also discourage people from gathering to smoke illegal substances.

3.5 There is also an environmental benefit as discarded cigarettes contribute to litter and environmental damage.

3.6 Any final decision on the pilot site, or sites, will be brought to Executive for consideration.

Related Our Manchester Strategy themes:

- *Progressive and Equitable City*
- *Liveable and Low Carbon City*

4.0 New high school for Wythenshawe

4.1 A brand new high school, to be run by Dixons Academies Trust and serving the community in and around Newall Green and Wythenshawe, is set to open in September 2023.

4.2 The new co-educational free school – to be known as Dixons Newall Green – will open to pupils in Year 7 from next September.

4.3 The school will open initially for 140 Year 7 pupils and will grow year by year until it has students aged 11 to 16 by 2027.

4.4 It will open on the site of the former Newall Green High School which closed its door to pupils last year, following a decision to do by the Trust that ran it at the time with the agreement of the Department for Education. The Council had opposed the closure, pointing out that the school places were needed for the area.

4.5 The existing school sites will now undergo extensive building works to ensure the provision of a state-of-the-art space for learning for its pupils.

4.6 This will be the second Dixons Academies Trust school in the Wythenshawe area, alongside Dixons Brooklands Academy. All of Dixons' free schools have been graded outstanding.

Related Our Manchester Strategy themes:

- *Thriving and Sustainable City*
- *Progressive and Equitable City*
- *Liveable and Low Carbon City*
- *Highly Skilled City*

5.0 Bee Green summit

5.1 A summit for school and college leaders who want to cut carbon emissions in their institutions attracted more than 100 delegates representing 80 educational settings.

5.2 The Bee Green summit, organised by the Council in partnership with Connell College in East Manchester where it was held on 30 June, saw leaders, business managers and governors from across the sector attend workshops to help them understand the opportunities and the support available to them.

5.3 Topics covered included reducing energy consumption, promoting active travel, green procurement, working with the wider school community and embedding climate change within the curriculum.

5.4 More than 100 delegates representing 80 educational settings attended a summit organised by the Council, in partnership with Connell College in East Manchester. 95 per cent of delegates who fed back described the event as either 'excellent' or 'good' and there is real enthusiasm to put carbon reduction ideas into practice.

5.5 In parallel with the summit, 66 students from 10 different schools across the city attended the Green Bee Assembly in which they learnt more about climate change before coming together to share carbon reduction ideas with each other and their teachers.

Related Our Manchester Strategy themes:

- *Liveable and Low Carbon City*
- *Thriving and Sustainable City*

6.0 Baby Week

6.1 A programme of events took place 11-16 July to celebrate and promote the importance of a child's early life.

6.2 Free activities and events took place in cultural and leisure venues across the city, as well as Sure Start centres, for 0-2 year olds and their families with information and advice provided. The Week ties in with the Start Well Strategy designed to give every child in the city a positive start to life and extend support to families who may struggle, as well as building a network of supportive parents.

6.3 Baby Week is part of the Council-led Our Year campaign which is promoting opportunities, activities and a positive legacy for Manchester's young people following the disruption of the pandemic.

6.4 It is estimated that as of 2021 there were 22,000 0-2 year olds living in Manchester.

Related Our Manchester Strategy themes:

- *Progressive and Equitable City*
- *Thriving and Sustainable City*

7.0 Deansgate

7.1 Proposals have been put forward which will keep in place measures to reduce the amount of traffic on Deansgate.

7.2 Since the road was first temporarily restricted during the early months of the Covid pandemic, support has remained strong among the public for a more pedestrian and cyclist-friendly Deansgate. A further consultation has also found broad public support for the measures in place, and the Council is keen to build on this.

7.3 As part of the wider City Centre Transport Strategy, which aims for 90% of all peak morning journeys to be via walking, cycling or public transport by 2040, the Council is working to encourage people to use more active methods of travel, as well as public transport.

7.4 The proposals for Deansgate aim to maintain a balance between the space already given over to cyclist and pedestrians and the infrastructure still required for public transport and taxis.

7.5 As the situation in Deansgate moves from a temporary scheme to an interim one, its main features will be:

- Bus gate and Deansgate one-way southbound between Blackfriars and King Street – buses and taxis only. Segregated cycle facilities included.
- Traffic one way southbound between King Street west and Quay Street.

- Bridge Street westbound bus gate, located west of Gartside Street (eastbound traffic unaffected).
- Existing access will remain across Deansgate at St Ann Street, King Street and Bridge Street.
- Right-turn ban from Bridge Street onto Deansgate will be removed.
- Northbound contraflow cycle provision between Bridge Street and Blackfriars.
- Two-way cycle lane between Quay Street and Bridge Street.

7.6 Other changes have also been proposed including improvements to the barriers, cones and signs which have until now separated vehicles on the road. More attractive bollards, signs and road markings will be put in place.

7.7 The temporary 'wands' which separated cycle lanes from vehicles will be replaced with more substantial segregation which will be bolted to the carriageway.

Related Our Manchester Strategy themes:

- *Connected City*
- *Liveable and Low Carbon City*
- *Thriving and Sustainable City*

8.0 UEFA Women's EURO 2022

8.1 Manchester has been hosting a festival of football this month as one of nine host cities of EURO 2022, the biggest women's sport event ever held in Europe.

8.2 From 6 July to 31 July, Piccadilly Gardens is hosting a fan festival, welcoming fans from competing nations, showing games on a big screen, offering food and drink and a range of events and activities including football taster sesssions.

8.3 The fan zone has welcomed fans from Austria, Belgium, Iceland, Italy, the Netherlands, Portugal, Sweden and Switzerland – all of whom have played group games in Greater Manchester with the Academy Stadium in the Etihad Campus among the venues.

Related to Our Manchester Strategy themes:

- Thriving and Sustainable City
- Progressive and Equitable City

9.0 Contributing to a Zero-Carbon City

9.1 Achieving Manchester's zero carbon target has been reflected throughout the work on the Our Manchester Strategy reset, with sustainability being a key

horizontal theme throughout. Forward to 2025 restates Manchester's commitment to achieving our zero carbon ambition by 2038 at the latest.

10.0 Contributing to the Our Manchester Strategy

10.1 The reset of the Our Manchester Strategy will ensure that the city achieves its vision. The five themes have been retained in the reset Strategy, with the new priorities streamlined under the themes.

11.0 Key Policies and Considerations

11.1 There are no particular equal opportunities issues, risk management issues, or legal issues that arise from the recommendations in this report.

12.0 Recommendations

12.1 The Executive is requested to note the update provided in the report.

Manchester City Council
Report for Resolution

Report to: Executive – 22 July 2022

Subject: Revenue Monitoring to the end of May 2022

Report of: Deputy Chief Executive and City Treasurer

Purpose of the Report

The report outlines the projected outturn position for 2022/23, based on expenditure and income activity as at the end of May 2022 and future projections.

Recommendations

The Executive is requested to:

(1) Note the global revenue monitoring report and forecast outturn position which is showing a £4.523m overspend.
(2) Approve budget virements to be reflected in the budget (para. 2.5)
(3) Approve additional COVID-19 grants to be reflected in the budget (para. 2.6).
(4) Approve the use of unbudgeted external grant funding (non COVID-19) (para. 2.7).
(5) Approve the use of budgets to be allocated, (para. 2.8).
(6) Approve the use of reserves (para 2.9)

Wards Affected: All

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.

Our Manchester Strategy Outcomes	**Summary of the contribution to the strategy**
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	The effective use of resources underpins the Council's activities in support of its strategic priorities.
A highly skilled city: world class and home grown talent sustaining the city's economic success.	

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.	
A liveable and low carbon city: a destination of choice to live, visit and work.	
A connected city: world class infrastructure and connectivity to drive growth.	

Implications for:

- **Equal Opportunities Policy** – there are no specific Equal Opportunities implications contained within this report.

- **Risk Management** – as detailed in the report.

- **Legal Considerations** – there are no specific legal considerations contained within the report.

Financial Consequences – Revenue

The report identifies a forecast overspend of £4.523m for 2022/23, based on activity to date and projected trends in income and expenditure, and includes the financial implications of COVID-19, government funding confirmed to date and other changes.

This report focuses on 2022/23, 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 scale of funding pressures and future resource constraints, 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

There are no capital consequences arising specifically 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.

Revenue Budget Report - Executive Meeting February 2022

1 Introduction

1.1. This report provides an overview of the Council's current financial position for 2022/23. The forecast overall position for 2022/23 is an overspend of £4.523m.

1.2. There remains a significant budget shortfall for 2023/24 plus will be brought back to the Executive in the Autumn to consider the longer-term position and proposed mitigations.

2. Financial position 2022/23

2.1. The current budget monitoring forecast is an overspend of £4.523m. There are considerable risks to the position with the impact of rising inflation, especially that caused by increases to utility costs, and loss of income particularly within Neighbourhood Services.

2.2. The overspend predominately relates to a corporate £1.6m pressure on inflation requirements, a £3.7m shortfall in income in the Neighbourhoods directorate, driven by Income shortfalls in off street parking and Christmas market revenue, offset by a £0.744m underspend in Children's Services and full details can be found in the appendix.

