



Executive

Date: Wednesday, 13 September 2023

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, Chambers, Douglas, Foley, Johnson, Leech, Lynch and Moran

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

- | | | |
|----|---|------------------------------|
| 5. | Revenue Monitoring to the end of July 2023 Report of the Deputy Chief Executive and City Treasurer attached | All Wards 3 - 32 |
| 8. | Manchester Piccadilly SRF Addendum: East Village Central Framework Report of the Strategic Director (Growth and Development) attached | Piccadilly 33 - 44 |

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 **08 September 2023** 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 – 13 September 2023

Subject: Revenue Monitoring to the end of July 2023

Report of: Deputy Chief Executive and City Treasurer

Purpose of the Report

The report outlines the projected outturn position for 2023/24, based on expenditure and income activity as at the end of July 2023 and future projections.

Recommendations

The Executive is requested to:

- (1) Note the global revenue monitoring report and forecast outturn position which is showing a £9.6m overspend.
 - (2) Approve budget virements to be reflected in the budget (para. 2.9).
 - (3) Approve the use of additional revenue grant funding (para. 2.10).
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Wards Affected: All

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

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| 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 £9.6m for 2023/24, based on activity to date and projected trends in income and expenditure, government funding confirmed to date and other changes.

This report focuses on 2023/24, however 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 2023
- Revenue monitoring at the end of May 2023 (P2) – Executive meeting 26 July 2023

1.0 Introduction

1.1 This report provides an overview of the Council's revenue budget position for 2023/24 which is forecast at an overspend of £9.6m.

2.0 Financial position 2023/24

2.1 The current budget monitoring forecast is an overspend of £9.6m. There are considerable risks to the position relating to the impact of rising demand and increasing costs. The main pressures are being felt in the social care budgets reflecting the national pressures in the health and social care sector and trends being experienced across most Social Care providing local authorities.

2.2 There is a £3.7m forecast overspend in Adult Social care which is largely in the provision of long term care arrangements. Demand is above the 2023/24 budget assumptions, notably for residential and nursing care for older people, homecare and on supported accommodation for people with learning disabilities and physical disabilities. Whilst strong progress on the approach to reduce demand through 'prevent, reduce and delay' is being made through the Better Outcomes Better Lives (BOBL) initiative, it is unlikely that the additional demand management savings (£5.5m) envisaged from client social care packages will be delivered. The overspend is in part offset by employee underspends across the Directorate due to difficulties in recruitment.

2.3 In July 2023 the Department of Health announced a supplement to the 2023/24 Market Sustainability and Improvement Fund Grant allocation to Manchester of £4.055m. This is now included in the position covering £0.864m specific financial support for the care home market to guarantee nursing beds, £0.5m for social work capacity for winter 2023, £2m for anticipated winter care requirements and the balance reflecting the current pressures in long term care including additional one to one and assessed need top up costs within residential and nursing care.

2.4 A response plan is in development through Manchester Local Care Organisation (MLCO) Finance Performance Steering Group, the outcomes of this to date are as follows:

- A full assessment of the state of the care market has been completed and options to support the care market are being developed;
- New business rules have been developed to provide a framework for use of one to one support in care homes; and
- Funding for a single cover pilot in homecare agreed and the pilot is being progressed at pace.

2.5 The forecast £4.9m overspend in Children's Services is after taking account of £3.9m of mitigations against key pressures. The underlying cost drivers relate to higher placement costs for Looked After Children (LAC) and Care Leavers Supported Accommodation, small increases in External Residential and Care Leaver placements numbers, Remand activity, and Home to School Transport pressures. The biggest pressure relates to external residential placements and increased complexity of need of the current cohort. Placement costs have

increased by 44% in the current financial year. Investment in provision for those children with higher levels of needs is underway as set out in the Children's Services Budget Report. Once this work is complete this should reduce some of the pressures on the external residential care budgets.

