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MANCHESTER
CITY COUNCIL

Executive

Date: Wednesday, 14 December 2022
Time: 2.00 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 Antechamber

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. There is no public access from any other entrance.

Filming and broadcast of the meeting

Meetings of the Executive are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

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 **09 December 2022** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester M60 2LA

Manchester City Council
Report for Resolution

Report to: Executive – 14 December 2022

Subject: Revenue Monitoring to the end of October 2022

Report of: Deputy Chief Executive and City Treasurer

Summary

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

Recommendations

The Executive is requested to:

(i) Note the global revenue monitoring report and forecast outturn position which is showing a £7.6m overspend.
(ii) Approve the release of reserve funding to support residents through the Cost of Living (para 2.18)
(iii) Approve the use of unbudgeted external grant funding (para 3.2).
(iv) Approve the request for contingency funding (para 3.3)
(v) Approve the allocation of budgets to fund the pay award (para 3.4), electricity increases (para 3.5) and price inflation (para 3.6)

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 £7.6m for 2022/23, based on activity to date and projected trends in income and expenditure, and includes the ongoing financial implications of COVID-19, government funding confirmed to date and the impact of inflation and the agreed pay award on the financial position.

This report focuses on 2022/23, however, the implications of COVID-19 and record levels of inflation on the Council's cost base 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
Medium Term Financial Strategy 2022/23 to 2024/25 -Executive Meeting February 2022

1 Introduction

1.1. This report provides an overview of the Council's current financial position for 2022/23. The Council is forecasting to overspend against its budget for 2022/23 by c£7.6m. The main drivers of the overspend remain the pay award, utility cost increases, contractual uplifts and the reductions in car parking and Christmas markets income. This is an improvement of £12.5m from Period 4, which was the last report to Executive.

1.2. The above is a substantial change from the position reported to Executive in September 2022, where a potential in year overspend of £20.1m was likely if no corrective action was taken. Measures to reduce the pressures and mitigate the position were set out in the last report as follows:

- Daily monitoring of wholesale prices for gas and electricity to inform the best time to take up new contracts
- Rigorous procurement practices and ongoing discussions with suppliers to contain inflationary increases where possible
- Review of Sales, Fees and Charges income to reflect increased pay awards and other costs where possible.
- All directorates to review budgets and identify in year savings and mitigations to support the current year position. This will include:
    - Bringing forward savings options being developed for next year
    - Rightsizing the workforce, only filling vacancies where necessary for service and savings delivery
    - Discretionary spend to be reduced or delayed

1.3. The previous forecast included the provisional impact of the higher pay offer for local government and was during an extremely volatile period for energy prices, predating the additional government support announced for the public sector. Since then the actual impact of the pay award has been costed, taking into account the current level of vacancies reducing the cost by £2.2m to £7.3m, there has been the decision to reverse the employer 1% national insurance increase (saving £0.6m). Energy prices have settled at a lower level along with some government compensation together (saving £3m) and price inflation has been mitigated where possible, reducing the budget requirement by £2.7m to £5.4m.These amount to a £8.5m reduction in the inflation overspend. This is coupled with some improvements in the departmental position, many of which are one off and only impact the 2022/23 financial year.

1.4. These actions alongside government announcements have enabled the forecast position to be improved significantly to the current £7.6m, although it should be noted volatility remains.

1.5. As well as the current year overspend there remains a significant budget gap over the course of the medium term financial plan. Budget cuts and savings options have been developed by officers and considered by scrutiny committees in November. Whilst the Autumn Statement presented highlighted targeted increases in funding for social care, much of this has spending assumptions associated with it. The exact funding allocations are unknown and the Council awaits the Local Government Provisional Finance Settlement, due on 21 December, to understand the longer-term position and the scale of the remaining budget gap. It should be noted that the Autumn Statement pushes the difficult decisions on public sector spending back to after 2025. A report will be brought back to the Executive in January 2023 to summarise the finance settlement and assess its implications.

2. Financial position 2022/23

2.1. As stated above, the current forecast is a £7.6m overspend, an improvement of £12.5m since the last report to Executive in September. It is positive that the main demand led services of Adults, Children's and Homelessness are underspending or breakeven, which puts us in a better position than many other councils and reflects the investment in prevention strategies over the last few years.

2.2. The budget is prepared on the basis of the best information available at the time and a robust consideration of the risks which may emerge. Risks are managed by holding a corporate contingency budget and reserves for specific risks. The funds are made available when the budget requirements are clearer.

2.3. The 2022/23 budget recognised that inflation would be higher than previous years and therefore included £22.4m for pay, utilities and price. For context, in the years to 2019/20 the annual pay and prices inflation budgets averaged £8m per annum.

2.4. The pay award has been agreed at a flat £1,925 per employee regardless of grade. For Manchester this equates to an average increase of c7%. The original budget assumed 3%, which was considered a reasonable estimate at the time the budget was set, after several years of pay restraint. The 2021/22 pay offer was not settled until March 2022, after the 2022/23 budget was set, and was 1.75% against a budgeted 1%. The impact of both awards is an additional £7.3m in year pressure.

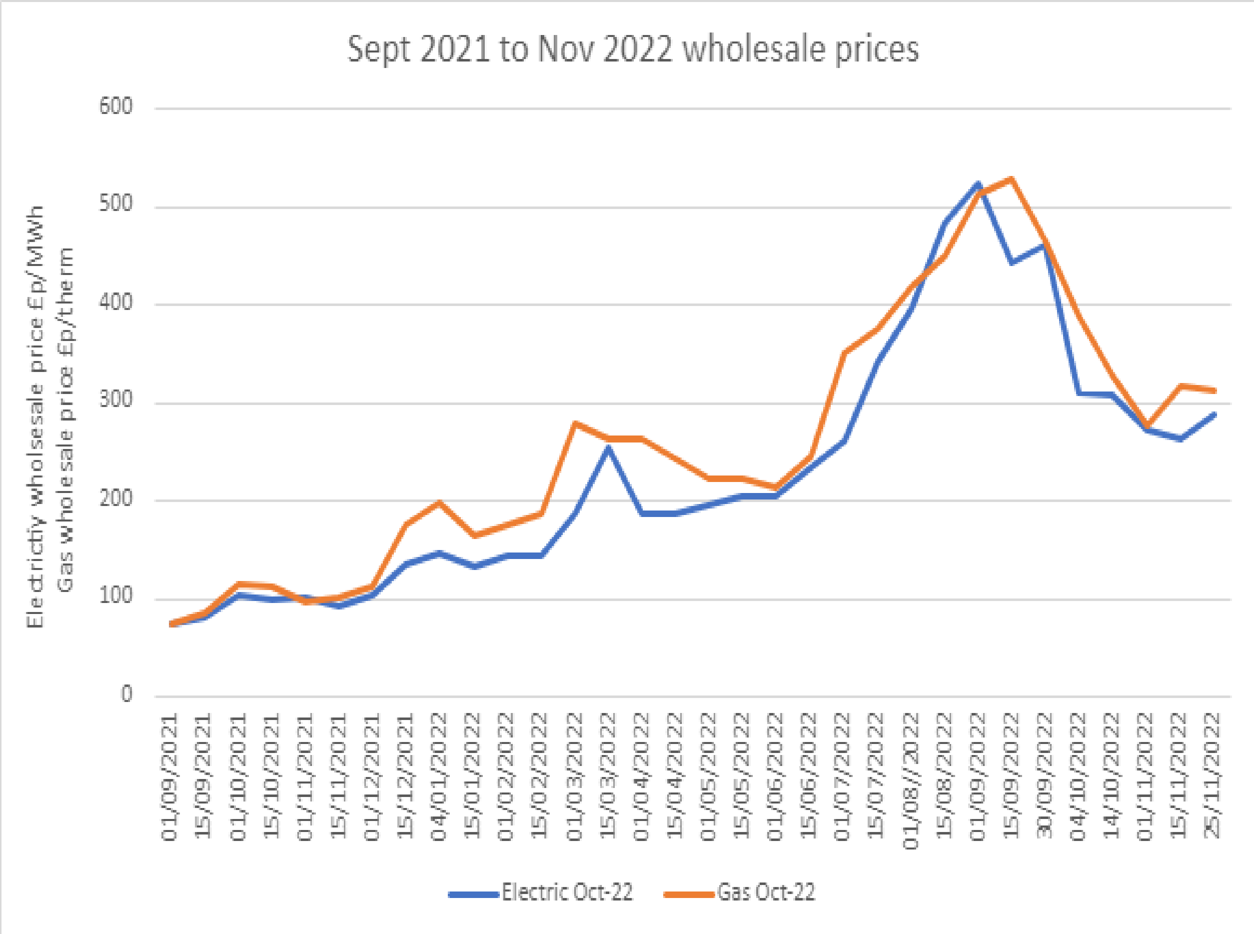
2.5. The Council's main electricity contracts expired in October 2022. At the end of August, it was forecast that market prices would be around 145% higher than the previous contract for electricity. Gas prices were projected to be very high for the winter, with a forecast 450% increase compared to 2021/22 levels. At that point there was no additional government support planned for businesses and the public sector.

2.6. On 21st September the government announced an Energy Bill Relief Scheme for non domestic customers. Wholesale prices also started to reduce from an August 2022 high point. The original budget allowed for £11.5m of anticipated utility cost increases. The latest forecast is £12.4m of which £9.1m relates to electricity and £3.2m relates to gas. This is an overspend of £0.9m which has reduced by £3m since the last report for the reasons set out above.

2.7. Whilst the main contract electricity price is now fixed until October 2023, gas supply is on a flexible contract and the final cost is still subject to market fluctuations, and this estimate may change up or down.

2.8. The following chart shows the day-ahead prices of gas and electricity on the wholesale market over the last year. It can be seen there was a considerable spike in both at the time the previous forecasts were made.

Chart 1: Electricity and Gas wholesale prices October 21 to November 22



2.9. Non-energy price inflation pressures total c£5.4m, as contractors struggle to contain costs and maintain their prices. The original budget provision was £4.5m and is currently forecast to overspend by £0.9m. Inflationary pressures include Children's Social Care, Waste collection, Facilities Management and ICT. Forecast costs have reduced by £2.7m since period 4 as requests have been reduced where possible. The most significant change relates to the costs of paying the Real Living Wage being less than budgeted, due to lower than expected take up in 2022/23.