2.3. In relation to the delivery of the £7.837m of savings identified as part of the budget process, £3.390m are on track for delivery and £4.447m of these are risk rated amber in terms of the likelihood of delivery. Officers are working to address these to ensure all savings are achieved or mitigated.

2.4. Full details about the key budget forecasts and variances by Directorate are provided at Appendix 1. The forecast position includes the recommended budget increases for additional funding and the allocation of inflation funding set out below for the consideration and approval of Executive.

Virements

2.5. The following virements are proposed:

- £2.6m budget for the Children's Legal Service is being transferred from Children Services to Corporate Core to reflect the ongoing restructure of Childrens legal service and its alignment to the Council's Legal Services.
- Within Adult Social Care, long term care budgets have been reset aligned to clients in receipt of care as at 31st March. At the same time, income budgets have also been updated to reflect the level of income being received.

Grants

2.6. The COVID Local Support Grant, £6.453m has been notified and added to the budget since the budget was set. The grant is to provide support to households who would otherwise struggle to meet essential living or housing costs in exceptional cases of genuine emergency.

2.7. Since the 2022 budget was approved there have been additional non COVID-19 grant notifications which are now reflected in the revised budget as follows:

- Local authority domestic abuse duty - £1.657m. To provide vital support services to victims of domestic abuse, funding healthcare, social workers and benefits, interpreters, immigration advice and other specialist services.
- Council Tax Energy Rebate Core scheme - £32.488m. In March 2022 the Government announced a £150 grant would be paid households in Council Tax Bands A-D to assist with the increase in energy bills from April 2022. To 14 July £17.619m has been paid to 117,459 households via BACs to residents who pay their council tax by direct debits and a further 75,846 vouchers have been redeemed worth £11.378m, resulting in a total award of £28.997m, or 89.4% of the allocation. 19,231 vouchers worth £2.885m are still to be redeemed by households and the Council is sending a reminder mail shot shortly. Government will fund any allocations in excess of this amount with any unallocated funding returned. The local authority allocation was based on an estimated number of eligible households.
- Council Tax Energy Rebate Discretionary scheme - £1.626m. Alongside the core scheme, Government allocated £144m to authorities to design a discretionary scheme to provide additional support to our most vulnerable households. The scheme opened in June and the first payments were made on 20 June 2022. To 14 July £1.120m worth of voucher have been redeemed by 7,464 households, 68.9% of the allocation. 1,437 vouchers worth £216k are still to be redeemed by households. This scheme will remain open until 30 November 2022 and the Council will not receive any additional funding and will return any unallocated when the scheme closes.
- Council Tax Energy Rebate New Burdens initial payment - £295k. This funding is to cover the initial administration costs, including software and staffing, for the early stages of delivering the Council Tax Rebate schemes. Additional New Burdens funding is expected following further Government assessment.
- TfGM Active Travel Complimentary Measures Revenue Fund (School streets) - £50k. The funding will be used to implement the Traffic Regulation Orders and provide road signs, barriers and moveable planters to support its operation. The spend aims to reduce traffic and parking pressures outside the schools, whilst encouraging more sustainable and active forms of travel to schools.
- Establishing Welcome Points for Ukranian Refugees - £140k. This is to set up Welcome Points at Manchester Airport.
- Rough Sleeper initiative £2.963m. Manchester has successfully bid for £7.8m from 2022-2025. This funding will continue to support a range of existing accommodation and support services as well as expand provision for young people and women with complex needs. It will also increase access to the private rented sector for people who are ready for their own tenancy with resettlement support.
- Homes for Ukraine - £1.743m. The main purpose of the sponsor thank you grant is to support local authorities to make monthly thank you payments of £350 direct to sponsoring households within the scheme for 12 months. These payments are optional for the sponsoring household. The grant will

be paid in arrears based on the number of legitimate payments made by local authorities. It will be made every quarter for one year.

- The DLUHC are supporting councils to work with Afghan families who are in bridging hotels to identify essential and longer-term needs, engaging with Voluntary sector to meet those needs. Ensuring the specific needs of women and girls are factored into the design and delivery of services to ensure participation/access. In addition to this there is additional funding to develop individual move on plans for families to find and secure accommodation in the private sector. This is to help increase the pace of settling Afghan families into homes and manage the risk of unplanned homelessness approaches to councils. Funding is claimed retrospectively so the level of funding is unclear until there are move on plans for all those in Bridging Hotels.

2.8. Inflation budgets for pay and non pay costs are being held corporately. The 2021/22 pay award was agreed and paid right at the end of the financial year and after the budget for 2022/23 was set. The £4.549m cost, which includes the National Insurance increase, has been allocated to Directorate budgets.

2.9. Funding requests have also been received for non-pay inflation. Those received to date are currently being considered but the funding will not be allocated until the Autumn when there has been a chance to more fully assess the impact of inflation on the revenue budget.

Reserves

2.10. The following requests are for use of reserves

- Development of burial land (Bereavement Services) - £58k. This is for the feasibility studies required to access and survey burial land at Gorton and Blackley Cemeteries for potential development.
- Review of City Centre Controlled Parking Zone and on street tariffs (Parking Reserve) - £100k. This is for a feasibility study to review the current city centre controlled parking zones and on-street tariffs to ensure that they are properly aligned with MCC transport strategies, and for consultation, advertising/signage and reconfiguration of equipment.
- Domestic Abuse New Burdens ‘safe accommodation’ funding underspend - £0.866m. Due to the timescales to implementation of the New Burdens the full allocation could not be spent and resulted in an underspend for 2021/22 of approximately £0.866m which was carried forward in a reserve and will be drawn down in 2022/23. This is a one-off occurrence, as the contracts will be aligned to the financing in the future. This will be spent on activities for child victims of DA, a victim/survivor liaison role, respite rooms expansion, IDVA maternity cover, personal budget for refuge moves and safe accommodation grant scheme.

3. Conclusion

3.1. Taking into account the inflationary pressures affecting fuel and utility costs, confirmed and anticipated government funding and any other known budget

changes the budget forecast is an overspend of £4.523m for 2022/23. It is very early in the financial year and vigilance is needed given there are significant uncertainties and risks to the position as cost of living pressures could increase.

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Executive 22 July 2022

Appendix 1 – Financial position 2022/23 P2

Integrated Monitoring and Corporate Plan Report: 2022/23 Period 2

Financial Executive Summary

- The Council is forecasting to overspend against its budget for 2022/23 by £4.523m, which is predominantly due to an anticipated £1.6m pressure on inflation requirements, a £3.7m shortfall in income in the Neighbourhoods directorate offset by a £0.744m underspend in Children's Services.
- Income shortfalls in off street parking and Christmas market revenue are the main drivers of the Neighbourhoods overspend projection.
- Approved Directorate savings in 2022/23 total £7.837m. Of these £4.447m (57%) are medium risk and £3.390m (43%) are low risk in that they are on track to be achieved. Work is ongoing to find alternative savings where original plans may not be achieved.

Overall MCC Financial Position

Integrated Monitoring report Period 2 total variance

	Original Budget	Revised Budget *	Forecast Outturn	Variance
	£000	£000	£000	£000
Total Available Resources	**(690,599)**	**(698,678)**	**(698,744)**	**(66)**
Total Corporate Budgets	140,652	137,894	139,459	1,565
Children's Services	129,020	128,234	127,491	(744)
Adult Social Care and Population Health	227,094	228,115	228,116	0
Neighbourhoods Directorate	91,704	92,388	96,154	3,766
Homelessness	27,346	27,545	27,545	0
Growth and Development	(9,752)	(9,518)	(9,518)	0
Corporate Core	84,535	94,020	94,020	0
Total Directorate Budgets	**549,947**	**560,784**	**563,808**	**3,022**
Total Use of Resources	**690,599**	**698,679**	**703,267**	**4,589**
Total forecast over / (under) spend	**0**	**0**	**4,523**	**4,523**

• Corporate Budgets

Corporate Budgets £1.565m overspend

	Annual Budget £000	Outturn £000	Variance £000
Other Corporate Items	66,149	66,149	0
Contingency	1,060	1,060	0
Inflationary budgets and Budgets to be Allocated	22,425	24,037	1,612
Apprentice Levy	1,029	1,029	0
Levies	37,915	37,912	(3)
Historic Pension Costs	7,316	7,272	(44)
Transfer to Budget Smoothing Reserve	2,000	2,000	0
Total Corporate Budgets	137,894	137,847	1,565

Corporate Budgets - Financial Headlines

- Following an initial analysis of utility costs and budgets, it is expected that the Inflationary Budgets will be over-allocated by £1.612m due to pressures caused by the ongoing increases in utility costs. The Consumer Prices Index (CPI) rose by 9.1% in the 12 months to May 2022, up from 9.0% in April.
- Historic pension costs have underspent by £44k (0.6%) due to a reducing number of recipients.
- £2m has been transferred to the Budget Smoothing Reserve from Children's relating to early achievement of savings for financial year 2023/24.