- 2.6 The main variations in the other service departments total £0.9m and are made up of overspends of £1.4m in Neighbourhood Services, due to an underachievement of income in Off Street Parking and markets and overspends in Parks, Leisure and Youth, and of £0.4m in the Corporate Core, mainly due to the additional costs of running the May 2023 Elections with the introduction of voter identification requirements. These are offset by underspends of £0.2m in Public Health, arising from vacant posts and maximising external funding; and £0.7m in Growth and Development due to increased rental income in the investment estate and planning fee income.
- 2.7 £25.2m of savings were agreed as part of the budget process. Of these £15.1m (60%) are on track for delivery, £1.5m (7%) are risk rated medium, and £8.5m (33%) rated high risk in terms of the likelihood of delivery. Officers are working to identify alternative savings where original plans may not be achieved or delayed. The red rated savings are in social care.
- 2.8 Full details about the key budget forecasts and variances by Directorate are provided at Appendix 1. The forecast position includes the recommended budget increases for additional funding and the allocation of inflation funding set out below for the consideration and approval of Executive.

Virements

- 2.9 The following budget virements are presented for approval
- The transfer of part year funding for Graduate Management trainees from HROD to directorates totalling £293k, service budgets have contributed as follows:
 - Adult Social Care- £55k
 - Children's- £55k
 - Corporate Core - £55k
 - Growth & Development - £55k
 - Neighbourhoods- £37k
 - Homelessness - £18k
 - Public Health - £18k

Additional Revenue Grants

- 2.10 Since the 2023/24 budget was approved there have been additional grant notifications which are now reflected in the revised budget as follows:
- Adults - Market Sustainability and improvement fund £4.055m– The Government is providing ringfenced funding from 2023-25 to improve and increase adult social care provision, with a particular focus on workforce pay, supporting workforce and capacity in the adult social care sector. This will help to ensure that appropriate short term and intermediate care is available

to reduce avoidable admissions and support discharge of patients from hospital when they are medically fit to leave.

- Corporate Core - Household Support Budget £12.906m. This is a fourth tranche of funding covering the financial year 2023/2024 to support households in the most need and who may not be eligible for any other current government support. HSF should be used to support households who need it most to receive vital support to meet essential household costs; in particular with food, clothing, energy and water bills.
- Libraries - Build a business in GM libraries - £0.601m. The funding is directed at improving support for start-up and newly formed businesses across Greater Manchester. Manchester is the lead authority. Being based in libraries enables engagement with a wide audience who may currently not seek business support from more formal methods.
- City Policy - Innovate UK Net Zero Pathfinder GM £86k 2023/24, £0.516m 24/25, £301k 25/26. The project will deliver additional capacity and expertise across multiple Council services, to further our work on delivery of the MCC Climate Change Action Plan (CCAP) and the Manchester Climate Change Framework.
- Corporate Core - Transparency Code New Burdens £13k. The income will be used to bring in third-party support on the development of new systems, tools and processes, adding capacity to out business-as-usual processes to move this on whilst keeping business-as-usual running.
- Housing - Tenant Satisfaction New Burdens £63k. This help meet our legal obligation in carrying out Tenant Satisfaction Measures and collating data to submit to the Regulator on an annual basis.

Budgets to be allocated - Inflationary funding

- 2.11 When the budget was set in February 2023 a total of £14.3m was identified for price and electricity inflation. £2.2m was allocated to Children's for internal placements, £0.5m to Education Home to School Transport and £2.7m to Adults as a contribution to market sustainability. At period 2 requests from Childrens services totalling £2.4m were agreed, mostly relating to fostering and residential placements.
- 2.12 This leaves £6.4m in the corporate price and utilities inflation budget for inflation pressures. This is held corporately and allocated in year once the costs are known and the business cases made. Additional inflation requests are currently being considered and will be brought back to a future Executive meeting for approval. At this stage it is envisioned the known increased costs can be contained within the available inflationary budgets made available for 2023/24 however this remains a risk.
- 2.13 Allowance for a 6% pay increase was allowed for in the budget costing an estimated £15.6m. In February the National Employers offered a £1,925 pay increase from 1 April 2023 and 3.88% for those above the top of the pay spine. The estimated budget requirement to fund this offer for MCC staff is £15.5m for 2023/24, and therefore within the available budget. Should any pay award above this level be agreed, this will exceed the current provision in the budget. A 1% increase in pay award would costs c£2.6m.