2.10. The service directorates are forecasting an overall small underspend of £128k. An overspend in Neighbourhoods (£3.2m) is partly offset by underspends in Adults (£1.7m), Core (£1m), and Growth and Development (£0.5m). The pressures include the ongoing covid legacy issues affecting income, mainly in Neighbourhood Services (off-street parking), as well as pressures on SEN transport.

2.11. The Directorate savings and cuts for 2022/23 total £7.8m. Of these £1.3m (17%) are medium risk and £6.5m (83%) are low risk and on track to be achieved.

Work is ongoing to find alternative savings where original plans may not be achieved.

2.12. Any remaining overspend which cannot be mitigated in year will be a call on the smoothing reserve or the general fund reserve. The smoothing reserve has been established to assist with timing differences between savings plans being developed and delivered. Any unplanned use in the current year would reduce capacity to support future years savings programme and reduce the Council's overall resilience.

2.13. Since the last report to Executive there have been a number of new grant announcements and inflation drawdowns that require Executive approval to add to the budget. These are detailed in Section three for consideration.

2.14. Full details about of the budget forecasts and variances by Directorate are provided at Appendix 1. The forecast position includes the additional grant funding, recommended budget increases and virements set out in section 3 for the consideration and approval of Executive.

Cost of Living support

2.15. As well as impacting on the Council's position, the high inflation and associated cost of living crisis will have a significant impact on our residents. c £1.8m has been identified to provide additional support in this financial year, increasing to a proposed £3.55m in 2023/24. This is in addition to Government funding of £6.4m for the third round of the Household Support Fund (HSF) with the Autumn Statement signally that the HSF will continue in 2023/24. Existing staffing resources have been reprioritised to support this work.

2.16. The following investment in 2022/23 is proposed:

- £0.6m to Invest in our food response infrastructure to ensure supply of food meets demand. Working with the Community Food Partnership the majority of this will be invested in longer life, non-perishable stock and storage which all food providers in the city can access.
- £0.6m to increase the Discretionary Housing Payments budget and targeted to support people to remain in their accommodation to reduce homelessness.
- £380k Increased funding to discretionary local welfare provision to meet increased demand, helping to cover essential costs of households in crisis
- £200k - to invest in CHEM (COVID Health Equity Manchester) to support Communities Experiencing Racial Inequality and other inequalities, more likely to be impacted by the cost-of-living crisis.

2.17. The total cost of the above is £1.780m and will be met from the £700k revenues and benefits budget growth allocated as part of the 2022/23 budget to provide welfare related support to Manchester residents, £200k from Public Health reserve to support the Marmot action plan and £880k from residual Contain Outbreak Management Fund (COMF) reserve resources to protect vulnerable people.

2.18 Executive are recommended to note the allocation of resources to support vulnerable residents and approve the £1.080m planned reserve drawdowns to support.

3. Budget changes for consideration

3.1. Executive are asked to consider the following additional budget increases and adjustments.

New Grants announced in year

3.2. Since the 2022/23 budget was approved there have been additional grant notifications as follows:

- **Revenues and Benefits** - Covid Household Support Fund - £6.453m – this is for the second half of the year. 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.
- **Adult Social Care** – 2022/23 additional grant of £2.2m with a further £1.8m provisionally allocated. On the 16th November, the Adult Social Care Discharge Fund: local authority and Integrated Care Board (ICB) allocations were announced. The local authority element of the Adult Social Care Discharge Fund is being distributed using the established Adult Social Care Relative Needs Formula and Manchester will receive £2.2m. This will support additional care packages over the winter period. The GM ICS received a further £19.6m and have provisionally allocated £!.8m to Manchester and schemes to deploy are progressing. This allocation may increase.
- **Manchester Public Health Team** – Independent Placement Support (IPS) 1022/23 £84k 2023/24 £162k 2024/25 £162k. The funding will be invested into existing services commissioned by the Council to maximise the resource available to support people with a substance misuse need and enhance existing structures and pathways to support Manchester residents.
- **Homelessness** – Rough Sleeping drug and alcohol treatment - Youth Justice Grant – 2022/23 £246k and 2023/24 £1.114m. The funding aims to meet the needs of people experiencing rough sleeping or at imminent risk of rough sleeping and who require support from the substance misuse community treatment service.
- **Highways** – City Region Sustainable Transport settlement development funding - £407k a year for two years. As part of the CRSTS settlement, an allocation has been provided to develop projects in a number of key areas of the City (Ancoats, Deansgate, Victoria North/Rochdale Road Corridor, City Centre key corridors and bus improvements, City Centre bus plan). The development funding will be used to get projects up to business case submission for the full capital funding to deliver the final designs of each project.
- **Revenue and Benefits** – New Burden's funding £0.500m – This is for the council tax rebate, bringing the total amount up to £0.795m.

Request for release from contingency

3.3. There is £600k set aside in corporate contingency for unexpected costs which arise in year. There is a request to release £307k to fund the additional costs to ensure that our ICT systems remain secure. The ongoing costs are c£461k per annum and this has been built into the 2023/24 revenue budget proposals.

Release of budget for pay award

3.4. The budget requirement is a total of £13.6m for 2022/23 which includes the planned budget allocation of £6.4m and the additional funding of £7.2m. It is recommended that directorate budgets are increased as follows:

- Children's Services - £3.151m
- Adult Social Care - £3.780m
- Population Health - £128k
- Neighbourhood Services - £2.074m
- Homelessness - £761k
- Growth and Development - £248k
- Corporate Core - £3.497m

Requests for release of electricity budgets

3.5. The budgets required to cover electricity increases total £9.129m as set out earlier in this report. At this stage there is no request to release gas budgets (estimated at £3.2m) as the position remains volatile and subject to change. The directorate electricity requirements are as follows:

- Children's Services - £156k
- Adult Social Care - £70k
- Neighbourhood Services - £1.757m
- Homelessness - £278k
- Growth and Development - £171k
- Corporate Core - £4.021m
- Street Lighting contract - £2.676m

Inflation requests

3.6. The 2022/23 budget allowed for inflationary budget increases of £4.5m. Inflationary pressures are estimated at £6m of which £0.6m has been covered within directorate budgets with a request for £5.4m funding from the Corporate Inflation budget. A budget shortfall of £0.9m has been reported in the budget monitoring to date.

3.7. At this point, approval to transfer budgets of £3.8m is sought. The remaining balance relates to contract variations still under negotiation and will be brought back to a future Executive meeting for consideration.

3.8. **Adult Social Care** – care market uplifts (£1.5m) – originally costs were modelled at £12.1m with £5.7m funded through the National Living Wage allocation, £2.6m from Adults existing budgets, £1m from Adults reserve and the balance of £2.8m from Corporate Inflation. Discussions are ongoing between commissioners and care providers to try and maximise take up. Based on discussions and agreements to date it is expected that £1.5m of the amount set aside in corporate inflation will be required. The proposed budget has addressed the on-going impact into 2023/24.

3.9. **Children's Services** has a budget request totalling £1.177m for 2022/23 as follows:

- Home to School Transport £1m - Relating to higher wage bills in response to driver shortages, in-year increase NI costs and increased fuel costs.
- Children’s Residential placements - £158k - This is to fund the uplifts for 13 external residential placements. Most of the uplifts were c5% and increases above 5% were only agreed where they brought the weekly price in line with Public North West framework price.
- Short Breaks £19k - A 3.73% inflationary uplift on care spend from Reed (main provider within short breaks).

3.10. **Neighbourhood Services** are requesting £180k in relation to the contract to collect, recycle, and dispose of waste.

3.11. **Corporate Core** are requesting permanent budget uplifts of £0.910m for inflationary pressures as follows:

- Facilities Management contracts - £0.5m
- ICT Data Centre (UK fast) - £310k
- ICT Contracts - £80k
- Market Supplement £20k - to support recruitment and retention of key ICT posts

4. Conclusion

4.1. This report sets out the significant risks faced this year, which mainly relate to external factors around inflationary pressures and continued income shortfalls following the pandemic. Service departments are largely managing within approved budgets and savings delivery is on target. The pressures are resulting in a forecast overspend of £7.6m this year.

4.2. The inflationary pressures outlined in this report are expected to continue into future years. This coupled with funding uncertainty increases the risks associated with setting a balanced and sustainable long-term financial plan and represent a deterioration of our financial position if no action is taken.

4.3. It is therefore vital that the Council continues with its programme of innovation and reform and develops its operating model to help tackle these challenges and keep the Council’s finances stable and sustainable. A programme of savings totalling £42m has been developed and reported to scrutiny committees in November 2022.

4.4. Since the last report officers have worked to reduce the overspend through identifying in year efficiencies and working with suppliers to reduce and mitigate inflation requirements. Alongside the government's Energy Bill Relief Scheme this has reduced the forecast overspend considerably. Most of the reductions are one off in nature, where known ongoing pressures have been reflected in the updated Medium Term Financial Plan. Vigilance is needed given there remain significant uncertainties and risks to the position and inflationary pressures, particularly gas, could increase further. Progress will be reported back to Executive in February 2023.