Corporate Resources £66k over-achievement

	Annual Budget £000	Outturn £000	Variance £000
Retained Business Rates	(158,337)	(158,337)	0
Council Tax	(208,965)	(208,965)	0
Other Specific Grants	(112,683)	(112,704)	(66)
Business Rates Grants	(77,216)	(77,216)	0
Use of Reserves	(141,522)	(141,522)	0
Total Corporate Resources	(698,678)	(698,744)	(66)

Corporate Resources - Financial Headlines

- Business Rates Collection as at the end of May is 24.9% which compares to 13.3% by this point in 21/22, 13.7% in 20/21 and 21.8% in 19/20.
- Council Tax Collection at the end of May is 17.3% which compares to 17.9% by this point in 21/22, 16.6% in 20/21 and 18.1% in 19/20.
- Other specific grants - Council Tax Subsidy was £63k higher than budgeted and £3k was under-accrued in 2021/22 for the Covid Welcome Back Fund.
- £110k of the Use of Reserves budget reflects the timing of the Business Rates S31 grants for Extended Retail Relief which was received in 2021/22 but is applied to offset the 2022/23 Collection Fund Deficit.
- Invoices paid within 30 days is 73% compared to a target of 95%.
- £4.7m (17.3%) of pursuable debt is over a year old and still to be recovered by the Council. Progress is being made in resolving outstanding disputes which are preventing payment.

Children's Services

3a. Children's and Education Services - £0.744m underspend

	Annual Budget £000	Actuals to P2 £000	Outturn £000	Variance £000
LAC Placements	45,646	2,689	43,419	(2,227)
LAC Placement Services	6,901	724	6,776	(125)
Permanence & Leaving Care	13,153	2581	13,506	354
Safeguarding Service Areas	35,955	6,600	36,185	230
Children's Safeguarding	101,655	12,594	99,887	(1,769)
Education Services	6,868	1,875	7,228	360
Home to School Transport	10,520	194	11,035	516
Targeted Youth Support Service	841	1	841	0
Education	18,228	2,070	19,105	876
Strategic Mgmt. & Business Support	5,752	605	5,900	148
Children's & Education Services	**125,635**	**15,269**	**124,981**	**(744)**

Children's and Education Services - Financial Headlines

The overall position as at Period 2 is forecasting a year end underspend of £0.744m, which is made up of:

- £2.227m Looked After Children (LAC) placement underspend – demand remains relatively stable and placements are 71 below the budgeted figure resulting in a gross underspend of £3.627m. This is reflected in a lower than budgeted recharge to Dedicated Schools Grant (£1.4m) and an underspend against Childrens budget (£2.277m).
- £125k LAC placement services underspend -the Regional Adoption Agency have reviewed their formula for allocating costs across partners which has reduced the contribution to the Agency.
- £354k Permanence and Leaving Care overspends mainly due to SGO placements being 11 higher than budget offset by smaller underspends in Child Arrangement Orders, Adoption Allowances and Supported Accommodation.
- £230k Children Safeguarding overspends based on staff and agency cover within Permanence offset by vacancies in EDS and Children's Commissioning.
- £0.876m Education services pressures mainly relates to pressures in Home to Schools Transport and short breaks.
- £148k overspend in Strategic Management and Business support
- Children's Social Care - Whilst demand for Children's Services has increased post lockdown this has not resulted in an increase in LAC placements due to the effective intervention and support being provided from first point of contact by the service. Increasingly effective commissioning activity with improved processes through liquid logic/Controcc and work with providers also underpins the current position. Despite a 28% increase in the City's child population since 2011 the number of looked after children has not increased at the same rate. There has been a successful reduction in the rate per ten thousand from 131 to 112. In terms of national comparisons between 2008 and 2020 Manchester saw a reduction of 2% in numbers of children and young people in care compared to a 35% increase nationally over same period. Based on current placement numbers remaining stable it is anticipated that the current in-year forecasted growth of £2m can be transferred to the Budget Smoothing Reserve from Children's to support early achievement of savings for financial year 2023/24. £1m of this transfer will be held to mitigate in-year Legal Services pressures.

Education Services - Home to School Transport has pressures of £0.617m and is based on the full-year effect of 2021/22 academic year routes, price increases, and the expectation that the number of routes and children accessing the service will increase in the Autumn term. This is a volatile service area, with difficulties with operator availability and pricing.

Home to School Transport has recently undertaken a service review. This work will help to shape and inform service transformation. It is expected that the review's recommendations will enable the service to manage down the current overspend in this area.

Outstanding Controcc debt (External residential and External Fostering) totals £1.483m at the end of May and is included in the forecast. There is a project team including Contracts, Financial Management, Procurement and an IT contractor to drive down the Aged Debt which meet weekly.

Children's Services – Dedicated Schools Grant

3b. Dedicated School Grant (DSG) - £4.652m forecast overspend

	Annual Budget £000	Actual to Date £000	Projected Outturn £000	Variance £000
Schools Block	197,772	34,142	197,772	0
Central Services Block	3,796	3,796	3,796	0
High Needs Block	101,365	14,244	103,315	1,950
Early Years Block	38,808	0	38,808	0
Recovery Plan	1,350	0	1,350	0
Total in-year	**343,092**	**55,560**	**345,042**	**1,950**
Deficit b/fwd.				**2,702**
Overall DSG position	**343,092**	**55,650**	**345,042**	**4,652**

Dedicated Schools Grant (DSG) in 2022/23 totals £632m, of which £289m is top sliced by the Department for Education (DfE) to pay for academy budgets. This includes additional supplementary grant funding for 2022/23 provided for the high needs block of £4.034m.

The DSG overall in year position is projecting to overspend by £1.950m in-year, primarily due to exponential levels of growth in the Education Health and Care Plans and special schools placements within the High Needs Block. The service is working on a detailed recovery plan for the high needs block, which focuses on managing demand and finding efficiencies that help to combat these pressures.

The early years block is funded to the local authorities on estimated pupil numbers and an adjustment is made to reflect any increases/decreases between January censuses (January 2022 and 2023). The final 2021/22 early years block allocation will be confirmed in July 2022, based on an adjustment for January 2022 census which was estimated in the 2021/22 outturn. For this financial year, an adjustment is expected in July 2022 to reflect the January 2022 census, whilst final early years allocations will be adjusted on the basis of Jan 22 and Jan 23 censuses in July 2023.

The deficit brought forward from previous years is £2.702m and has mainly been driven by overspends against the high needs block, and will need to be recovered in future years as part of the recovery plan.

Adult Social Care / Manchester Local Care Organisation

Adult Social Care and Population Health – Balanced budget

	Annual Budget £000	Outturn £000	Variance £000
Provider Services	29,466	30,221	755
Hospital Teams, Front door and TEC	3,374	3,322	(52)
Integrated Neighbourhood teams	44,057	45,654	1,597

Complex Services (LD, MH, Transition)	87,109	86,815	(294)
Commissioning MLCO	4,571	4,203	(368)
Back office, citywide support & growth	13,153	12,138	(1,015)
Total ASC Aligned Budget MLCO	181,729	182,352	623
MCC – Out of scope Population Health	43,752	43,200	(552)
MCC – Out of scope other	2,634	2,563	(71)
Total ASC and Population Health	**228,115**	**228,115**	**0**

Adult Social Care and Population Health - Financial Headlines

Overview of main variances – Balanced budget

The forecast is a balanced position. The key assumption is that clients in receipt of care at the end of May will remain in care until the end of the financial year. A rebase of the long-term care budgets and income budgets has taken place to reflect 2021/22 outturn activity, inclusive of the progress with Better Outcomes Better Lives (BOBL), with £3.2m offsetting against the £4m BOBL savings target. Financial planning within the BOBL programme is progressing with key practice and commissioning opportunities now identified within Learning Disability and Older People care blocks and work in development on Mental Health and Physical Disability. The forecast assumes an additional £0.7m of savings through the BOBL programme will be delivered by year-end. Recruitment into key staffing roles remains challenging and delivery of the savings opportunities is impacted. It is assumed all current vacancies currently out to recruitment will be filled by end of August, unless stated otherwise; there is full deployment of £12m funding for the annual uplift to the costs of care and this includes Real Living Wage (RLW) increases and that demographics will be spent in full, although no deployment is factored in for the care costs at Period 2. The Adults position continues to carry a significant amount of risk. Given the cost of high-end care packages, demographics funding can be easily eroded. In addition, there is a significant level of reserves built in to support the base budget until BOBL savings are delivered (£5.5m) and other non-recurrent funding, including approx. £2m supporting new care models. A memorandum of understanding is being finalised to ensure financial risk is minimised on health funding from the change from Manchester CCG into the GM ICS arrangements.

The main variances are summarised below:

Provider Services - £0.755m overspend

The pressure on Provider Services is driven in the main by an overspend on In-house Supported Accommodation of £1.558m, offset by underspends on Reablement and the Short-Term intervention team of £500k, Day Centres £205k and Equipment and Adaptations of £43k.