3.0 Conclusion

- 3.1 The current forecast is an overspend of £9.6m which reflects significant pressures in Long Term Adult Social Care and increased external residential costs for Looked After Children. It is very early in the financial year and vigilance is needed given there are significant uncertainties and risks to the position as cost of living and inflationary pressures could increase.
- 3.2 Any overspend this year will be a direct call on the General Fund reserve which would need to be reimbursed in future years. In addition any ongoing impact of the pressures faced this year will need to be addressed in the 2024/25 budget. It is therefore important mitigations are identified to bring forecast spend back in line with the available budget.

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Financial Year 2023/24 Period 4

Executive 13th September 2023

Appendix 1: Revenue Budget Monitoring Report

Executive Summary

- The Council is forecasting to overspend against its Revenue Budget for 2023/24 by £9.6m, an adverse movement of £0.9m since Period 2. The Council continues to face severe inflationary and cost price pressures, particularly in Adults and Children's Services. The Adults overspend is £3.7m, driven by a combination of non delivery of demand management savings in long term care placements and cost pressures, which have in part been mitigated by additional grant funding through the Market Sustainability funding announced in July. Children's are facing £4.9m of pressures due to increased External Residential costs, Home to School Transport demand, workforce and price pressures and overspends in Localities and Fostering workforce budgets. Neighbourhoods are forecasting an overspend of £1.4m in relation to shortfalls of income in markets and car parking as income levels have failed to recover since the pandemic and alternative locations for the Christmas markets have not replaced the losses incurred at Albert Square. Corporate Core is forecast to overspend by £407k predominantly due to the costs of the May elections and additional burdens of voter identification. These pressures are offset by smaller underspends in Growth and Development and Population Health.
- Overspending Directorates are working on recovery plans to mitigate pressures with an aim to reduce the size of the overspend by the end of the financial year.
- Planned total Directorate savings in 2023/24 total £25.2m. Of these £8.5m (34%) are high risk, £1.5m (6%) are medium risk and £15.1m (60%) are low risk in that they are on track to be achieved or mitigated. Work is ongoing to find alternative savings where original plans may not be achieved.

Table 1 – Forecast Outturn against Budget 2023/24

| Summary P4 | Original Budget | Gross Expenditure Budget | Gross Income Budget | Revised Budget | Outturn | Variance | Movement from last report (P2) |
|----------------------------------|------------------|--------------------------|---------------------|------------------|------------------|----------|--------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Total Available Resources | (745,218) | 0 | (764,793) | (764,793) | (764,677) | 116 | 116 |
| Total Corporate Budgets | 123,025 | 122,993 | 0 | 122,993 | 122,993 | 0 | 0 |
| Children's Services | 138,234 | 239,748 | (99,736) | 140,012 | 141,892 | 4,880 | 2,140 |
| Adult Social Care | 211,947 | 280,880 | (65,609) | 215,271 | 218,988 | 3,717 | (1,528) |
| Public Health | 41,955 | 56,826 | (13,435) | 43,391 | 43,220 | (171) | 99 |
| Neighbourhoods | 104,103 | 181,131 | (75,432) | 105,699 | 107,099 | 1,400 | 732 |
| Homelessness | 31,191 | 70,318 | (39,014) | 31,304 | 31,304 | 0 | 0 |

| | | | | | | | |
|--|----------------|------------------|--------------------|----------------|----------------|--------------|------------|
| Growth and Development | (9,733) | 41,252 | (50,865) | (9,613) | (10,326) | (713) | (562) |
| Corporate Core | 104,496 | 340,702 | (224,966) | 115,736 | 116,143 | 407 | (93) |
| Total Directorate Budgets | 622,193 | 1,210,857 | (569,057) | 641,800 | 651,320 | 9,520 | 788 |
| Total Use of Resources | 745,218 | 1,333,850 | (569,057) | 764,793 | 773,113 | 9,520 | 788 |
| Total forecast over / (under) spend | 0 | 1,333,850 | (1,333,850) | 0 | 9,636 | 9,636 | 904 |