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Appendix 1 – Financial position 2022/23 P7

Revenue Budget Monitoring Report: 2022/23 Period 7

Financial Executive Summary

- The Council is forecasting to overspend against its budget for 2022/23 by c£7.6m. The main drivers of the overspend remain the pay award, utility increases, contractual uplifts and commercial activities. This is an improvement of £12.5m from Period 4, which was the last report to Executive The previous forecast was just following an unexpected high pay offer from the employers, and during an extremely volatile period of energy prices. The agreed pay award has now been settled and worked through and is the largest driver of the overspend, as it was £7.3m more than budgeted.
- The improvement in the position is predominantly due to reduced utilities forecasts, the reversal of the NI increase – both linked to changes in government policy and support for energy. Action has been taken to mitigate price inflation wherever possible, vacancies are higher than initially predicted, reducing the pay award cost this year. These amount to a £8.4m reduction in the inflation overspend, however the majority of improvements have a one-year impact only.
- There has been a £0.9m improvement in Adult Social Care mostly due to demand management, £0.5m in Neighbourhoods, £1m in Corporate Core relating to additional income and lower than budget employee costs, and £1.2m in Growth and Development due to better than budgeted performance of the Investment Estate.
- Whilst workforce budgets are forecast to be underspent, they include the deployment of an increasing amount of agency resource (currently running at £1.6m per month).
- Approved Directorate savings for 2022/23 total £7.837m. Of these £1.346m (17%) are medium risk and £6.491m (83%) 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 7 total variance

Summary P7	Original Budget	Revised Budget	Forecast Outturn	Variance	Movement since last report (P4)
	£000	£000	£000	£000	£000
Total Available Resources	**(690,599)**	(706,031)	**(706,071)**	(40)	26
Total Corporate Budgets	140,652	137,821	145,636	7,815	(8,967)
Children's Services	129,020	125,457	125,404	(53)	(6)
Adult Social Care	184,516	185,751	184,030	(1,721)	(935)
Public Health	42,578	42,578	42,578	0	0
Neighbourhoods Directorate	91,704	92,388	95,563	3,175	(501)
Homelessness	27,346	27,331	27,331	0	0
Growth and Development	(9,752)	(9,268)	(9,792)	(524)	(1,155)
Corporate Core	84,535	103,973	102,968	(1,005)	(955)
Total Directorate Budgets	**549,947**	**568,210**	**568,082**	**(128)**	**(3,552)**

Total Use of Resources	**690,599**	**706,031**	**713,718**	**7,687**	**(12,519)**
Total forecast over / (under) spend	**0**	**0**	**7,647**	**7,647**	**(12,493)**

Corporate Budgets

Corporate Budgets £7.815m overspend

Planned Use of Resources	Annual Budget £000	Projected Outturn £000	Projected Variance from Budget £000	Movement from Last Report £000
Other Corporate Items	66,149	66,037	(112)	(53)
Contingency	1,060	1,060	0	0
Inflationary Budgets and Budgets to be Allocated	22,352	30,746	8,394	(8,542)
Apprentice Levy	1,029	1,029	0	0
Levies	37,915	37,902	(13)	(18)
Historic Pension Costs	7,316	6,862	(454)	(354)
Transfer to Budget Smoothing Reserve	2,000	2,000	0	0
Total Corporate Budgets	137,821	145,636	7,815	(8,967)

Corporate Budgets - Financial Headlines

The forecast £7.8m overspend is due to:

- Inflationary budgets are expected to overspend by £8.5m as follows:
    - The employer's pay award offer for 2022/23 has now been agreed at a flat £1,925 on all NJC pay points 1 and above, an overall average increase of 7%, costing £13.6m in total. The budget was based on a 3% increase (£6.4m). This has resulted in a forecast pressure of £7.3m for 2022/23, a reduction of £2.2m from the initial high level estimate previously reported due to a higher level of vacancies, and the charging of some pay costs being funded by external charges and capital schemes where applicable.
    - The budget allowed for £11.5m of anticipated utility cost increases. Following the government's Energy Bill Relief Scheme, announced 21 September the latest forecast is £12.4m, an overspend of £0.9m. This has reduced by £3m since P4 as wholesale prices were on an upwards trajectory at that point, and it was unclear if there would be any government support for Local Authorities.
    - Price inflation budgets were set at £4.5m, the latest estimate is £5.4m, a £0.9m overspend. This has reduced by £2.7m since period 4 mainly due to the cost of paying the Real Living Wage to care providers being less than budgeted and £0.6m of uplifts being managed within directorate budgets.
    - £0.627m reduction due to the reversal of the 1.25% NI rise announced by the Government in October, effective November 22.
- Historic Pension Costs: £354k favourable movement on historic pension costs – these are now forecast to underspend by £454k (6.2%) due to a reducing number of recipients.

- The Bad Debt provision for Council wide debt pre-2009 has an underspend of £112k due to payment plan arrangements being secured, this has improved by £53k since the last report.
- The Consumer Prices Index (CPI) rose to 11.1% in the 12 months to October 2022, up by 1.0% from 10.1% in September.

Corporate Resources £40k over-achievement

Resources Available	Annual Budget £000	Projected Outturn £000	Projected Variance from Budget £000	Movement from Last Report (p4) £000
Retained Business Rates	(158,337)	(158,337)	0	0
Council Tax	(208,965)	(208,965)	0	0
Other Specific Grants	(119,591)	(119,631)	(40)	26
Business Rates Grants	(77,216)	(77,216)	0	0
Dividends	0	0	0	0
Use of Reserves	(141,922)	(141,922)	0	0
Total Corporate Resources	(706,031)	(706,071)	(40)	26

Corporate Resources - Financial Headlines

- Other specific grants – at P4 there was £66k over-achievement on the Council Tax Subsidy which was confirmed at a higher level than budgeted for. In P7 there has been movement of £26k as follows: £24k favourable movement due to Covid Test and Trace Support grant income relating to 2021/22 being higher than accrued, less £50k under-achievement on the Education Services Grant following confirmation of the final grant allocation as less than budgeted.
- Business Rates Collection as at the end of October is 64.76% (excluding account credits) which represents a return to pre covid levels and is an improvement on 55.91% in 2021/22, 48.74% in 2020/21 and 62.7% in 2019/20.
- Council Tax Collection at end of October is 54.79% which compares to 55.55% in 2021/22, 55.62% in 2020/21 and 56.95% in 2019/20.
- £110m 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 95.96%.
- £4.9m (7.4%) 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, this excludes council tax and business rate arrears.

Children’s Services

3a. Children’s and Education Services - £53k underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since Last Report
	£000	£000	£000	£000	£000
LAC Placements	45,359	20,500	42,834	(2,525)	725
LAC Placements Service	7,248	4,975	7,445	197	132
Permanence and Leaving Care	13,153	8,677	13,313	160	(194)
Children Safeguarding Service Areas	35,711	24,183	36,487	776	651
Children's Safeguarding	101,471	58,335	100,079	(1,392)	1,314
Education Services	6,873	4,534	7,376	503	(109)
Home to School Transport	10,520	3,679	11,374	854	(1,224)
Targeted Youth Support Service	841	806	841	0	0
Education	18,234	9,019	19,591	1,357	(1,333)
Children's Strategic Management and Business Support	5,752	3,195	5,734	(18)	13
Total Young People (Children's and Education Services)	125,457	70,549	125,404	(53)	(6)

Children's and Education Services - Financial Headlines

Children's Services returned £2m of their initial budget to support the overall in year pressures and contribution to their 2023/24 savings as part of the Period 2 monitoring. This forecast outturn position is therefore against the lower revised budget of £125.459m.

The overall position as at Period 7 is forecasting a year end underspend of £53k, which is made up of:

- £2.525m LAC placement underspend mainly due to placements being 127 below budgeted figure including a significant net reduction of 29 placements in External Fostering since reporting period 4. Whilst there is an overall underspend there are 6 open unregistered arrangements, cost of which are projected to cost £3.824m post Health contributions. The service has developed a proposal for SMT consideration investment (£0.652m) into specialist provision and in turn increase in provision (reopening of Olaniyan, by December and 4 additional placements by February 2023) this alongside capacity to accelerate those providers seeking Ofsted registration is expected to see a reduction in the need for making unregistered arrangements and associated financial spend.
- £196k LAC placement services overspend is due to pressures on non-staffing budgets on Leaving Care Service (i.e. travel and premises) and Fostering Service vacancies being filled by agency which is required to support a growing workforce cohort to ensure Caseworker caseloads remain at a safe and manageable level.
- £161k Permanence and Leaving Care overspends mainly due to an overspend against the Section 17 preventative budgets, this is partially offset by No Recourse to Public Funds and Unaccompanied Asylum Seeker Children's grant.

- £0.776m Children Safeguarding overspends mainly relate to agency covering 10% of the Locality workforce at an average cost of over £1k per week. This has added to the previously reported overspend on Permanence. Concerns have been escalated regarding level of agency to Deputy DCS and work is ongoing with Heads of Locality to reduce dependence whilst further promoting recruitment.
- £1.357m Education services pressures mainly relates to increased pressures in Home to Schools Transport (£0.854m) and short breaks (£321k). Home to School Transport costs have increased due to a combination increased eligible children and a shortage in provision in the market pushing prices up. Both services are currently being reviewed. 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 overspends in both areas. A comprehensive review of 'short-break' offer is being undertaken to strengthen decision making and review arrangements.

The forecast inflationary pressures facing the Children's and Education Services Directorate total £1.177m at period 7 made up, of Home to School Transport (£1m), External Residential (£158k) and Short Breaks (£19k) placements. The forecasts above assume the £1.177m is funded through Corporate inflationary budgets, which is subject to Executive approval.
The £0.794m adverse movement since period 4 relates to:

- £0.725m additional LAC placement costs, there has been a 5 placement increase in external residential and additional unregistered placement costs of £487k.
- £132k adverse movement in LAC placement services in relation to additional agency costs.
- £194k favourable movement in Permanence and Leaving Care there has been a reduction in Supported Accommodation units cost due to increased use of the Foyer.
- £0.651m adverse movement in Children's Safeguarding Areas due to increased agency spend.
- £1.333m favourable movement in Education Services due to reduction in Short Breaks and Home to School Transport pressures through deep-dive reviews.

Outstanding debt for External residential and External Fostering in Controcc, totals £1.130m at the end of October and is included in the forecast. There has a reduction in the aged debt over 3 months old whereby 70% of the debt is less than three months old. The position is expected to continue to improve, reflecting the hard work of the Commissioning Team.

Children's Services – Dedicated Schools Grant

3b. Dedicated School Grant (DSG) - £2.412m forecast overspend

	Annual Budget £000	Actual to Date £000	Projected Outturn £000	Variance £000	Movement since last report
Schools Block	197,772	113,875	197,884	112	112
Central Services Block	3,868	1,503	4,050	182	182
High Needs Block	103,197	56,894	103,089	(108)	(932)
Early Years Block	39,972	20,471	39,690	(283)	(283)
Total in-year	**344,810**	**192,743**	**344,713**	**(97)**	**(920)**

Deficit b/fwd (£2.702m less school clawback £193k)				**2,509**	**(193)**
Overall DSG position	**344,810**	**192,743**	**344,713**	**2,412**	**(1,113)**

Dedicated Schools Grant (DSG) in 2022/23 totals £633m, 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 in year position is showing a small underspend against the budget, an improvement of £0.92m since the last report reflecting the progress that has been made in relation to the High Needs budget recovery programme. The overall position shows a £2.412m deficit, an improvement of £1.113m since period 4, following a clawback from schools deemed to be holding excess balances of £193k. The primary reason for the overall DSG deficit is the brought forward deficit from 2021/22, driven by overspend against the high need block (HNB). The service is working through a three-year HNB recovery plan, focusing on managing demand and identifying efficiencies to help combat these pressures.