A review of internal Provider Services is underway, which will be informed by a wider commissioning review of supported accommodation and other LD services. The review will determine the number of places and type of accommodation which will be needed in the future. As at period 2, the service is supporting 172 clients across the internal provision with 16 void places available for future clients. Recruitment difficulties continue due to labour shortages in relation to lower graded support worker roles in the In-house Supported Accommodation service. 11 new starters have joined the service since March 2022 but the availability of vacancies across the wider jobs market is a challenge. The number of agency hours recorded is higher than the same period last year, with one less bank holiday as at end of May. An allowance for expected increased agency spend for the jubilee bank holiday has been built into the forecast for period 3. Once the long-standing fire safety remedial works are undertaken there should be some reduction to the overspend but it likely at least £1m will be a budget pressure still to be addressed and is reflective of additional capacity. Issues have been identified with the quality of the fire safety inspections carried out in 2021/22 with delays in supporting the service to progress this. Further assessments regarding the works required are now underway,

The forecast underspend on Reablement and the Short-Term Intervention Team is due to recruitment challenges. Where candidates have been offered roles, a three month start date has built into the forecast. Where posts are only just going out to recruitment, a six month timeframe has been allowed for. Recruitment into these roles will be important to support the BOBL savings. The underspend on day centres is again due to challenges regarding recruitment. Recruitment assumptions are that it will six months before the service will be fully staffed. The Equipment and Adaptations Service is also underspending due to ongoing recruitment challenges. Where possible agency staff have been brought in to cover mainstream vacancies whilst recruitment continues. Managers across all service areas are being supported by dedicated additional HR support. There is further support from Work and Skills and MAES , working with colleges and further

education providers to attract potential candidates to vacant roles, particularly grade 4 and grade 2 roles. £1m of the £5.5m planned use of reserves is set aside for further expansion in Reablement and MEAP.

Hospital Teams £52k underspend

There is a projected underspend on Hospital Social Worker budgets of £167k to year end. This reflects the ongoing difficulties in the recruitment and retention of qualified social workers. The reported position assumes posts will be filled by the end of August. This is offset by pressures on the Community Alarm budget due to increased overtime costs in their control room where staff are covering essential shifts due to a combination of unexpected absence and vacancies.

Integrated Neighbourhood Teams £1.597m overspend

The forecast year end overspend is driven by an overspend on residential and nursing budgets of £1.743m, homecare of £244k, direct payments of £187k, offset by underspends on other care budgets of £240k, and staffing of £337k. This reported position is following the re-alignment of income and expenditure budgets and reflects all known activity as at end of May. The reported position allows for £4.5m reserves drawdown in line with the 2022/23 financial plan.

The number of clients supported in residential and nursing provision is 911, which is an increase of 27 from outturn. There are a further 53 clients who remain on the CCG Broadcare system who are yet to undergo a Care Act assessment and could therefore transfer into social care. Costs of £0.582m have been included in the forecast for these clients as there is no further Hospital Discharge Programme (HDP) funding from the CCG to support. The increase in numbers and the removal of HDP funding results in a pressure of £1.743m.

As reported at outturn, client numbers across residential and nursing provision have been on an upward trajectory for the last twelve months, with a net increase of 121 since period 2 2021/22 to the present number of 911. Although the number of clients in residential and nursing provision remains lower than pre-COVID levels (998 at March 2020), numbers coming into the service are not slowing. Further work is underway to understand the drivers for this as community admission into residential and nursing provision is seen by the service as remaining low. Additional bed capacity is now in place across the city which will utilise a D2A (Discharge to Assess) model. The D2A model allows for timely discharge out of hospital into a care setting where a full care assessment regarding the clients' needs can take place. £1.534m of funding (representing 50% of the cost, with Manchester CCG also funding 50%) is fully committed in the projected spend position.

The number of homecare hours commissioned at period 2 is 29,367 which is almost a thousand hours a week higher than the position at the end of March of 28,389 and is the highest level since September 2021. The actual number of clients supported at period 2 is 1,915, which again is the highest level since September. Further work is underway to understand the changes in demand in 2021/22 as well as the current position. The projected outturn for 2022/23 is now therefore higher than the 2021/22 outturn, resulting in a pressure of £244k.

Some pressures remain within the homecare market It should be noted however, that at the end of May, there was a significant push from hospitals to find appropriate packages for clients being discharged before the jubilee bank holiday weekend and most providers picked up packages quickly and safely resulting in only a limited number of individuals having to wait for a package of care. All the main homecare framework providers have now confirmed to the council they offer pay rates to their staff commensurate with the RLW. This will ensure all payments made to providers and backdated to 1st April, will be processed in line with a RLW equivalent increase. Any packages not picked up by the framework providers continue to be picked up by the safety net providers.

The direct payments budgets have been re-aligned as part of the budget exercise referenced above. A pressure of £187k remains on these budgets at this time. Individuals wishing to move from a homecare package to direct payments has dropped considerably, most likely due to homecare providers now on a more stable footing in certain areas of the city. Client numbers peaked at 422 towards the end of 2021/22 for Older Peoples and Physical Disability client numbers but have dropped back to 411 as at period 2. This compares with 400, 12 months ago.

There is a projected underspend on external day care and supported accommodation of £240k as the numbers attending the provision remain lower than before the pandemic. (120 clients at March 2020 and 105 as at May 2022). The position at period 2 is an increase of 16 clients from outturn and demonstrates that clients now have confidence to return to the service. The review of day care services will conclude in the Autumn having reviewed services provided both In-house and externally commissioned. The review will determine what type of service is needed for clients in the future.

There is a projected underspend on the main social worker budgets of £483k offset by pressures on specialist safeguarding roles of £146k. Both areas are struggling to recruit suitably qualified staff, with the main social worker budget

only expecting to be fully staffed for the second half of the year and the safeguarding team continuing to use external assessors, until permanent recruitment takes place.

Complex Services

- There is a forecast underspend of £294k across the complex services budgets, which breaks down as
  - an overspend of £152k on external learning disability packages,
  - an underspend of £107k on specialist learning disability social workers,
  - an underspend of £338k on mental health and other complex services.
- The reported position on the Learning Disability externally commissioned packages reflects the budget re-alignment exercise undertaken and referenced above. Planning for savings is progressing and this will need the service to be fully staffed to undertake the necessary reviews of care, working alongside commissioners to agree the best outcomes for clients and their families.
- There has been a net increase of 2 clients since outturn 2021/22, with the number of clients supported now totalling 1,158, which is 37 higher than May 2021. No demographic funding has been allocated to cover this increase in clients at this time.
- The pressure on learning disability care packages is off-set by an underspend of £338k on mental health packages. As reported throughout the previous year, client numbers across mental health services continue to fluctuate and this is on-going into the current year. Numbers have reduced by 15 since outturn across the main care provision of residential, nursing and supported accommodation. These numbers are now 684, compared to 699 at outturn. The figures have been verified by the service from panel funding decisions.

Commissioning

- The commissioning of Extra Care provision has a projected year end underspend of £368k. This is based on occupancy levels for the first few months of the year, with an assumption that all units will be at full occupancy from 1st July, and income levels will be equivalent to 2021/22 levels. Further work will take place to assess income levels as certainty around occupancy levels grows. There is an expectation that the new Extra care units which opened towards the end on the previous financial year will result in reduced numbers of individuals moving into residential care.

Back Office

- Back-office budgets have a projected year end underspend of £1.014m. This reflects:
  - £348k of BOBL investment not yet deployed in 2022/23, as investment plans are under development.
  - £419k of additional Reablement funding,
  - Staffing underspends on Business Support of £193k due to challenges across the recruitment market,
  - Commissioning and back office of £54k on staffing (recruitment delays) and support budgets.

  The most significant budget within Back Office is the support for the implementation of the 2022/23 fee uplift to care providers including NLW and RLW. All providers across all sectors have been asked to support the desired outcome of being a RLW employer. Funding agreements to confirm their support are being received with commissioners actively chasing those who have not yet responded. The total funding set aside to support the sector is £12m. The £12m is modelled to cover providers to pay the NLW (£6m), the NI increase of 1.25% (£1m), 5% towards inflation costs (£1.9m) and then an additional amount to meet RLW pay rates. As at the end of May only £67k of funding has been directly applied to payments made for Apr-Jun, as providers are only now invoicing at their required rate and will be backdating.

  Demographic funding of £1.880m is held within the budget but has not been utilised as at period 2. It is projected to be spent in the coming months as new clients enter the service.

Population Health

- Population Health have a projected underspend of £0.552m at year end. There are underspends on the staffing budgets of £148k due to vacant posts, external activity-based contracts (sexual health and drugs and alcohol) of £103k due to slightly less activity than defined by the contract and £300k for new schemes not yet started. A re-prioritisation of preventative schemes across Population Health is underway as the service start to transition away from a focus on Covid-19 and starts to implement the required changes to support the Marmot objectives.
- The other out of scope services have a projected underspend of £71k and reflect an underspend on the voluntary sector contracts management and Asylum budgets due to slippage on recruitment plans.

Neighbourhoods

5a. Neighbourhoods overall - £3.766m overspend

	Annual Budget £000	Outturn £000	Variance £000
Neighbourhood Management & Support	1,116	1,116	0
Operations and Commissioning	41,498	45,493	3,995
Parks, Leisure, Events and Youth	7,658	7,903	245
Compliance and Community Safety	11,182	10,816	(366)
Libraries, Galleries and Culture	9,349	9,241	(108)
Neighbourhood Area Teams	3,504	3,504	0
Other Neighbourhood Services	310	310	0
SUB TOTAL	**74,617**	**78,383**	**3,766**
Highways	17,771	17,771	0
SUMMARY TOTAL	**92,388**	**96,154**	**3,766**

Neighbourhoods Financial Headlines

Neighbourhood Services - £3.766m forecast overspend and the main variances are set out below:

Operations and Commissioning - £3.995m overspend – largely due to income shortfalls in off street-car parking and Christmas markets.