Corporate Resources - £116k Underachievement

| Resources Available | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|----------------------------------|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Retained Business Rates | 0 | (297,929) | (297,929) | (297,929) | 0 | 0 |
| Business Rates Grants | 0 | (87,597) | (87,597) | (87,597) | 0 | 0 |
| Council Tax | 0 | (217,968) | (217,968) | (217,968) | 0 | 0 |
| Other Specific Grants | 0 | (143,538) | (143,538) | (1423,422) | 116 | 116 |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 |
| Use of Reserves | 0 | (17,761) | (17,761) | (17,761) | 0 | 0 |
| Fortuitous Income | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Corporate Resources | 0 | (764,793) | (764,793) | (764,677) | 116 | 116 |

Corporate Resources - Financial Headlines

- The underachievement of £116k due to a shortfall on expected waste rebate from GMCA due to the method of allocation.
- Business Rates Collection as at the end of July is 40.45% (excluding account credits) compared to 39.22% in 2022/23, 30.24% in 2021/22, 26.41% in 2020/21 and 37.55% in 2019/20 (pre pandemic comparator). This demonstrates a return to pre-pandemic collection rates with just 87.91% collected in-year in 2020/21.
- Council Tax Collection at end of July is 32.01% which compares to 31.74% in 2022/23, 32.56% in 2021/22, 31.74% in 2020/21 and 33.47% in 2019/20 (pre pandemic comparator).
- Invoices paid within 30 days is 93.86%, against the target of 95%.
- £4.926m (9.35%) of £52.681m of pursuable debt is over a year old and still to be recovered by the Council (as at end of May 2023).

Corporate Costs – Breakeven

| Planned Use of Resources | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|--------------------------|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Capital Charges | 39,507 | 0 | 39,507 | 39,507 | 0 | 0 |
| Insurance Charges | 2,004 | 0 | 2,004 | 2,004 | 0 | 0 |

| | | | | | | |
|--|----------------|----------|----------------|----------------|----------|----------|
| Transfer to Reserves | 10,334 | 0 | 10,334 | 10,334 | 0 | 0 |
| Contingency | 600 | 0 | 600 | 600 | 0 | 0 |
| Inflationary Budgets and Budgets to be Allocated | 22,034 | 0 | 22,034 | 22,034 | 0 | 0 |
| Apprentice Levy | 1,060 | 0 | 1,060 | 1,060 | 0 | 0 |
| Levies | 39,407 | 0 | 39,407 | 39,407 | 0 | 0 |
| Historic Pension Costs | 8,047 | 0 | 8,047 | 8,047 | 0 | 0 |
| Total Corporate Budgets | 122,993 | 0 | 122,993 | 122,993 | 0 | 0 |

Corporate Costs - Financial Headlines

- Budgets are on track at this stage in the financial year. The Consumer Prices Index (CPI) was 6.8% in the 12 months to July 2023, a reduction of 1.1% compared to June 2023. At this stage, it is expected price inflation can be contained within the inflation budgets available. Allowance has been made for the 23/24 pay award in line with the current employer's offer. Should this be settled at a higher level there will be a budget pressure.
- Historic pension payments are increased annually from April by the CPI % rate in September of the previous year. Usually, these costs reduce as the number of recipients fall throughout the year, however, any reductions in numbers are likely to be offset by the high increases in pension payments due to September 2022 CPI being 10.1%. This will be closely monitored throughout the year.

Children's Services - £4.880m overspend

| Childrens Social Care | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|---|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| LAC Placements | 55,568 | (6,452) | 49,116 | 52,816 | 3,700 | 1,181 |
| LAC Placements Service | 9,175 | (938) | 8,237 | 8,454 | 216 | 87 |
| Permanence and Leaving Care | 30,401 | (13,885) | 16,516 | 16,198 | (319) | 285 |
| Children Safeguarding Service Areas | 50,242 | (12,231) | 38,012 | 38,418 | 406 | 285 |
| Children's Safeguarding | 145,387 | (33,506) | 111,881 | 115,885 | 4,004 | 1,838 |
| Education Services | 72,714 | (65,267) | 7,447 | 7,409 | (38) | 20 |
| Home to School Transport | 14,144 | (321) | 13,823 | 14,664 | 841 | 192 |
| Targeted Youth Support Service | 848 | 0 | 848 | 816 | (32) | (33) |
| Education | 87,707 | (65,588) | 22,119 | 22,889 | 770 | 179 |
| Children's Strategic Management and Business Support | 6,655 | (642) | 6,012 | 6,118 | 105 | 123 |
| Total Young People (Children's and Education Services) | 239,748 | (99,736) | 140,012 | 144,892 | 4,880 | 2,140 |