The Local Authority is cognisant that if they are unable to manage down the deficit it will be required to take part in the DfE sponsored Safety Valve project. Under this project savings targets and recovery plan would need to be agreed with the DfE.

Adult Social Care / Manchester Local Care Organisation

Adult Social Care - £1.722m forecast underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000
Long Term Care:					
Older People/Physical Disability	45,650	23,822	46,704	1,054	993
Learning Disability	56,465	27,025	56,776	309	282
Mental Health	24,689	9,411	24,109	(580)	(173)
Disability Supported Accommodation Service	14,289	9,806	16,487	2,198	287
Investment funding	2,203	(99)	687	(1,516)	(1,516)
Subtotal	143,296	69,965	144,763	1,465	(127)
Short Term Care:					-

Reablement/Short Term Intervention Team	6,302	2,753	5,714	(587)	(71)
Short Breaks/Respite/Day Centres/Neighbourhood Apartments	5,234	2,283	5,007	(227)	(22)
Equipment & Adaptations (inc TEC)	4,211	3,411	4,226	15	(29)
Carers/Voluntary Sector	3,200	1,857	3,143	(57)	(92)
Subtotal	18,947	10,304	18,090	(856)	(214)
Infrastructure and Back Office:					-
Social Work Teams	16,333	8,053	15,448	(885)	(74)
Safeguarding/Emergency Duty	3,073	1,882	3,316	243	46
Brokerage/Care Home Teams	1,400	834	1,402	2	(8)
Management and support	2,702	1,360	1,011	(1,691)	(559)
Subtotal	23,508	12,129	21,177	(2,331)	(595)
Total ASC	185,751	92,398	184,030	(1,722)	(936)

Overview

The forecast is an underspend of £1.722m, an increased underspend of £0.936m from Period 4. The above table has been reconfigured to show spend against Long Term Care (LTC), Short Term Care (STC) and Infrastructure and Back Office costs.

The Adults financial forecast remains positive despite the pressures across hospital services which are increasing. Detailed winter planning arrangements are progressing, including plans to deploy £1.8m allocated at risk to Manchester locality from the GM ICS allocation (now confirmed at £19m) of the £500m national funding. In addition, the Council will receive £2.2m of direct funding to support the expected increase in care packages over the winter period and it is assumed this will be fully deployed.

The combination of cashable savings and cost avoidance indicates that the BOBL programme is helping citizens to achieve independence and better outcomes, whilst preventing, reducing and delaying demand into adult social care. These achievements have been supported by operating a strengths-based approach and implementing an improved short-term offer, operating model and improved commissioning practices.

Key considerations within the forecast include:

- The forecast includes the full delivery of the £4m savings target through expected income levels and the delivery of effective demand management;

- Staffing budgets are forecast to have minimal recruitment between now and the end of the year, unless confirmed start dates are agreed with service managers. NB: there are currently 64 (headcount) undergoing pre-employment checks
- There is up to 80% deployment of £12m funding for the annual uplift to the costs of care, including for the Real Living Wage (RLW) increases (£8.577m to date), with £2m of corporate price inflation released in 2022/23; and
- Through effective demand management, 7/12 of the demographics budget has been released into the reported position.

The key financial risks are:

- The financial position on Disability Services Accommodation Service DSAS (£2.2m forecast overspend). Whilst mitigated in the 2023/24 budget assumptions, there is £0.8m risk in relation to waking nights costs;
- Uptick on activity over the remainder of the financial year might impact on 2023/24 budget assumptions, notably the release of demographic funding. Winter discharge arrangements may impact the position; and
- There is significant work required on the savings delivery programme ahead of 2023/24.

Long Term Care

Overall, the forecast on long term care is a £1.465m overspend (minor decrease of £127k from Period 4). The key pressures are within DSAS (£2.198m overspend) and Older People/Physical Disability (£1.054m) and there is a smaller overspend within Learning Disability (£0.309m). This is offset through releasing demographics funding of (£1.516m) and an underspend on Mental Health (£0.580m).

The number of clients supported in residential and nursing provision (all ages) has decreased by 11 since Period 4 to 829, a decrease of 132 from the start of the year. A significant number of nursing packages commissioned during Covid19 arrangements and transferred back to the Council are above normal care package rates and there is a forecast overspend in older people nursing of £0.646m. Practice are reviewing all cases and package arrangements.

The Resilient Discharge Pathway 3 D2A beds now clearly interfaces with the budget for residential and nursing care. Currently there are 114 patients being monitored on a 4 week D2A funded pathway. For packages started after the 1st April 2022, 8 clients have gone home independent after the D2A intervention and 26 with a package of care. A significant proportion of the forecast overspend on this block is accounted for by a projected pressure on D2A beds of £0.765m due to continued use of higher cost spot purchased beds in addition to the block booked beds. This overspend may increase further as the hospitals come under increased pressure to discharge patients into a care setting.

At period 7 there is a 53 net increase in client numbers supported through homecare packages from period 4. The weekly number of homecare hours commissioned at period 7 is 30,792 which is 445 hours a week higher than period 4 and overall is 2,403 hours a week higher than the start of the year (8.46%). The forecast financial position is an underspend of £0.250m reflecting forecasting practice to adjust to reflect that on average up to 20% of commissioned hours are not drawn down and this maybe increasing.

The commissioning of Extra Care provision has a projected year end underspend of £169k which reflects homecare hours within the Extracare settings. There are now 707 rental based extracare units and occupancy is approximately 85% (latest June). Extracare provision is a key component of the BOBL cost avoidance strategy.

Within complex care, there has been a net reduction of 8 Learning Disability clients at period 7 from period 4 to 1,130 which has decreased from 1,156 since the start of the year. The introduction of new more complex placements explains the forecast overspend of £0.384m. On Mental Health, client numbers have reduced by 2 from period 4 to 674, and 27 since the start of the year with a corresponding forecast underspend of £0.580m. However there has been substantial change in the mental health cohort supported. There have been 54 leavers in residential and nursing and 46 starters with a net additional gross cost of £1.710m. This is being offset from joint funding of (£1.391m) and client income of (£307k) with other minor variations (£72k) leaving a variation of £84k overspend. In addition, within supported accommodation, 54 leavers and 36 starters with a net additional gross cost of £0.563m. This is being offset from joint funding of (£0.794m) and client income of (£64k), with other minor variations (£113k) leaving a variation of £408k underspend. There are other minor variations resulting in the overall £0.580m forecast underspend. A further reset of mental health LTC budgets will be progressed in period 8.

Client numbers within In-house Supported Accommodation are 174 and there are currently 14 voids. The overspend forecast is £2.198m. It is estimated that £0.830m of the overspend is accounted for by agency usage on waking nights due to fire safety considerations. The agency spend forecast to the end of the year is now £7.3m (was £5.8m at outturn). Capital works have commenced in some properties and should lead to reduced agency support in the longer term. The frontline posts in Disability Supported Accommodation Services, along with Day Services, are currently held as part of the wider Provider Services Review. This means that there will be a relatively small shift in terms of new recruits into the service, and as a result of natural turnover, overall agency usage is likely to increase.

Short Term Care

Overall the forecast on short term care is an underspend of £0.856m. This mainly reflects the vacancy position on Reablement (£0.587m) and forecast underspend within Short Breaks/Respite/Day Centres/Neighbourhood Apartments (£0.227m) with other minor net underspend variations (£0.042m). Overall an increase in forecast underspend of £0.214m from period 4.

There is a forecast underspend within Short Breaks/Respite/Day Centres/Neighbourhood Apartments (£0.227m). There is also a small forecast overspend on equipment and adaptations (£0.015m).

There is a small forecast underspend on carers/voluntary sector (£0.057m).

Infrastructure and Back Office

Overall the forecast underspend is £2.331m an increase of £0.595m from period 4.

The forecast underspend on social work teams is (£0.885m) comprising £0.250m on the hospital teams, £0.420m on INT teams and £0.215m on specialist learning disability teams. Overall this equates to 64.2 FTE, of which 26.5 FTE have been appointed to and are going through pre-employment checks, or are being held for Social Work apprentices. All remaining vacancies are out to recruitment. The majority are covered by agency in the interim.

The forecast overspend on safeguarding (£0.242m) relates to the pressure on best interest assessments in relation to Deprivation of Liberty Standards. The 2023/24 proposed budget assumption include addressing the budget gap.

Management and support is forecast to underspend by £1.691m which includes:

- £1.180m investment funding and £348k of BOBL investment in Complex Reablement, as investment plans are predicated on recruitment (challenges as outlined above); and
- Staffing underspends on Business Support of £280k due to challenges across the recruitment market. To mitigate this, all vacancies are now being pooled and will be advertised together in a campaign to attract more candidates.

Public Health

4b. Public Health – Balanced Budget

	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Public Health Core Staffing	1,928	1,459	1,737	-191	-189
Public Health - Children's Services	4,222	2,005	4,222	0	0
Early years - Health Visitors	10,676	5,338	10,676	0	0
Drugs and Alcohol	8,989	4,302	8,935	-54	-54
Sexual Health	8,292	3,526	8,166	-126	-126
Wellbeing (includes ZEST)	4,658	1,765	4,702	44	44
Other	3,813	-346	3,825	12	12
Contribution to Reserves	0	0	0	316	314
Total	42,579	18,048	42,263	0	0

Public Health

- Public Health are projecting to balance, with a planned contribution to the Public Health reserve of £316k for investment in future years. There are underspends on the staffing budgets of £191k due to vacant posts, and other areas due to reductions in activity-based contract costs. A re-prioritisation of preventative schemes across Public Health is underway and the Director of Public Health has confirmed that spend will be maximised in 2022/23. This is reported in the ‘other’ line above. Any slippage in this area will result in a request to carry the projected underspend forward into 2023/24 to support with new initiatives, particularly where these relate to delivering the Marmot objectives.
- The Marmot task group are currently considering the arrangements for ‘kick-starter’ schemes for priority areas with the potential for invest to save measures funding from a £2m investment fund.