- £3.025m reduced off street car parking income due to a continued reduction in car park users following the pandemic, current pay on the day usage is around 72% of Pre pandemic levels, whilst season ticket sales are significantly down due to the change to increased hybrid working. Whilst the usage of car parks will be retained under review, there are restrictions on actions that can be taken to increase usage due to the competing priorities of income generation against the Carbon reduction priority.

  Off street parking was brought in house in January 2020, c3 months before lockdowns started, the gross income was c.£14.7m, and costs were c£6.9m to provide an annual budgeted surplus of c£7.8m. This was put together based on car park performance during the joint venture arrangements and savings of net £4.1m were approved as part of the 2021/22 budget setting, this did assume that the parking usage would return to pre covid levels. Tariff changes are due to be implemented at the end of July, and these do better reflect the expectations of commuters and the shift away from season tickets sales, this includes revised early bird options, particularly around times that enables commuters more flexibility. Work is underway to review of both on street and off-street parking charges to ensure they are aligned to each other.

- £1.0m shortfall in Christmas Markets revenue due to the ongoing closure of Alberts Square and reduced scale of markets whilst the square undergoes improvements, work has been undertaken to identify alternative sites during the closure of Albert Square and this has led to Piccadilly Gardens usage being extended. it has not been possible to identify other sites to accommodate further markets and mitigate the loss of Albert Square. The losses due to closure are time limited, and should provide opportunities for increased income generation opportunities once the enlarged space is reopened.
- £187k underachievement of income for markets due to reduced income at Longsight £100k as the market struggle to recover to pre-pandemic levels of custom. The Arndale Market is currently

experiencing a c7% vacancy rate and a projected underachievement of £90k with Church Street experiencing a similar situation £30k. Piccadilly Market continues to benefit from permanent stalls and is forecasted to overachieve income by £33k.

- The advertising portfolio is reporting a balanced budget, the £450k approved savings from the proposed screen in Piccadilly Gardens are not able to be achieved due to redevelopment proposals and these are being mitigated in year through a combination of the annual inflationary uplift applied to the existing contracts and reprofiling of the contract amounts.
- Bereavement Services are projecting £200k higher than budget income this is due to the increased use of Manchester facilities and increased income from memorialisation.
- Fleet Services income is anticipated to be £17k above budget due to increased vehicle hires.

Parks, Leisure Events and Youth - £245k income shortfall

- The loss of income is attributed to the closure of facilities whilst undergoing refurbishment at both the Manchester Aquatic Centre (MAC) (£0.788m) and Abraham Moss (£53k) it is expected that the shortfall is time limited and is forecast to recover once the facilities re-open in 2023/24. This is offset by use of one off non utilisation of £0.6m set aside to support Covid recovery in the current financial year.

Compliance and Community Safety - £366k underspend

- This is due to staffing underspends of £366k due to vacant posts, the service is currently undergoing a redesign and it is anticipated that this will support the service in recruiting to all vacant posts later in the year.

Libraries, Galleries and Culture - £108k underspend

- The £108k underspend on Libraries is due to anticipated staffing underspends for the financial year. Galleries are reporting a balanced budget but there is also a risk of £120k should the claim for business rates discretionary be declined.

5 b. **Homelessness – Breakeven**

Homelessness	Annual Budget	Outturn	Variance
	£000	£000	£000
Singles Accommodation	2,140	2,011	(129)
B&B's (Room only)	4,823	5,330	507
Families Specialist Accommodation	323	274	(49)
Accommodation Total	7,286	7,615	329
Floating Support Service	1,867	1,731	(136)
Dispersed & Temporary Accommodation Management Fee	4,880	5,311	431
Dispersed Accommodation Total	6,747	7,042	295
Homeless Management	1,026	996	(30)
Homeless Assessment & Caseworkers	2,405	2,334	(71)
Homelessness PRS & Move On	1,660	1,232	(428)
Rough Sleepers In reach/Outreach	487	487	0
Tenancy Compliance	161	86	(75)
Homelessness Support Total	5,739	5,135	(604)
Commissioned Services	7,773	7,753	(20)
Commissioned Services Total	7,773	7,753	(20)
Total	27,545	27,545	0

Homelessness Financial Headlines

The reported position for Period 2 is a net breakeven position, despite this forecast position, the Homelessness budgets remain a high-risk area with significant demand pressures.
The Council is now embarking on a refreshed transformation programme as a different approach is vital to unlock some of the most intransigent system issues that are adversely impacting our residents. The focus of the projects is to:

- Increase the prevention of homelessness in Manchester
- Enhance the level of support to people who are at risk or find themselves homeless
- Improve the efficiency and effectiveness of sourcing temporary accommodation
- Provide a series of deliverable property options for the medium term to reduce the rising revenue cost of the service and identify more suitable provision
- Identifying Invest to save models
- Identifying and appraising longer term models of intervention
- Providing an independent and respected local government sector voice, which highlights good practice and positions the Council to access future funding opportunities

The assumptions within the breakeven reported forecast include;

- Numbers in Temporary Accommodation at the end of May remain consistent throughout the year and that any natural growth in demand will be offset by work undertaken in the Transformation Programme to increase prevention.
- Staff vacancies at present will not be filled until October unless start dates have been confirmed, where Agency spend is incurred to cover vacancies this has been assumed to continue at a cost of £149k. Workforce budgets in Homelessness are forecast to underspend by £420k.
- Current cost pressures in B&Bs reduce from September 2022 back to the same level as March 2022.

The key variances are;

Overview of main variances:

- Accommodation. Overspend of £329k, driven by the cost pressure in B&B due to the average cost of placements increasing due to increased demand because of the number of events in and around the City and the significant increase in the numbers supported in hotels since budget setting, the current forecast assumes that the average cost of a placement reduces to the same level as that in March 2022 from September to March. If this reduction is not seen and costs remain in line with May the forecast spend in this area will increase by a further £0.975m. In May 2022 the average number of families placed in B&Bs was 114 with a further 30 families in nightly paid accommodation. The number of singles in B&B in May averaged 132.The flow and availability of dispersed temporary accommodation has decreased and is impacting on the number of families in B&B, the numbers of presentations remain high, with over 11,607 presentations in 2021/22, an average of 967 per month, the average presentations for April and May are 898 (in line with presentations in this period last year). The current net cost of B&B provision is £183k (£9.5m per annum). A key feature of the current transformation programme is focussing on developing a better understanding of the B&B issue in Manchester and to introduce more effective strategies to improve the position
- Dispersed Accommodation. Overspend of £295k. It had been anticipated those past increases in weekly rates would stimulate supply of properties in this area to reduce the reliance on B&B accommodation. However, in recent months providers have withdrawn properties from the scheme to let on the open market as rents across Manchester continue to increase. The current housing subsidy loss to the Council is £137k per week (£7.1m p.a.). Placements at the end of May were 1,625. The District Homes Pilot is now fully operational with a further 400 properties transferred to District Homes management, reducing the housing subsidy loss incurred by MCC by £1.1m per annum.
- Homelessness Support. Underspend of £0.604m. The majority of underspend is in the Private Rented Sector Team. The team face the challenge of an extremely buoyant rental market and rents are rising rapidly across the city and Greater Manchester. As a result, market rents greatly exceed the local housing allowance making properties unaffordable for many households. This pressure means the team are having to place households further away from the city in order to ensure the property is affordable. However, based on current properties being allocated and with the team carrying 4 vacancies the service will underspend by £428k.

5c. Housing delivery and HRA –

Housing Revenue Account	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement from P
	£000	£000	£000	£000	£000
Housing Rents	-63,713	(9,796)	(62,497)	1,216	
Heating Income	-681	(19)	(681)	0	
PFI (Private Finance Initiative) Credit	-23,374	0	(23,374)	0	
Other Income	-979	(242)	(979)	0	
Funding From Investment Reserve	0	0	0	0	
Funding from General/MRR Reserves	-14,138	0	(14,138)	0	
Total Income	(102,885)	(10,057)	(101,669)	1,216	
Operational Housing R&M & Management Fee	24,038	60	25,797	1,759	
PFI Contractor Payments	33,041	4,726	33,146	105	
Communal Heating	1,019	-132	1,528	509	
Supervision and Management	6,455	405	6,352	(103)	
Contribution to Bad Debts	640	0	640	0	
Depreciation	18,991	0	18,991	0	
Other Expenditure	1,463	30	1,448	(15)	
Revenue Contribution to Capital Outlay (RCCO)	14,508	0	12,926	(1,582)	
Interest Payable and similar charges	2,730	0	2,730	0	
Total Expenditure	102,885	5,089	103,558	673	
Total HRA	0	(4,968)	1,889	1,889	
Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Forecast Closing Balance
	78,052	-14,138	63,914	-1,889	62,025

Housing Revenue Account - Financial Headlines

The HRA budget for 2022/23 included a contribution from reserves of £14.138m in order to balance the 2022/23 HRA budget. The forecast outturn position is that there is an overspend of £1.889m, which is made up as follows:

Overspends of £3.589m:

- A reduction in rental income of £1.216m due to the increased number of void properties and right to buy applications. The number of right to buy applications is higher than originally forecast, the budget assumed that c1.25% of stock would be subject to RTB, whilst currently the actual rate of applications is c£2.2%. Whilst voids are higher than forecast an improvement plan is now in place with the Council's repairs and maintenance contractor in order to reduce the number of voids by Autumn 2022.
- Higher than forecast costs of operational housing of £1.759m. This is mainly due to a combination of delays in delivery of savings that were identified as part the business case for bring housing management back in-house, and legal fees related to disrepair claims. Since bringing Northwards back in house, work has been done to reduce costs, particularly around accommodation costs, and there is work ongoing to review the existing target operating model and once this is concluded it will determine what/if any further savings can be achieved and the timescales for this.