Children's and Education Services - Financial Headlines

The overall gross budget totals £239.748m with a net budget totalling £140.012m, on top of this the Directorate is responsible for £364.871m Dedicated Schools Grant (DSG). The underlying forecast overspend is as a result of higher placement costs for Looked After Children (LAC), a shortfall in the UASC grant for the numbers now being accommodated, an overspend on Home

to School Transport and workforce pressures in Localities and Fostering. Over the last 13 months there has been a 71 drop in the numbers of LAC. The reduction in LAC numbers would have been greater if not for the increase in UASC which currently stands at 195 (14% of total LAC population). The current UASC numbers is 46% higher than November 22 partially explained by c.70 children coming from dispersal hotels. The financial pressures being faced by the service are predominantly cost driven with significant increases in the costs of placements, which have been impacted by higher national demand, increased complexity of care and high inflation.

As at Period 4 there is a projected year end overspend of £4.880m, this is after taking account of £3.884m mitigations against key pressures. There has been a movement of £2.140m since the last reporting period.

Key variances and changes since the last reporting period:

- £3.700m LAC placement overspend. Overall LAC placement numbers are 36 below budget. Despite decreasing overall numbers of non UASC looked after children there have been increasing numbers of children placed in external residential placements; 13 more external residential placements than budgeted. In particular due to external national market forces - lack of availability of placements and increasingly complex needs of the cohort. 45% of all LAC Placement now spent on external residential compared to 36% in 2019/20. Placement sufficiency an escalating national issue. Characterised with a lack of suitable placements, increasing numbers of children with complex needs and rising charges for residential places.
- The external residential placement budget is forecast to overspend if no mitigations take place by £10.893m. £4.053m of this pressure is due to there being 97 placements, 13 placements higher than budgeted for; £6.840m of the overspend is due to the average external residential weekly cost being 44% higher than what was budgeted for. This price increase has impacted on the achievement of the £3m Managing Demand saving.
- Fostering and Internal Residential and contingency budget underspends amount to £5.170m which has off-set part of the external residential pressures outlined above. The Directorate is undertaking mitigations actions to manage down this pressure amounting to £2.023m in this area. Namely: step downs, transitions plans that have been established with the high-cost placements and use of grant. The mitigation can be quantified by high cost step downs (£0.631m), delayed opening of Take Breath models (£242k) and one-off use of Resettlement grant (£1.150m)
- There has been little movement (£19k) in the position since the last reporting period.

| LAC Pressures and (mitigations) | £m |
|--|---------|
| External Residential Placements - additional 13 placements against budget | 4.053 |
| External Residential Placements – increase in unit costs by 44% to £xx per week on average | 6.840 |
| Fostering, Internal Residential and Contingency – reduction in number of placements | (5.170) |
| High cost placement step downs | (0.631) |
| Delayed Take and Breath role out | (0.242) |
| One off application of resettlement funding | (1.150) |
| Total LAC Overspend | 3.700 |