Neighbourhoods

5a. Neighbourhoods overall - £3.175m overspend

	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Neighbourhood Management & Support	1,140	717	1,140	0	0
Operations and Commissioning	41,488	27,993	44,711	3,223	(682)
Parks, Leisure, Events and Youth	7,658	6,973	8,331	673	428
Compliance and Community Safety	11,231	4,645	10,506	(725)	(359)
Libraries, Galleries and Culture	9,353	6,094	9,412	59	167
Neighbourhood Area Teams	3,503	1,491	3,503	0	0
Other Neighbourhood Services	266	(42)	266	0	0
SUB TOTAL	**74,639**	**47,871**	**77,869**	**3,230**	**(446)**
Highways	17,749	4,183	17,694	(55)	(55)
SUMMARY TOTAL	**92,388**	**52,054**	**95,563**	**3,175**	**(501)**

Neighbourhoods - Financial Headlines

Neighbourhood Services - £3.175m forecast overspend and the main variances are set out below:

- Operations and Commissioning - £3.223m overspend – largely due to income shortfalls in off street car parking and markets.
- Off St Parking - £2.087m reduced off street car parking income, which is an improvement of £0.848m from period 4, this is due to a combination of increased car park usage in the last three months (Aug-Oct), business rates rebate and additional bailiff income on PCN's. Whilst the overall income is less than budget, there has been an increase in car park usage in the three months of August – October, and the forecast is based on the average figures for the seven months to date. If the recent increase in usage continues through to March 2023 the overall position will improve by a further c£300k. As part of looking to mitigate the reduced income, new tariffs are due to be implemented before Christmas, to better reflect the new parking behaviours and the shift away from season tickets sales, this includes revised early bird options, particularly around times that enables commuters more flexibility, the impact of the revised rates is not yet reflected in the income figures. Work has also commenced to review the Councils on street and off street car parking, as well as review revenues from enforcement activities including the bus lane enforcement and reserves forecasts. The review will include assessing the impact of the moving traffic offences enforcement, proposed new bus lane enforcement and a review of both on street and off-street parking charges to ensure they are aligned

to each other. All enforcement income must be reinvested into improving transport infrastructure and costs of delivering the service.

- £1.0m shortfall in Christmas Markets revenue is due to the ongoing closure of Albert Square and reduced scale of markets across the City Centre whilst the Town Hall is renovated. The losses due to closure are time limited and should provide opportunities for increased income generation opportunities once the enlarged space is reopened.
- £416k underachievement of £299k income due to the following markets not achieving the forecast income because of ongoing lower footfalls, Sunday Market Car Boot (£179k), Longsight (£50k) and Gorton (£70k). Both the Arndale Market and Church St are experiencing a higher number of vacant stalls, and this results in a £133k income shortfall, although this is partially mitigated because Piccadilly Market continues to benefit from permanent stalls and is forecasted to overachieve income by £16k.
- Bereavement Services are projecting £200k higher than budget income this is due to the ongoing high demand for Manchester facilities and increased income from memorialisation.
- Pest Control is forecasting a net £24k overachievement of income, although this £26k lower than last period due to the pay award costs which are funded from the trading activity rather than corporately.
- Fleet Services is anticipated to be £56k above budget due to a combination of increased vehicle hires, salary savings and a reduction in workshop rents.

<u>Parks, Leisure Events and Youth</u> - £0.673m overspend

- The overspend is made up £0.508m Leisure overspend and £165k overspend on Youth Services. The leisure overspend is due to income losses at the Manchester Aquatic Centre (MAC) car park and Abraham Moss, along with additional repair costs of £43k and £85k of financial support to the operators of Broadway Leisure Centre. The loss of income was attributed to the closure of facilities whilst undergoing refurbishment at both the MAC and Abraham Moss 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.
- Youth Services is forecasted to overspend by £165k. This is due to additional costs of support for Wythenshawe Active Lifestyle Centre £165k.

<u>Compliance and Community Safety</u> - £0.725m underspend

- This is due to net forecasted staffing underspends.

<u>Libraries, Galleries and Culture</u> - £59k overspend

- Libraries are reporting a net overspend of £59k which is due to £217k which is made up of a combination of additional running costs and reduced income, this is partially mitigated by £158k staff savings due to ongoing vacant posts and time taken to recruit.

<u>Highways</u> - £55k underspend

- Highways have overachieved on the income budgets by £2.256m, and this is due to £0.811m over achievement of income for street permits and other income in Network Management and £1.445m higher than forecast fee income from works undertaken to design and support capital projects. This is offset by a £2m transfer to capital to support future Highways investment and £201k overspend on Accident and Trips due to a higher than forecast number of claims.

5 b. **Homelessness – Breakeven**

Homelessness	Annual Budget	Net actual spend to date	Outturn	Variance	Movement since last report
	£000	£000	£000	£000	£000
Singles Accommodation	1,561	2,485	1,561	0	129
B&B's (Room only)	5,079	5,578	5,644	565	(63)
Families Specialist Accommodation	323	325	114	(209)	(166)
Accommodation Total	6,963	8,388	7,319	356	26
Floating Support Service	1,955	(3,526)	1,616	(379)	(303)
Dispersed & Temporary Accommodation Management Fee	4,900	2,830	5,353	453	54
Dispersed Accommodation Total	6,895	(426)	6,969	74	(249)
Homeless Management	905	636	1,138	233	263
Homeless Assessment & Caseworkers	2,625	2,560	2,338	(287)	(214)
Homelessness PRS & Move On	1,640	830	1,278	(362)	88
Rough Sleepers In reach/Outreach	444	(764)	444	0	0
Tenancy Compliance	161	87	120	(41)	13
Homelessness Support Total	5,775	3,349	5,318	(457)	150
Commissioned Services	7,635	4,855	7,662	27	73
Commissioned Services Total	7,635	4,855	7,662	27	73
Asylum	63	(181)	63	0	0
Asylum Total	63	(181)	63	0	0
Total	27,331	15,985	27,331	0	0

Homelessness - Financial Headlines

The reported position for Period 7 is a net breakeven position, despite this forecast position, the Homelessness budgets remain a high-risk area with significant demand pressures. The current position is based on current activity numbers. Work is progressing at pace to increase the numbers of people deemed to be homeless at home who can maintain their housing application without having to be placed in Temporary Accommodation. This is expected to impact positively on the numbers in B&B and Dispersed Accommodation and is a key component of reducing expenditure in homelessness in the coming months and into the next financial year as the focus on prevention ends the routine use of B&B. The experience of many other Local Authorities is that many people can continue to live with family or friends if there are reasonable prospects of longer-term re-housing. This is achieved by awarding the same level of priority for re-housing on the social housing register as that which would be awarded if the person was placed in temporary accommodation. The Manchester approach will be to award a Band 2 status for re-housing if the person is owed either the relief or main duty under homelessness legislation.

The assumptions within the breakeven reported forecast include;

- Numbers in Temporary Accommodation at the end of October 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 November unless start dates have been confirmed, where Agency spend is incurred to cover vacancies this has been assumed to continue at a cost of £447k. Workforce budgets in Homelessness are forecast to underspend by £322k.
- Current cost pressures in B&Bs remain until March 2023.

Overview of main cost drivers in Homelessness:

- Accommodation. At the end of October 2022, the number of families placed in B&Bs was 202 with a further 62 families in nightly paid accommodation. 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. The current net cost of B&B provision is £214k (£9.8m per annum). A key feature of the current transformation programme is focussing on supporting people in their current accommodation and avoiding the need for people to move into temporary accommodation unnecessarily
- Dispersed Accommodation. It had been anticipated that past increases in weekly rates would stimulate the 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.), this is the shortfall in Housing Benefit income that the Council can claim when compared to the rents paid, the housing benefit income received is 90% of the 2011 Local Housing Allowance. The shortfall for a 1-bedroom property is £60 per week, £86 for a 2-bedroom property, £92 for a 3-bedroom property increasing to £94 per week for a 4-bedroom property. Placements at the end of October were 1,594. The District Homes Pilot is now fully operational with a further 400 properties transferred to District Homes management, the housing subsidy loss incurred by the Council would be £1m higher per annum if the 400 properties being managed by District Homes were managed by the Council. An evaluation of the pilot is currently being carried out by RedQuadrant as an extension to the Transformation work that was produced.

5c. **Housing delivery and HRA –**

Housing Revenue Account	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement since last report
	£000	£000	£000	£000	£000
Housing Rents	(63,713)	(37,574)	(62,787)	926	(181)
Heating Income	(681)	(237)	(681)	0	0
PFI (Private Finance Initiative) Credit	(23,374)	(11,687)	(23,374)	0	0

Other Income	(979)	(557)	(1,022)	(43)	(43)
Funding from General/MRR Reserves	(13,188)	0	(13,188)	0	0
Total Income	**(101,935)**	(50,055)	(101,052)	883	(224)
Operational Housing R&M & Management Costs	24,038	13,168	30,651	6,613	2,987
PFI Contractor Payments	31,942	17,776	32,591	649	0
Communal Heating	1,019	52	3,283	2,264	(538)
Supervision and Management	6,604	2,608	6,551	(53)	33
Contribution to Bad Debts	640	40	569	(71)	0
Depreciation	18,991	0	18,991	0	0
Other Expenditure	1,463	337	1,448	(15)	0
Revenue Contribution to Capital Outlay (RCCO)	14,508	0	8,752	(5,756)	0
Interest Payable and similar charges	2,730	0	2,730	0	0
Total Expenditure	**101,935**	**33,981**	**105,566**	**3,631**	**2,482**
Total HRA	**0**	**(16,074)**	**4,514**	**4,514**	**2,457**

Movement in General/MRR Reserves	**Opening Balance**	**Budgeted Adjustment**	**Forecast Closing Balance**	**Additional Adjustment**	**Forecast Closing Balance**
	78,052	(13,188)	64,864	(4,514)	60,350

Housing Revenue Account - Financial Headlines

The HRA expenditure budget for 2022/23 is c£102m and includes forecast capital investment of c£33m. As part of the approved budget a contribution from reserves of £13.188m was approved to contribute to the funding of this capital investment. The forecast outturn position shows that there is an overspend of £4.514m, which will be funded from reserves and is made up as follows:

Overspends of £10.452m:

- Rent collection - there is an adverse impact of £0.926m due to the current number of void properties (c2.0% year to date, against a budget of 1% void loss). An improvement plan is in place and is actively reducing the level of void properties, with a corresponding, positive increase in the number of lettings to residents and we expect this trend to continue. Right to Buys are reducing and are currently at 1.58% for the year to date against a budgeted 1.25%.
- The operational cost of the service presents a current financial pressure of £6.613m. This is due to £1.338m management costs, and c£4.2m Repairs and Maintenance costs due to a combination of inflation and an increase in the number of voids being processed. There is also a forecast £0.9m overspend due to legal disrepair claims.
- The significant increase in energy costs, estimated at £2.264m greater than the original budget of £1.019m. These are offset by heating charges, but for 2022-23 the increase in

charges was capped at 20%, with the plan being to smooth the impact over a number of years. However, actual costs have increased by in excess of 300% rather that the 80% forecast at the time. Consideration will need to be given to the recovery plan as part of the 2023-24 budget setting process.