- Increased communal heating charges £0.509m – due to the higher than forecast costs of gas, as part of the budget process heating charges were increased by 20%, and this is not sufficient to cover the actual increased costs of gas. Increased PFI contractor payments £105k – the PFI contracts are increased annually by inflation, the actual increase is higher than what was forecast as part of the budget setting process. Offset by Underspends of £1.7m:
  - Reduced RCCO costs £1.582m – due to slippage in the current years capital programme.
  - Reduced staffing costs £103k
  - Reduced payments to TMOs £15k

As part of the 2022/23 budget process the 30-year business plan was broadly in balance over the life of the plan, there are several issues that could potentially affect this, if mitigating actions are not identified to offset potential increased costs, they include: -

- Current high inflation rates and impact on contract costs
- Additional capital costs for integration of Northwards ICT, Woodward Court and carbon retrofit
- Any delay or reduction in delivery of planned savings.
- Final settlement of commercial details in respect of the repairs and maintenance contract

Given that the HRA is a ringfenced account and cannot be cross subsidised with the General Fund, the implications of the current high inflation rates will have an impact. There are several contracts whereby the contract is uplifted annually in line with inflationary indices, this includes the repairs and maintenance contracts and PFI Contracts. Whilst the 30 year business plan does make assumptions around inflation rates, and the impact on both income and expenditure the assumed rate was not has high as currently forecast. Work is ongoing to model the impact and implications on the business plan of the current high inflation rates. Looking forward there is likely to be additional asks of the HRA in respect of ensuring compliance with the Social Housing Bill and the Social Housing regulator, this will include building safety and decent homes 2. The impact is yet to be determined but it will require increased investment in the social housing stock.

Any surplus/deficit in year must be transferred to/from the HRA reserve. At year end, it is forecast that £16.027m will be transferred from reserves at year end, leaving £62.025m in the HRA General Reserve at the end of the year.

Growth and Development

Growth & Development	Annual Budget £000	Net actuals spend to P2 £000	Projected Outturn £000	Variance from budget £000
Investment Estate	(12,856)	4,093	(12,763)	93
Manchester Creative Digital Assets (MCDA)	0	778	0	0
Growth & Development	160	63	160	0
City Centre Regeneration	1,420	205	1,420	0
Housing & Residential Growth	1,167	(53)	1,074	(93)
Planning, Building Control & Licensing	(1,053)	(746)	(1,053)	0
Work & Skills	1,644	479	1,644	0
Manchester Adult Education Service (MAES)	0	(725)	0	0
Our Town Hall Project	0	289	0	0
Total Growth & Development	**(9,518)**	**4,383**	**(9,518)**	**0**

Growth and Development - Financial Headlines

Overview of main variances – Breakeven

Growth & Development is forecasting a net breakeven position, and the main variances are as follows: -

- **Investment Estate - overspend of £93k**

  Whilst the investment estate is only forecasting a small overspend of c£93k, there are some larger variances that make up the deficit and the largest deficit is a loss of income from Manchester Central of £0.764m, this is the rent income from the Convention centre and is forecast to be lower than budget due to event bookings not yet returning to Pre Covid levels.

  Other pressures include, lower than forecast income for The Arndale Centre £118k, Wythenshawe Town Centre £154k and Barclays Computer Centre £142k. In addition to these reductions in rent, there is also a forecast increased requirement of c£0.5m for bad debt provision to cover potential non-payment issues across the estate as tenants try to recover from Covid.

  The overspending areas are offset by staffing underspends of £108k, and additional income from across the estate (including Industrial sites, let land, Shops and Car Parks) of c£1.5m, this does include c£0.4m to reflect in year rent reviews.

- **Housing & Residential Growth – underspend £93k**

  A reduction in staffing costs of £73k, and £20k in running costs.

Corporate Core – Breakeven

Chief Executives	Annual Budget £000	Outturn £000	Variance £000	Movement since £000
Coroners and Registrars	2,253	2,149	(104)	0
Elections	1,082	1,082	0	0
Legal Services	9,684	9,414	(270)	0
Communications	3,233	3,213	(20)	0
Executive	955	955	0	0
Legal, Comms, Democratic Statutory Sub Total	17,207	16,813	(394)	0
Policy, Performance and Reform	14,200	14,280	80	0
Corporate Items	1,215	1,245	30	0
Chief Executives Total	**32,622**	**32,338**	**(284)**	**0**

Corporate Services	Annual Budget £000	Outturn £000	Variance £000	Movement since £000
Finance, Procurement, Commercial Gov.	7,806	7,721	(85)	0
Customer Services and Transactions	20,010	19,980	(30)	0
ICT (Information & Communication Technology)	14,921	15,009	88	0
Human Resources & OD (Organisational Development)	4,212	4,212	0	0
Audit, Risk and Resilience	1,384	1,354	(30)	0
Capital Progs, Operational Property, Facilities	15,665	16,006	341	0
Corporate Services Total	**63,998**	**64,282**	**284**	**0**
Total Corporate Core	**96,620**	**96,620**	**0**	**0**

Corporate Core - Financial Headlines

Corporate Core Forecast to Breakeven and the key variances are: -

- Coroners and Registrars £104k underspend due to additional income from civil ceremonies and registration of births and deaths.
- Legal Services £270k underspend due to underspends on employee budgets due to timing of recruitment to vacancies £470k, offset by £200k lower than forecast external income.
- Policy, Performance and Reform £80k overspend due to £283k reduced income on project activity , partially reduced by employee underspends of £153k due to timing and recruitment to vacancies.
- Finance, Procurement and Commercial Governance £85k underspend on employee budgets due to timing and recruitment to vacancies.
- Customer Services and Transactions £30k underspend – due to forecast staffing underspends.
- ICT - £88k overspend due to additional security contracts, in light of the heightened cyber security risks.
- Capital Programmes - £341k overspend due to, part year increased security costs for Wythenshawe Hall £141k, increased rates £54k delayed Operational Property savings £90k, security and other costs across the estate £69k, running costs in Facilities Management £92k partially offset by £55k underspend on employee budgets in Facilities Management and £50k increased income in capital programmes.

Directorate Savings Achievement - £4.447m medium risk

	Savings Target 2022/23			
	Low Risk £000	Medium Risk £000	High Risk £000	Total £000
Children's Services	292	0	0	292
Adult Social Care	560	3,326	0	3,886
Neighbourhoods Directorate	829	0	0	829
Homelessness	117	0	0	117
Growth and Development	59	0	0	59
Corporate Core	1,533	1,121	0	2,654
Total Budget Savings	**3,390**	**4,447**	**0**	**7,837**

Savings - Headlines

£7.837m approved savings, £4.447m (57%) are considered medium risk as follows:

£4.447m is medium risk as follows:

- Corporate Core - £1.121m. Operational property £0.821m and ICT £300k have both been mitigated this year due to a combination of underspends elsewhere in the service and an approved draw down from reserve for Operational Property. The operational property savings are time limited and 2023/24 is the final year before the savings come out in 204/25 following the reopening of the Town Hall.
- Adults - £3.326m. The detailed BOBL financial plan is being developed and the service are working to deliver the savings and cost reductions. Mitigation has been identified in-year from higher than budgeted income from means tested client contributions to care costs. A total of £0.7m is assumed achieved as part of the BOBL programme in 2022/23 with the remainder of the savings expected later on in the year and into 2023/24 financial years.

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Manchester City Council
Report for Resolution

Report to: Executive – 22 July 2022

Subject: Capital Programme Update

Report of: Deputy Chief Executive and City Treasurer

Summary

In February each year the Executive receives a report on the capital budget for the forthcoming five financial years and approves a series of recommendations to Council for the approval of the capital programme. Proposals for the capital budget were presented to the Executive on 16th February 2022.

Throughout the year new and emerging projects are brought forward, as well as changes to on-going projects which require investment. The Capital Update Report informs members of these requests to increase the capital programme, seeks approval for those schemes that can be approved under authority delegated to the Executive and asks the Executive to recommend to Council proposals that require specific Council approval.

Recommendations

(1) To recommend that the Council approve the following changes to Manchester City Council's capital programme:

- Neighbourhoods – Manchester Aquatic Centre. A capital budget virement of £2.930m is requested, funded by borrowing via the Inflation Budget and a further capital budget increase of £0.070m, funded by borrowing.

- Neighbourhoods – Indoor Leisure – Abraham Moss. A capital budget virement of £1.4m is requested, funded by borrowing via the Inflation Budget

- Growth and Development – Hammerstone Road Depot. A capital budget virement of £2.320m is requested, funded by borrowing via the Inflation Budget and a further capital budget increase of £4.280m, funded by borrowing.