External Residential Placements and Unit Cost

- **£216k LAC placement services** overspend on staffing budgets in the Leaving Care Service and Fostering Service. Vacancies being filled by agency which is required to support a growing and stable workforce to ensure Fostering Caseworker caseloads remain at a safe and manageable level. There has been an adverse movement of £87k since the last reporting period due to delays in recruiting permanent staff.
- **£319k Permanence and Leaving Care placement** underspends, overall placements numbers are 956, 67 below budget and are helping to off-set LAC pressures outlined above. In addition to the permanence and leaving care placements there are currently 469 UASC and Care Leaver placements compared to a budget of 430. The current projection is after mitigation of £445k on supported accommodation placements review of over 18 years old and high cost placements.
- **£406k Safeguarding Service overspend.** It has been assumed that a £0.507m remand pressure will be offset by additional grant or reserves. The projection has moved £284k adversely since the last reporting period due to social work agency spend not reducing in line with what was previously estimated. The service is continuing to strengthen its recruitment and retention strategy to ensure increase permanency and stability across the service with planned reductions in agency personnel by December.
- **£38k Education Services underspend.** Attendance service pressures have been off-set by underspends elsewhere in the service, an adverse movement of £20k since the last reporting period.
- **£33k Targeted Youth Support Service contract underspend.**
- **£0.841m Home to Schools Transport pressure** have increased due to a combination of fuel prices, increased eligible children and a shortage in provision in the market pushing prices up. The service has been reviewed and is reshaping the service delivery. It is expected that the recommendations will enable the service to manage down the pressures. The forecast would have been £2.341m overspent had it not been for mitigation of £500k from grant income and £1m (one-off) additional budget that was agreed at budget setting. There has been a £192k adverse movement in Home to School Transport due to increases in route operators' costs and number of routes.
- **£105k Strategic Management and Business Support** overspend due to archiving pressures in Business Support this caused the £123k adverse movement since the last reporting period.

The Directorate's overarching budget strategy is based around cost avoidance, care planning, commissioning, and efficiency. The evidence indicates this continues to be the right approach in preventing children unnecessarily becoming LAC and entering high-cost placements. The investment programme has experienced delay predominantly due to external forces in the social care market and associated recruitment difficulties which are now likely to limit the in year impact of current plans and necessitating alternative mitigating approaches.

The rising costs of special educational needs transport and increase in demand for Home to School Transport are significant. The service expects that the improvement plan will help to reduce current pressures on an on-going basis and bring the budget back into balance.

Children's Services Dedicated Schools Grant - £1.417m overspend

| DSG (Dedicated Schools Grant) | Gross Annual Budget | Gross Projected Outturn | Variance from Budget | Movement from Last Report |
|-------------------------------|---------------------|-------------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 |
| Schools Block | 202,026 | 202,026 | 0 | - |
| Central Services Block | 3,824 | 3,824 | 0 | - |
| High Needs Block | 116,110 | 117,527 | 1,417 | - |
| Early Years Block | 41,494 | 41,494 | 0 | - |
| Total in-year | 363,454 | 364,871 | 1,417 | - |
| Transfer to Reserves | 1,417 | 0 | (1,417) | |
| DSG 2023/24 | 364,871 | 364,871 | 0 | |
| Reserve Balance | 0 | 1,417 | (1,417) | |
| Overall DSG position | 364,871 | 366,288 | (1,417) | |

*The DSG Budget is a ringfenced account and is not part of MCC's General Fund Budgets.

Dedicated School Grant (DSG) - Financial Headlines

Dedicated Schools Grant (DSG) in 2023/24 totals £674m, of which £309m is top sliced by the Department for Education (DfE) to pay for academy budgets leaving a £364.871m budget that is directly managed by the Council and its maintained schools. This includes additional grant funding provided for the high needs block (HNB) of £5m allocated by the DfE in recognition for schools cost pressures.

The high needs block before mitigating actions have been taken has £3.990m of pressures in four key areas: education health care plans (EHCP), education independent sector placements, inter authority placements and post 16. As at the end of July 2023 it is unlikely the high needs block recovery plan agreed by the service will be met in full, due to the length of time taken to drive through efficiencies, in an area where demographic pressures continue to drive demand. The recovery plan is now estimated to cover £3.990m of the in-year 2023/24 pressures, however, this will mean the service will be unable to recover the cumulative deficit brought forward from last financial year of £1.417m, which will remain and be carried forward into 2024/25.

At this stage in the year there are no indications that there will be variances in the other DSG blocks.

In the Northwest 77% of LAs have a DSG deficit. Manchester has the second lowest deficit in the region and is looking at the deficit remaining at the current level. Manchester has been asked to lead on a SEND change programme as it has been recognised that it has developed areas of good practise.