- Increased PFI contractor payments £0.649m – Approximately £0.85m was paid to S4B in respect of Elizabeth Yarwood Court, and inflation on all three contracts has been higher than anticipated, which is not offset as the PFI credits remain unchanged. These costs are partly mitigated by c£450k arising from joint insurance savings at Brunswick. It is expected that the site will be sold as part of a future development, and at that time a receipt will come back into the HRA to offset this expenditure.

Offset by Underspends of £5.938m:

- Reduced RCCO costs £5.756m – based on the latest estimates of capital spend being lower than budgeted, and some funding switched to include the use of receipts.
- Reduced contribution to bad debts £71k
- Supervision and Management costs £53k
- Other Income £43k
- Reduced payments to Tenant Management Organisations (TMO) £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 and rents failing to keep up with these 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 and will need to be covered through rents. There are several contracts which are uplifted annually in line with inflationary indices, this includes the repairs and maintenance contracts and PFI Contracts. The business plan does assume an inflationary uplift, but there is also an assumed inflationary uplift to the tenants' rents. Government have put in place a 7% cap on rent increases for 2023-24, and work is currently being undertaken to identify what the minimum rent increase would be to cover increased costs and ensure a sustainable HRA.

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 has to be transferred to/from the HRA reserve. At year end, it is forecast that £17.702m will be transferred from reserves at year end, leaving £60.350m in the HRA General Reserve at the end of the year.

Growth and Development

Growth & Development	Annual Budget £000	Net actual spend to date £000	Projected Outturn £000	Variance from budget £000	Movement since last report
Investment Estate	(12,856)	(9,424)	(13,808)	(952)	(1,632)
Manchester Creative Digital Assets (MCDA)	0	690	474	474	474
Growth & Development	160	192	160	0	0
City Centre Regeneration	1,041	606	941	(100)	(136)
Housing & Residential Growth	1,167	1,258	1,205	38	48
Planning, Building Control & Licensing	(674)	(1,457)	(658)	16	91
Work & Skills	1,894	1,023	1,894	0	0
Manchester Adult Education Service (MAES)	0	(819)	0	0	0
Our Town Hall Project	0	603	0	0	0
Total Growth & Development	**(9,268)**	**(7,328)**	**(9,792)**	**(524)**	**(1,155)**

Growth and Development - Financial Headlines

Overview of main variances – £0.524m Underspend

Growth & Development is forecasting a net underspend of £0.524m, and the main variances are as follows: -

- **Investment Estate - underspend of £0.952m**
  Additional income is forecast from a number of areas within the Investment Estate as follows:
    - Additional Income Wythenshawe Town Centre £470k - there has been a reduction in turnover rent (turnover based on previous years), but the recent agreement to purchase the property did include provision for payment of previous years rents.
    - The Arndale Centre –the latest notification indicates that income will be c£290k above budget, this is mainly due to a payment of £400k from 2020/21.

  There are also staffing savings of £120k, and net additional income from across the estate (including Industrial sites, Let land, Shops and Car Parks) of c£1.15m, largely following a series of rent reviews. However, this is offset by an increased need for bad debt provision of £0.86m.
  Finally there is a pressure of £215k at Barclays Computer as business rates and water charges are incurred but there is no income currently.
- **MCDA (Manchester Creative Digital Assets) – overspend of £474k –** due to a combination of reduced income and increased utility costs.
- **City Centre Regeneration – underspend of £100k** – anticipated underspend on project costs.
- **Housing & Major Regeneration – overspend of £38k –** Pressures of £126k, including a loss of £57k income funding posts, are offset by £88k of other staffing savings.

- **Planning, Licensing and Building Control – overspend £16k -** Planning and Building Control income is currently below target, but staffing underspends mean that the forecast drawdown from the Planning reserve is only £25k (budget £326k).
- **Manchester Adult Education Service (MAES) – breakeven -** The current forecast is that £197k will be required from the reserve, but this is subject to confirmation as to the level of Talk English funding.

Corporate Core – £1.005m underspend

Chief Executives	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Coroners and Registrars	2,253	979	1,977	(276)	0
Elections	1,482	2,060	1,482	0	0
Legal Services	9,684	7,583	9,414	(270)	0
Communications	3,298	1,800	3,278	(34)	(14)
Executive	955	518	955	0	0
Legal, Comms, Democratic Statutory Sub Total	17,672	12,940	17,106	(580)	(14)
Policy, Performance and Reform	14,173	10,160	14,173	(65)	(65)
Corporate Items	1,215	(112)	1,215	0	(30)
Chief Executives Total	**33,060**	**22,988**	**32,494**	**(645)**	**(109)**

Corporate Services	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Finance, Procurement, Commercial Gov.	7,806	4,869	7,515	(255)	(130)
Customer Services and Transactions	26,963	11,430	26,611	(352)	(170)
ICT (Information & Communication Technology)	14,856	11,178	15,193	337	0
Human Resources & OD (Organisational Development)	4,239	2,062	4,239	0	0
Audit, Risk and Resilience	1,384	860	1,354	(30)	0
Capital Progs, Operational Property, Facilities	15,665	13,975	15,951	(60)	(546)
Corporate Services Total	**70,913**	**44,374**	**64,681**	**(360)**	**(846)**
Total Corporate Core	**103,973**	**67,362**	**97,175**	**(1,005)**	**(955)**

Corporate Core - Financial Headlines

Corporate Core £1.005m underspend and the key variances are: -

- Coroners and Registrars £276k underspend due to additional income of £200k, mainly in relation to increased numbers of weddings and citizenship ceremonies, and an £76k underspend on legal costs within Coroners.
- Legal Services £270k net underspend, mainly due to £470k underspends on employee budgets as the service has faced challenges recruiting to vacancies partly offset by reduced external income due to a reduced level of service provision to Salford Council. It also includes a forecast £1m overspend in relation to children's services which is being funded by a transfer from reserves in 2022/23 as approved by Executive on the 22 July 2022. The service has developed a plan around a recruitment drive to reduce external costs to mitigate this going forward.
- Policy, Performance and Reform £65k underspend - there is reduced income on project activity £190k as there has been a loss of European funding and access to other funding does not cover staffing costs at 100%. This is offset by employee underspends of £183k due to vacancies and an underspend on running costs of £72k.
- Finance, Procurement and Commercial Governance £255k underspend on employee budgets due to vacancies.
- Customer Services and Transactions £352k underspend due to and staffing underspend of £80k and from additional income from clamping vehicles across the city which are illegally parked £272k. This income does not fall under the Traffic Management Regulation Act and is therefore un-ringfenced income.
- ICT - £337k overspend due to additional security contracts, in light of the heightened cyber security risks and increased technical resources due to the increased requirements for support from the desktop and helpdesk services.
- Capital Programmes - £60k underspend due to additional income in capital programmes £0.740m from major projects, £100k in Facilities Management and £210k underspend on employees this is reduced by part year increased security costs for Wythenshawe Hall £141k, increased rates £54k, increased metered water charges £221k delayed Operational Property savings £391k, security and other costs across the estate £141k and running costs in Facilities Management £42k. Investment needs are currently being explored to assess if any of the underspend is to be utilised this financial year.

The £0.955m favourable movement since P4 relates to:

- Policy, Performance and Reform £65k underspend on employee budgets
- Finance, Procurement and Commercial Governance £130k underspend on employee budgets
- Customer Services and Transactions £120k additional clamping income from illegally parked cars and £50k underspend on employee budgets
- Capital Programmes, Operational Property and Facilities Management £0.546m from additional income on major projects

Directorate Savings Achievement - £1.3m medium risk (17%)

	Savings Target 2022/23					
	Gross Revenue Savings	Use of Reserve	Net Revenue Savings	Low Risk (delivered or expected to be delivered)	Medium Risk (delivery risk or mitigated)	High Risk (undelivered resulting in overspend)
	£000	£000	£000	£000	£000	£000
Children's Services						0

Adults and Social Care	9,386	(5,500)	**3,886**	3,886	0	0
Neighbourhoods	829	0	**829**	604	225	0
Homelessness	117	0	**117**	117	0	0
Growth and Development	59	0	**59**	59	0	0
Corporate Core	2,654	0	**2,654**	1,533	1,121	0
Total Budget Savings	**13,337**	**(5,500)**	**7,837**	**6,491**	**1,346**	**0**

Savings - Headlines

£7.837m approved savings:

- Adults - £9.386m gross savings. The detailed BOBL financial plan is operational, and the service are working to deliver the savings and cost reductions. Recurrent mitigation has been identified in-year from higher than budgeted income from means tested client contributions to care costs. In addition, the reported position allows for £5.5m reserves drawdown to smooth achievement of BOBL savings in line with the 2022/23 financial plan. All savings are now classed as Green. Through Better outcomes Better Lives demand management, the residual balance at P4 of £0.688m has now been allocated into the Older People Residential Care Budget.

£1.346m are considered medium risk as follows:

- Corporate Core - £1.121m. ICT £300k which has been mitigated this year across supplies and services. These will be delivered in 2023/24 as part of the printer and telephony rationalisation. Operational Property £0.821m mitigated this year through an approved draw down from the reserve. The operational property savings are time limited and 2023/24 is the final year before the savings come out in 2024/25 following the reopening of the Town Hall. A plan is being developed to ensure the delivery of the savings in 2023/2024
- Neighbourhoods - £225k – advertising income in relation to a proposed new advertising screen at Piccadilly Gardens is considered at moderate risk of being achieved this year. Discussions are ongoing with both the Events team and City Centre Regeneration around plans for the area and how a screen can potentially be integrated in the short term. Once agreed a planning application will be required, it is expected that this saving will be achieved in 2022/23.