(2) Under powers delegated to the Executive, to approve the following changes to the Council's capital programme:

- Private Sector Housing – Housing Affordability Fund (HAF). A capital budget increase of £9.111m is requested, funded by £1.997 External Contribution – S106 and £7.114m Capital Receipts.

- Growth and Development - Essential Remediation Works at the City Art Gallery and Queens Park Conservation Studios. A capital budget increase of £4.5m is requested funded by Capital Receipts, also a capital budget virement of £1.950m funded from the Asset Management Programme (AMP) budget.

- ICT - Resident and Business Digital Experience (RBDxP). A capital budget decrease of £0.651m is requested and approval of a corresponding transfer of £0.651m to the revenue budget, funded by Capital Fund.

- ICT – Legal Services Case Management Replacement. A capital budget decrease of £0.450m is requested and approval of a corresponding transfer of £0.450m to the revenue budget, funded by Capital Fund.

- Public Sector Housing – Silk Street. A capital budget increase of £0.500m is requested, funded by HRA Reserve.

- Growth and Development – House of Sport. A capital budget reduction of £1.256m is requested funded by borrowing on an invest to save basis. A funding switch is also requested with £0.183m External contribution, £0.533m Invest to Save (Waterfall Fund) and £1.990m Capital receipts from a virement from Asset Management Programme (AMP) offsetting £2.706m of Borrowing on an invest to save basis.

(3) Executive is also asked to note:

- The virements in the programme of £3.249m as a result of virements from approved budgets

- The assurances the Deputy Chief Executive and City Treasurer will be required to provide as part of the proposed Levelling Up Fund bid.

- The update on This City, and the use of the existing revenue budget to continue to develop proposals for a second site.

- The change to the applicable mortgage rate, as detailed in section 7.

Wards Affected - Various

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Contributions to various areas of the economy including investment in ICT services, Housing, and leisure facilities.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improvements to services delivered to communities and enhanced ICT services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in cultural and leisure services and housing.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in ICT and the City's infrastructure of road networks and other travel routes.

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 revenue budget of the City Council will increase by £1.101m, if the recommendations in this report are approved.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £14.114m across the financial years as detailed in Appendix 1.

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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.

- Report to the Executive 16th February 2022 – Capital Strategy and Budget 2022/23 to 2024/25
- Report to the Executive 16th March 2022 - Capital Programme Update
- Report to the Executive 1st June 2022 – Capital Programme Update
- Report to the Executive 29th June 2022 – Capital Outturn Report

1.0 Introduction

1.1 This report outlines the requests for changes to the capital budget from 2022/23.

2.0 Background

2.1 In February each year the Executive receives a report on the capital budget for the forthcoming five financial years and approves a series of recommendations to Council for the approval of the five-year capital programme. Proposals for the capital budget were presented to the Executive on 16th February 2022.

2.2 The capital programme evolves throughout the financial year, and as new projects are developed, they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.

2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 29th June 2022. The impact of changes to the Capital Budget from previous reports are detailed in Appendix 2.

2.4 The capital programme budget was reset for 2022-23 and future years as part of the Capital 2021-22 Outturn report which came to Executive at the end of June.

2.5 Note that where requests are made in the report to switch funding from capital to revenue and to fund the revenue spend from the Capital Fund, this is a funding switch from within the capital programme and will not have a negative impact on the Fund itself.

2.6 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

3.0 City Council's Proposals Requiring Specific Council Approval

3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £10.0m, where the use of borrowing is required or a virement exceeds £1.0m.
The following proposals require Council approval for changes to the capital programme and are all for major schemes which will require funding from the inflation contingency to complete. As reported to the previous Executive, construction inflation is currently running at c. 20.2% which along with supply chain constraints, is placing considerable pressure on the capital programme. The following schemes have been fully reviewed prior to coming to committee with a request for additional funding.

3.2 Neighbourhoods – Manchester Aquatic Centre. Refurbishment works at the centre are currently ongoing. The cost plan has been further developed following detailed design work, the outcomes of surveys and investigation works, and returns from the supply chain for work packages. Costs have increased in the in the MEP (Mechanical / Electrical / Plumbing) package and across internal

finishes including the tiling and render packages. Costs for preliminaries and enabling works have also increased.
Following the successful application to host the World Para Swimming Championships in 2023, the programme has been rephased to enable this to happen, lengthening the programme from 108 weeks to 144 weeks with an associated increase in costs of £0.070m, particularly for preliminaries.
The total increase in costs is £3m. This will bring the total scheme cost to £33.455m. A capital budget virement of £0.996m in 2023/24, £1.934m in 2024/25, funded by borrowing via the Inflation Budget. A capital budget increase of £0.070m in 2025/26 is also requested, funded by Borrowing.

3.3 Neighbourhoods – Indoor Leisure – Abraham Moss. The provision of new indoor leisure facilities at Abraham Moss is a £24.7m approved scheme. The discovery of piles under site has created a 17-week delay and exposed the project to further inflation risk. The main contractor is procuring the construction packages in line with the procurement programme but the delay is resulting in additional inflation costs in labour and materials. A capital budget virement of £0.980m in 2022/23 and £0.420m in 2023/24 is requested, funded by borrowing via the Inflation Budget.

3.4 Growth and Development – Hammerstone Road Depot. The development of the Hammerstone Road depot is based on the need to consolidate the Council's depot facilities, with other depot sites expected to be released, reduce the maintenance costs associated with the sites, and provide carbon savings. The depot is a site with multiple users.

The Hammerstone Road depot is a key operational site due to its geographic location within the city. It is used to deliver a significant proportion of the waste and street cleansing services and is essential to the effective and efficient delivery of this and other operational services across the city. There are no viable alternative sites for the delivery of these services.

The development of the site also provides scope for expansion of the waste fleet to enable the Council to meet the anticipated requirements and changes within the national waste strategy.

The current depot is in a poor condition with issues arising that potentially compromise the effective day to day delivery of services. The scheme was projected to cost £25m. The cost plan and detailed design has now been progressed and have identified the requirement for some further works to the façade, roof and drainage. The combination of the change in scope, increased works required alongside inflationary pressures means that the budget will need to be increased as follows:

- Scope changes valued at £0.870m to cover improved low carbon / M&E specifications, additional planning requests and office changes
- The investigative works and surveys have identified a further £3.410m for the works to the façade, roof and drainage.
- Inflationary cost pressures of £2.320m.

A capital budget virement of £2.267m in 2023/24 and £0.053m in 2024/25 is requested, funded by borrowing via the Inflation Budget. A capital budget increase of £4.280m in 2024/25 is also requested, funded by Borrowing.

4.0 Proposals Not Requiring Specific Council Approval

4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, use of capital receipts, use of reserves below £10.0m, where the proposal can be funded from existing revenue budgets or where the use of borrowing on a spend to save basis is required. The following proposals require Executive approval for changes to the City Council's capital programme:

4.2 Private Sector Housing – Housing Affordability Fund (HAF). Following the Council's approval of the Housing Affordability Policy Framework in December 2016, in October 2017 the Council's Executive agreed to establish the Housing Affordability Fund (HAF) to bring together in one place a range of funding streams targeted at the provision of affordable homes across a range of tenures. The HAF is to support schemes to enable them to be delivered by providing GAP funding, supplementing any existing grants, and funding already in place to get them off the ground and or deliver more quickly. The funding will be used as a form of 'top-up' for schemes that are still marginal due to low rental and sales values, with a goal to utilising the time limited Housing Receipts the council has received.

4.3 To date the fund has supported seven projects, contributing to the delivery of 139 affordable homes across a range of tenures, targeting different households, such as new build homes targeted for affordable home ownership and large properties purchased for families living in temporary accommodation. It is anticipated that this latest increase to the HAF will deliver further homes for families and individuals living in temporary accommodation. The scheme will regularly report back to the Housing Board to ensure the fund delivers maximum impact in terms of return, such as number of units to be delivered. A capital budget increase of £9.111m is requested, funded by £1.997m External Contribution – S106 and £7.114m Capital Receipts.

4.4 Growth and Development - Essential Remediation Works at the City Art Gallery and Queens Park Conservation Studios. The Council's Asset Management Plan earmarked £2m in 2022/23 to maintenance costs which were subject to the detailed design and survey works being carried out, including to ensure fit for purpose storage capacity at Queens Park (QP) and City Art Gallery (CAG). The building surveys have now been completed and a more extensive programme of safety and remediation works are required to continue to maintain both buildings as operational assets. The works required will be the most significant carried out since the last major refurbishment in 2000 and include addressing basement damp/water ingress, replacing electrical and mechanical parts (including CAG lifts), critical stone repairs and design (CAG) and roof works (QP).

4.5 The works will be critical in continuing to secure Galleries assets and maintaining public safety. Approval is sought to progress the feasibility works and to develop

a composite programme of works. As work progresses a second phase of works will be brought forward to address stone works.