Adult Social Care / Manchester Local Care Organisation - £3.717m overspend

| Adult Social Care | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|---|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Long Term Care: | | | | | | |
| Older People/Physical Disability | 81,632 | (31,619) | 50,013 | 53,622 | 3,609 | (716) |
| Learning Disability | 67,719 | (6,165) | 61,554 | 64,431 | 2,877 | (154) |
| Mental Health | 30,364 | (5,887) | 24,477 | 26,329 | 1,852 | (256) |
| Disability Supported Accommodation Service | 19,347 | (2,645) | 16,702 | 18,250 | 1,548 | 794 |
| Investment funding | 8,774 | - | 8,774 | 7,055 | (1,719) | (1,718) |
| Subtotal | 207,836 | (46,316) | 161,520 | 169,687 | 8,167 | (2,050) |
| Short Term Care: | | | | | | - |
| Reablement/Short Term Intervention Team | 10,546 | (2,147) | 8,399 | 8,161 | (238) | (88) |
| Short Breaks/Respite/Day Centres/Neighbourhood Apartments | 5,648 | (314) | 5,334 | 5,528 | 194 | (3) |
| Equipment & Adaptations (inc TEC) | 7,502 | (2,307) | 5,195 | 4,951 | (244) | 56 |
| Carers/Voluntary Sector | 3,947 | (462) | 3,485 | 3,605 | 120 | 126 |
| Subtotal | 27,643 | (5,230) | 22,413 | 22,245 | (168) | 91 |
| Infrastructure and Back Office: | | | | | | - |
| Social Work Teams | 21,934 | (4,609) | 17,325 | 16,669 | (656) | 107 |
| Safeguarding/Emergency Duty | 5,014 | (1,127) | 3,887 | 4,083 | 196 | 78 |
| Brokerage/Care Home Teams | 1,587 | (159) | 1,428 | 1,376 | (52) | (54) |
| Management and support | 16,866 | (8,168) | 8,698 | 4,928 | (3,770) | 300 |
| Subtotal | 45,401 | (14,063) | 31,338 | 27,056 | (4,282) | 431 |
| Total ASC | 280,880 | (65,609) | 215,271 | 218,988 | 3,717 | (1,528) |

Adult Social Care - Financial Headlines

The forecast outturn based on information to the end of July is indicating an overspend of £3.7m. The long term care budget is forecast to overspend by £8.2m. This reflects c£10m of pressures detailed below, offset by £1m in recruitment slippage from the investment programme and use of £0.8m of the MSIF grant to support the care budget.

- It is not prudent to build in expectations on the delivery of the additional demand management savings (£5.5m) from client social care packages, due to a combination of demand and price pressures in the market
- £1m increase in homecare costs (5% growth in the year to date);
- £0.8m within Older People / Physical Disability residential and nursing care due to client number changes and increase additional support costs;

- £1.2m increases in personal budgets and;
- £1.5m DSAS reflecting increased placements in-house, agency spend profile and backdated 2022/23 agency costs.

The financial forecast on short term care is fairly stable (£0.2m underspend). The Long Term Care pressure is offset further through planned use of reserves £2m, £1.3m of funding identified from resetting the budgets for the Adult Discharge Fund, Better Care Fund and Investment programme and employee underspends across social work teams (£0.7m) and support services (£0.5m) together with a small pressure in safeguarding (£0.2m) bringing the overall position to £3.7m.

£4.055m of additional funding to support the care market and its workforce has been added to the cash limit. The funding has the same aspirations for its use and the equivalent conditions attached as the Market Sustainability and Improvement Fund. £2m has been set aside for winter planning, £0.5m for social work capacity, £0.9m for specific nursing care provision and the balance of £0.8m incorporated into the forecast position.

The Better Outcomes Better Lives (BOBL) Board is overseeing all programmes of work aimed at prevent, reduce and delay care costs. The BOBL programme remains the primary source of reducing spend whilst also helping citizens to achieve independence and better life outcomes, by 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 care offer and improved commissioning practices. Throughout 2022/23 the number of clients in >65 residential and nursing placements reduced from 839 at the start of the year to 698 at outturn. As at period 4, there are 718, with a number requiring additional 1-2-1 support. In addition to the increase in >65s, there is an additional 7 clients into external learning disability supported accommodation placements since outturn. Here, numbers have increased from 313 at period 9, 316 at outturn, to 326 at period 4. Some of these clients have transitioned from Children's Services on high-cost packages and further projected costs have been factored in based on joint analysis across children's and adults teams. Homecare commissioned hours are 5.5% up on the year to date following a 14% increase in 2022/23.