Manchester City Council
Report for Resolution

Report to: The Executive – 14 December 2022

Subject: Manchester Science Park (MSP) Strategic Regeneration Framework Addendum November 2022

Report of: Strategic Director (Growth & Development)

Summary

This report presents the Executive with details of a draft addendum to the Strategic Regeneration Framework (SRF) for Manchester Science Park (MSP). It also updates the development principles across the SRF area to reflect the Council's target to be net zero carbon by 2035. The addendum responds to the opportunity that has arisen for the proposed relocation of an internationally significant health research resource to Manchester Science Park, and requests that the Executive approve the addendum in principle, subject to a public consultation on the proposals.

Recommendations

The Executive is recommended to:

(1) Approve in principle the draft Manchester Science Park SRF Addendum;

(2) Request the Strategic Director to undertake a public consultation exercise on the addendum with local stakeholders;

(3) Agree that a further report be brought back to the Executive, following the public consultation exercise, setting out comments received.

Wards Affected: Ardwick & Hulme

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
This 2022 addendum to the Manchester Science Park Strategic Regeneration Framework proposes placing a new emphasis on climate change, biodiversity, green and blue infrastructure and sustainable transport policies. Proposals are expected to be in line with these principles to ensure the MSP contributes to Manchester City Council's aim to achieve zero carbon by 2038. In line with the 2018 MSP SRF, this addendum will promote a shift from a reliance on car travel, utilising the location's strong sustainable transport links including buses, the Metrolink network, cycling infrastructure and walking routes that connect the MSP site and Oxford Road Corridor with the city centre and Hulme.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
The 2022 addendum outlines proposals for a major investment opportunity to develop a new purpose-built health research resource facility within MSP, which has recently come forward. This will bring significant direct and indirect socio-economic benefits to MSP and the wider ORC, enhancing connections through the neighborhood, particularly with the communities of Rusholme, Ardwick, Hulme and Moss Side to ensure that the regeneration benefits are shared. Furthermore the proposals will increase training and employment opportunities for local residents.

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 proposals as set out in this addendum will deliver a range of employment opportunities within the Oxford Road Corridor supporting the objectives of the MSP SRF. This district is one of the most economically important areas within Greater Manchester, generating £3 billion GVA per annum and with more job creation potential than anywhere else. Assets within Manchester Science Park and the wider Oxford Road Corridor area are vital to capture the commercial potential of research and innovation. This addendum to the SRF will further support economic growth through the creation of 550 full-time equivalent (FTE) jobs per annum during the construction phase, and 730 FTE jobs in the operational stage, as well as a further 1,400 FTE jobs in the wider economy as a result of the development.

A highly skilled city: world class and home grown talent sustaining the city's economic success	The 2022 addendum to MSP SRF sets out the development opportunities in recognition of the scope for the ambitious expansion of MSP in order to ensure that this unique commercial location is maximised for the benefit of Manchester. The proposals present a live opportunity that will bring demonstrable direct and indirect socio-economic benefits to MSP and the wider Corridor eco-system, leveraging MSP's advantages in terms of locational clustering with major knowledge and research institutions. Importantly, securing investment at MSP will strengthen Manchester's Research & Development (R&D) capabilities and world leading reputation for life science and health innovation, catalysing the next phases of development at the park through clustering opportunities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	MSP continues to support a range of training programmes and initiatives to increase the skills of those seeking to work within the science, digital and technology sectors. Occupants within the MSP site have facilitated a number of apprenticeships and enterprise/training programmes. The proposals as set out in this addendum will create new employment, training and start-up opportunities and will improve connections to these opportunities for residents.
A liveable and low carbon city: a destination of choice to live, visit, work	The delivery of high-quality public realm forms a critical component of maximising the future expansion of MSP. This will improve the local community's experience of MSP as a place to walk through and dwell. It will also ensure the delivery of an environment that both appeals to future commercial occupiers and creates a fitting environment for occupants to showcase the world-leading work and activities that are taking place in the area.
A connected city: world class infrastructure and connectivity to drive growth	The MSP site will benefit from continued investment and enhancements delivered in relation to the city's public transport infrastructure. The framework promotes a modal shift from a reliance on car travel to the site, utilising the location's strong sustainable transport links including t cycling infrastructure and walking 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

None directly from this report.

Financial Consequences – Capital

None directly 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;

- Report to Executive – Manchester Science Park Draft Regeneration Framework – 12 March 2014
- Report to Executive – Manchester Science Park Draft Regeneration Framework – 3 September 2014
- Manchester Science Park – Strategic Regeneration Framework September 2014
- Draft updated Manchester Science Park Strategic Regeneration Framework – August 2018
- Draft Manchester Science Park Strategic Regeneration Framework Addendum – November 2022

1.0 Introduction

1.1 In September 2014, Manchester City Council (MCC) approved a Strategic Regeneration Framework (SRF) for the future expansion and intensification of Manchester Science Park (MSP), a strategic employment area on the Oxford Road Corridor, following engagement with key stakeholders including the local community. The 2014 SRF was subsequently updated in August 2018.

1.2 The addendum responds to the opportunity that has arisen for a proposed relocation of an internationally significant health research resource to Manchester Science Park. It relates specifically to a site currently occupied by the Greenheys Building and adjacent car park, located within and to the north-west of the framework area. This latest update reflects increased ambitions for the area, following on from the ongoing success of MSP in establishing a world-class science park. The key principles underpinning the March 2014 MSP SRF, and the subsequent 2018 update, are carried forward into the 2022 addendum, and have been updated to provide a new emphasis on climate change, biodiversity, green and blue infrastructure.

1.3 Assets within Manchester Science Park and the wider Oxford Road Corridor area are vital to capture the commercial potential of research and innovation. The opportunity outlined in the addendum to the SRF will further support economic growth through the creation of 550 FTE jobs per annum during the construction phase, 730 FTE jobs in the operational stage, as well as a further 1,400 FTE jobs in the wider economy as a result of the development.

2.0 Background

2.1 The strategy identified within the 2018 Manchester Science Park SRF included ongoing delivery of workspace designed to meet the requirements of businesses within the key science and technology sectors. It identified principles to underpin future development in a manner that would help to translate the site's locational advantages into positive economic, social and environmental benefits, as well as maximising the opportunity to secure further knowledge-intensive, science-based activities that could positively contribute to the continued growth of Manchester and the wider City-region's economy. The strategy identified within the 2018 Manchester Science Park SRF includes *'ongoing delivery of workspace designed to meet the requirements of businesses within the key science and technology sectors*. *This will provide incubation, grow on and high quality premises for inward investors, spinouts, start-ups and high growth companies.'*

2.2 To date there has been significant progress in achieving the ambitions of the MSP SRF. These include delivery of the Bright Building as the heart of the park; development of partnerships and initiatives; supporting infrastructure, new multi-functional public realm; and acquisition and redevelopment of the Base Building. Since 2012, MSP has grown from approximately 220,000 sq.ft. to more than 320,000 sq.ft. The average occupancy continues to remain high, now at 97%. A number of buildings maintain a 95%-100% occupancy. MSP is also home to more than 120 innovative businesses.

2.3 There is now a strategic opportunity associated with the emerging proposals for the redevelopment of the Greenheys Building and the adjacent car park on the MSP site. The Greenheys site is located on the eastern side of Greenheys Lane, with Base Building immediately to the south and the McDougal Centre immediately to the north. A residential area is located to the west, on the opposite side of Greenheys Lane. The site is therefore ideally located to support the diversification of the economy through growth in high value sectors, such as health, science and innovation.

2.4 With MSP occupation at 97%, there is a need to bring forward new development to capture further health, science and innovation opportunities as they arise. An internationally significant research facility has been identified as a potential anchor tenant for the proposed development to relocate their current operations and set up a new development hub and archive with additional space for new (ME's who can benefit from being co-located with this major facility.

2.5 The facility is seeking to generate additional partnerships with industry, particularly SMEs; and develop data assets for the wider UK Research and Innovation (UKRI) community. The facility is also looking to relocate to ensure it can provide a faster, higher capacity modern, modular, vendor-supported archive. Locating on MSP within the Oxford Road Corridor supports these aims by providing suitable accommodation and promoting academic, commercial and NHS collaboration and cross-working opportunities.

2.6 This major health research resource is expected to make a significant beneficial contribution to the existing life science cluster at MSP, as well as having wider strategic benefits for the Oxford Road Corridor as a whole. The proposals present a live opportunity that will bring demonstrable direct and indirect socio-economic benefits to MSP and the wider Corridor eco-system, leveraging MSP's advantages in terms of locational clustering with major knowledge and research institutions. Importantly, securing investment at MSP will strengthen Manchester's R&D capabilities and world leading reputation for life science and health innovation, catalysing the next phases of development at the park through clustering opportunities.

3.0 Draft 2022 Addendum

3.1 The strategic opportunity that has arisen for the site means the potential for increased quantum and height in this location. The proposals within the draft addendum comprise of the demolition of the existing Greenheys Building and two terraced houses to the north (one of which is vacant and the other occupied by a hot food takeaway). In the current context, the existing building has no specific architectural merit or historic value and does not fall within a Conservation Area. The building is largely vacant and its layout and floorspace quantum is also unable to meet the requirements of target occupiers for MSP and does not represent the best use of the site. It is therefore considered appropriate to redevelop the existing building and surface car park to deliver a world leading life science R&D facility in a key location within the Oxford Road Corridor. All existing tenants in the Greenheys Building will be offered alternative, more suitable accommodation within MSP.

3.2 A new six storey building of state-of-the-art office and lab space for R&D, life science, digital and technology businesses is proposed for the site. This builds on the successful delivery of City Labs 1.0 and 2.0 on the Oxford Road Corridor.