A capital budget increase of £4.5m is requested in 2022-23 funded by Capital Receipts, also a capital budget virement of £1.950m funded from the Asset Management Programme (AMP) budget. 4.6

4.6 ICT - Resident and Business Digital Experience (RBDxP). In July 2021 Council approved a project budget of £5.228m to progress the RBDxP project which will transform the way the Council interacts with residents, businesses, and partners whilst improving efficiency. This will enable a more strategic approach to be taken to the replacement the business legacy applications that underpin critical statutory, resident facing services and have reached end of life, including the Customer Relationship Management System (CRM). Following an open tender process, the 'Technology and Implementation Partner,' and the 'Consultancy partner' have been selected. The original figures submitted to have been updated to reflect the actual costs through the procurement exercise. A capital budget decrease of £0.651m is requested and approval of a corresponding transfer of £0.651m to the revenue budget, funded by Capital Fund.

4.7 ICT - Legal Services Case Management Replacement. This project was originally approved in 2019 but the procurement process was put on hold whilst corporate consideration was being given to alternative systems (including the move from Google to M365) with which the system would need to integrate. Funding is now being sought, ahead of the renewed procurement exercise to progress the scheme. The Legal Case Management solution is deemed a business-critical system and will provide a resilient and secure system that will improve efficiency. It should be noted that the current system will no longer be supported from Jan 2023. A capital budget decrease of £0.450m is requested and approval of a corresponding transfer of £0.450m to the revenue budget, funded by Capital Fund

4.8 Public Sector Housing – Silk Street. The £12.8m project has seen increased cost pressures to labour rates, mechanical and electrical works and superstructure work packages. Although work has been done to mitigate the increased costs, due to the current market the project is still seeing an impact. A capital budget increase of £0.109m in 2022/23, £0.238m in 2023/24 and £0.153m in 2024/25 is requested, funded by HRA Reserve.

4.9 Growth and Development – House of Sport. There have been some changes to the scope of this project since the project was first approved at £8.420m. The scope changes were as a consequence of the scheme being reduced in scale in response to the impact of the Covid-19 Pandemic on new ways of working. This has resulted in some of the tenants reducing their office requirements and scaling back their operational needs. Accordingly, some of the office expansion plans have reduced in scale resulting in the overall cost of the scheme reducing to £7.164m.

4.10 A capital budget reduction of £1.256m is requested funded by borrowing on an invest to save basis. A funding switch is also requested with £0.183m External

contribution, £0.533m Invest to Save (Waterfall Fund) and £1.990m Capital from a virement from Asset Management Programme (AMP) offsetting £2.706m of Borrowing on an invest to save basis.

5.0 Virements from Approved Budgets

5.1 Capital budgets approved for an agreed programme pending allocation can seek approval under delegated powers from the Deputy Chief Executive and City Treasurer.

5.2 Approval has been given for £0.526m to be allocated for SEND Expansions – Birches, Lancs & Rodney House from Unallocated Education Basic Need budget. This project will deliver 44 additional school places across the 3 locations.

5.3 An allocation from Education Basic Need funding of £2.4m was approved for Manchester Enterprise Academy – September 2022 Bulge Class. This project will create an additional 60 bulge class places at Manchester Enterprise Academy to meet demand for year 7 pupils in September 2022.

5.4 Approval has been given for £0.109m for Urgent Repairs to Heating System at St. John's Primary School funded from grant funding within the Schools Maintenance budget. The heating system to the main building was intermittently breaking down due to evidence of magnesium (sludge) in the heating system. This request is for works to refurbish and fix the boiler and system

5.5 £0.214m from the unallocated Schools Maintenance budget has been approved for Urgent Repairs to Hall/Dining Room Roof at Broad Oak Primary School. The request is to replace the roof in the Hall/Dining room. The original flat felt clad roofs at the school are in poor condition resulting in rainwater accessing the school following heavy rain.

6.0 Levelling Up Fund Bid

6.1 As noted in a report to June's Executive, the Council is preparing a Levelling Up Fund bid as part of a wider strategic regeneration programme for Wythenshawe Town Centre. The bid is due to be submitted in July, and if successful the grant funding agreement will require the Council, via a declaration signed by the S151 Officer, to confirm that the Council has sufficient budget to deliver the scheme, and that any costs over and above the grant funding will be met by the Council. Any revenue funding requirements associated with the scheme must also be met by the Council. It is expected that the bid will include match funding from the Council to progress the scheme. If the bid is successful, a request for funding will be submitted to the Council's capital approval process and will be reported to members for approval.

7.0 Update on This City

7.1 Work is progressing well on the Phase 1 development for This City, Rodney Street in Ancoats & Beswick Ward, with scheme proposals submitted to planning for determination in autumn. In parallel, work has begun on developing proposals

for a second site, Postal Street in Piccadilly Ward, and funding is required to allow design work to progress. It is to be noted that there will be a detailed report being presented to the Executive on This City in September.

7.2 The Executive approved the creation of a revenue budget in June 2020, funded from the Housing Investment reserve, to provide working capital to the This City project. With costs incurred for the development of the first site at Postal Street now capitalised, it is intended to allocate some of the working capital funding to continued development of the next site at Postal St, prior to the full reset of the business plan due in September. The Executive are asked to note this funding approach.

8.0 Interest on mortgage

8.1 The Council has a number of historic mortgages, provided for specific regeneration schemes in the north of the city, which were equity share arrangements. Some of these mortgages have reached the end of the intended term, and so interest becomes payable on the outstanding amount. The Executive is required to publish the applicable interest rate for such mortgages, set in accordance with legislation.

8.2 For the purposes of charging interest on mortgages that the Council has provided, from the 31st March 2022 the applicable interest rate is 3.23%, being the higher of the local average debt rate and the national standard mortgage rate. The local average debt rate is the weighted average rate of the Council's long-term debt at that date.

9.0 Prudential Performance Indicators

9.1 If the recommendations in this report are approved the General Fund capital budget will increase by £14.114m across financial years, as detailed in Appendix 1.

9.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital Monitoring Report during the year.

10.0 Contributing to a Zero-Carbon City

10.1 All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

11.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

11.1 Contributions to various areas of the economy including investment in ICT services, housing, and leisure facilities.

(b) A highly skilled city

11.2 Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

(c) A progressive and equitable city

11.3 Improvements to services delivered to communities and enhanced ICT services.

(d) A liveable and low carbon city

11.4 Investment in cultural and leisure services and housing.

(e) A connected city

11.5 Through investment in ICT and the City's infrastructure of road networks and other travel routes.

12.0 Key Policies and Considerations

(a) Equal Opportunities

12.1 None.

(b) Risk Management

12.2 Risk management forms a key part of the governance process for all capital schemes. Risks will be managed on an ongoing and project-by-project basis, with wider programme risks also considered.

(c) Legal Considerations

12.3 The approvals set out in this report are in accordance with the Council's constitution.

13.0 Conclusions

13.1 The revenue budget of the City Council will increase by £1.101m, if the recommendations in this report are approved.

13.2 The capital budget of the City Council will increase by £14.114m, if the recommendations in this report are approved.

14.0 Recommendations

14.1 The recommendations appear at the front of this report.

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Appendix 1 – Requests for Adjustments to the Capital Budget Provision

Dept	Scheme	Funding	2022/23	2023/24	2024/25	Future	Total
			£'000	£'000	£'000	£'000	£'000
Council Approval Requests							
Neighbourhoods	Manchester Aquatic Centre	Borrowing		996	1,934	70	3,000
Neighbourhoods	Indoor Leisure - Abraham Moss	Borrowing	980	420			1,400
Growth and Development	Hammerstone Road Depot	Borrowing		2,267	4,333		6,600
Corporate Services	Inflation Budget	Borrowing	- 980	- 3,683	- 1,987		- 6,650
Total Council Approval Requests			**0**	**0**	**4,280**	**70**	**4,350**
Executive Approval Requests							
Private Sector Housing	Housing Affordability Fund (HAF)	External Contribution	1,997				1,997
Private Sector Housing	Housing Affordability Fund (HAF)	Capital Receipts	7,114				7,114
Growth and Development	Essential Remediation Works at the City	Capital Receipts	6,450				6,450

	Art Gallery and Queens Park Conservation Studios						
Growth and Development	Asset Management Programme	Capital Receipts	-1,950				-1,950
ICT	Resident and Business Digital Experience	Borrowing reduction, funding switch via Capital Fund	- 651				-651
ICT	Legal Services Case Management Replacement	Borrowing reduction, funding switch via Capital Fund	- 450				-450
Public Sector Housing	Silk Street	HRA Reserves	109	238	153		500
Growth and Development	House of Sport	Borrowing on an Invest to Save Basis	- 3,962				-3,962
Growth and Development	House of Sport	Capital Receipts	1,990				1,990
Growth and Development	House of Sport	Waterfall Fund	533				533
Growth and Development	House of Sport	External Contribution	183				183
Growth and Development	Asset Management Programme	Capital Receipts	-1,990				-1,990
Total Executive Approval Requests			**9,373**	**238**	**153**	**0**	**9,764**

Total Budget Adjustment Approvals	**9,373**	**238**	**4,433**	**70**	**14,114**

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Appendix 2 – Capital Programme Budget 2021-25

	Approvals			
	Council	**Executive**	**Delegated**	**Total**
	£'000's			
Capital Outturn 2021/22		969,370		969,370
Capital Update Report 1st June 2022	11,905			11,905
Capital Update Report 22nd July 2022	4,350	17,110		21,460
Total Revised Budget	**16,255**	**986,480**	**0**	**1,002,735**

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