3.3 The proposals seek to deliver c. 133,000 sq ft, comprising of six occupiable floors and one plant level. Three floors will be for the new facility and three speculative office floors targeted at SMEs in the R&D, life science, digital and technology sectors in line with those that already occupy MSP. The space will comprise:

- Ground and Mezzanine: Health Research Resource, Laboratory Space, Reception and Back of House functions
- 1st Floor: Office and Laboratory Space
- 2nd – 4th Floor: Speculative Office / Laboratory Space
- 5th Floor: Plant Level

3.4 A key consideration for any future proposals will be to address the site wide objectives of the MSP SRF 2018 through following a contextual approach to the whole of the former MSP area, delivering high quality design and public realm, maintaining key connections, and directly supporting a coordinated approach to establishing a world-class science park. The proposals as set out in the addendum have been justified in the context of the direct contribution that will be made to the overall vision for MSP, the scale of strategic benefits that will be secured for the Oxford Road Corridor and benefits to the surrounding communities.

3.5 This addendum also updates the development principles across the framework area to reflect the Council's Green and Blue Infrastructure Strategy Refresh (2021-25) as well as Manchester's aim to be Net Zero by 2038.

4.0 Development Principles

General Framework Principles

4.1 Since the 2018 Framework Update was approved, a new emphasis has been placed on climate change, biodiversity and Ggreen and blue infrastructure. This addendum has therefore been updated to include the principles and approach to be taken within planning applications in this regard.

Place Making and Public Realm

4.2 This addendum will maintain the broader public realm strategy set out in the 2018 SRF. Completion of the Bright Building enabled delivery of the first phase of enhanced public realm for MSP and has provided high quality and functional open space, including enhanced pedestrian routes.

Climate change and Net Zero

4.3 It will be essential for future development proposals within the SRF area to positively contribute towards the City Council's target to achieve net zero carbon by 2028. Landowners will be required to produce an agreed Climate Change and Sustainability Action Plan that establishes energy reduction and carbon saving targets for future developments and commits landowners to achieving them as part of future development proposals.

Site Specific Principles – Greenheys Site

4.4 A key consideration for the future proposals will be to address the site wide objectives of the MSP SRF 2018 and seek to address any impacts on the local area and community. The strategic opportunity presented by the potential anchor tenant means there is potential for increased quantum and height to provide the best use of the site. The following development principles will apply to the site:

4.5 **Use and Massing**
The 2018 Framework considered a commercially-led, mixed use development to be appropriate on the site. The redevelopment of the Greenheys site as set out in this addendum creates an opportunity to accommodate a major facility with additional space for SME's. There is an opportunity for provision of additional height on the Greenheys site, above that identified within the indicative MSP masterplan. The scale and massing of building form should respond to its surrounding context and buildings, and the indicative proposals contained within the 2018 MSP SRF. Any proposed massing would also be required to be stepped-back from Greenheys Lane, consistent with the building line for the adjacent Base building to provide additional separation from the residential properties to the west.

The following matters will be taken into consideration at planning stage:

4.6 **Blue and Green Infrastructure**
The Manchester Green and Blue Infrastructure Strategy sets out objectives for environmental improvements within the city in relation to growth and development. Planning application proposals will be expected to be supported by a robust Green and Blue Infrastructure Statement which clearly demonstrates the measures taken to enhance the connections to and quality of those assets, in line with existing policy.

4.7 **Flood Risk and Surface Water Drainage**
This has been identified as a key issue which future developments across the framework area will need to address in a sustainable manner. Future development should highlight how the proposals will not increase flood risk and have an ambition of reducing the impact of increased surface water drainage on the sewer network. Early thought should be given by developers

to incorporating an overall strategy for sustainable surface water management within their developments.

4.8 **Biodiversity**
The refreshed Manchester Biodiversity Strategy (2022) focuses on the need to conserve, protect, and enhance biodiversity in the city for current and future generations. It will be necessary for a Biodiversity Survey to be undertaken prior to any proposed development commencing to establish the baseline and proposals should seek to deliver Biodiversity Net Gain (BNG).

4.9 **Environmental Considerations**
Early consideration of potential sunlight and daylight impacts, noise, air quality, highways and servicing, and privacy will be required.

4.10 **Public Realm:** Linking to established connections through MSP into the wider area will be important.

4.11 **Highways:** The development will need to consider connections to the existing public highway system and ensure it maintains safe, secure, and appropriate pedestrian access to Oxford Road Corridor.

4.12 **Servicing**: To be justified in respect of occupier specific operational requirements and a supporting servicing strategy that seeks to mitigate any impacts. Consideration also needs to be given to balancing the servicing needs with pedestrian/cycle movement through the site.

5.0 Strategic Benefits

5.1 The proposed relocation will allow the health research facility to benefit from the enhanced access to the established Oxford Road Corridor R&D ecosystem, and further strengthen the Corridor's cluster of excellence. The relocation proposals have direct support from the University of Manchester (UoM), in recognition of the opportunity this presents to build strong synergistic links with the science and research community. UoM researchers are now the most significant users of the proposed occupants in the North of England.

5.2 The accommodated uses are expected to be characterised by high-growth and high productivity, benefitting from a strategic location within MSP, co-location with similar companies, and proximity to assets along the Oxford Road Corridor. The effects of agglomeration, knock-on effects of consumer spending through the wages spent by employees, and additional spending in the supply chain by businesses accommodated onsite will provide a further boost to the local economy.

5.3 The proposed new archive and development hub at the Greenheys site will support a range of strategic and economic benefits including:

(a) Supporting academic advances in the Life Sciences sector;
(b) Supporting SMEs and start-ups;
(c) Driving clustering and agglomeration;

(d) Building on Manchester's research strengths;
(e) Raising Manchester's international profile; and
(f) Creating new talent and graduate employment opportunities.

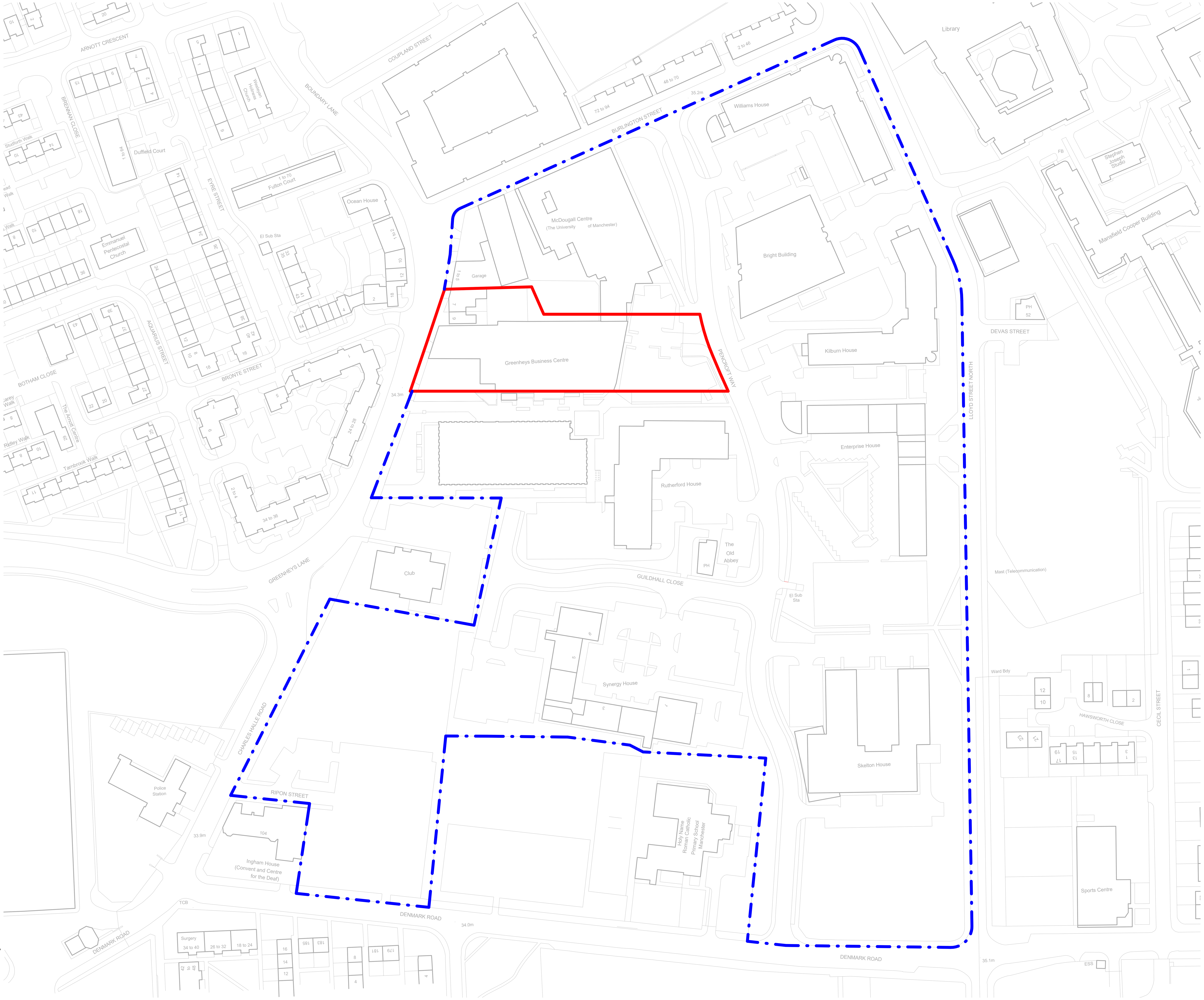
6.0 Conclusion

6.1 This addendum to the MSP SRF summarises the proposals for replacement of the redundant Greenheys building to create 133,000 sq ft of state-of-the-art office and laboratory space. The proposals capture a unique opportunity for an internationally significant research resource to locate in Manchester in a strategic location.

6.2 The addendum provides an update on principles for future development of the Greenheys site, to ensure this site can make the maximum contribution to growth in line with the most up to date climate change, biodiversity, green and blue infrastructure and sustainable transport policies.

6.3 The proposal delivers several wider strategic and economic benefits including supporting academic advances in the Life Sciences sector; supporting growth in number of SMEs and start-ups in the city; driving clustering and agglomeration; building on Manchester's research strengths; raising Manchester's international profile; and creating new talent and graduate employment opportunities. It represents an opportunity for the city to build upon the further development of its network of alliances and partnerships throughout the world.

6.3 Recommendations can be found at the front of this report.



SRF Addendum Boundary

MSP Boundary

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