Key considerations include:

- Full delivery of the £4.142m savings target through increasing the vacancy factor on all staffing budgets, releasing £2.275m from the ASC reserve to smooth savings in year, a review of transport usage and re-financing of assessment posts to the DFG;
- £14.694m of funding is fully deployed to support the care market with a notable increase in fees, which also start to move towards a 'fair cost of care'. The ledger reflects £11.44m applied at Period 4;
- £4.055m of additional funding received by central government to support pressures across the care market from both a staffing and fees perspective is now included in the position covering £0.864m specific financial support for the care home market to guarantee nursing beds remain available to Manchester residents, £0.5m social work capacity for winter 2023, £2m towards anticipated increased winter care requirements and the balance reflecting the current pressures in long term care including additional one to one and assessed need top up costs within residential and nursing care;
- £2m of reserves agreed for support to the care market together with all remaining funding (£1.288m) not yet deployed is utilised to offset activity pressures and the demand management savings;

- The investment programme (£3.118m) agreed in the 2023/24 budget has been reviewed and based on recruitment timescales, it is now forecast that £2.118m will be spent in year with the balance supporting the overall financial position in year.

The key financial risks are:

- 2023/24 is the final year of the three-year BOBL savings programme with an agreed saving target of £8.977m to be delivered in 2023/24. £3.477m is achieved through prevent, reduce and delay approaches. The balance of £5.500m is to be delivered through specific additional demand management interventions. Key components notably mental health £1.5m and Learning Disability £2m are considered to be very high risk. The complex review team, once established, will provide an enhanced focus on high-cost packages. The current increase in client numbers on older people residential and nursing (+9) similarly signals an increase in risk on this aspect £1.5m (target is reduction of -42) and similarly homecare hours have increased (1,802 hrs pw) against a target reduction of 590 hrs pw, impacting on the delivery of £0.5m saving;
- Work with Children's Services is suggesting an increase in transitions packages during this year with potential for significant cost transfer (all confirmed and agreed package costs have been included in the forecast);
- The financial position on Disability Services Accommodation Service DSAS (£1.548m overspend) detailed below, reflects the impact of the uplift in agency costs from 2022/23 and recruitment slippage; and
- There is significant work underway to fully programme manage the delivery of the proposed saving programme ahead of 2024/25.
- Winter 2023 is a key risk with significant care market supply issues and all new funding already built into the position.

Long Term Care

The forecast position at P4 is an overspend of £8.167m on long term care. There are several pressures across all service areas, with increases in activity and at this stage, it is not considered prudent to build in expectations on the delivery of the demand management savings, resulting in the pressure. The long-term care budget has been reset to reflect outturn activity and average costs. The additional £4m received from central government to support the care market is reflected in the long-term care position, reducing the pressure considerably from Period 2.

The key pressures within long term care are £2.877m on learning disabilities, £3.095m on >65s residential and nursing provision, £1.852m on Mental Health services, £1.395m on >65s homecare provision and £1.548m on the in-house supported accommodation provision. As can be seen from the graphs below there is a jump in residential numbers, an increase in the numbers of clients in learning disability supported accommodation packages and an increase in the total of homecare hours commissioned. There is a further pressure on the D2A budget of £205k offset by underspends on < 65s residential and nursing provision. Further detail on each area is provided below. The pressures are being offset by £2m of reserves agreed for support to the care market together with all remaining funding (£1.288m) not yet deployed.

Short Term Care

The forecast outturn position on short term care at P4 is an underspend of £168k, a reduction in the underspend of £91k from period 2. This breaks down as an underspend on Reablement of £229k and Equipment of £309k due to a time-lag in filling vacancies, offset by a pressure on day centres of £102k, short breaks of £94k and other minor variations. The Reablement forecast reflects the increased vacancy factor (as per budget plan) and significant recruitment into roles.

The service is committed to filling all positions over the course of the year with the progress to date highlighted below. The equipment forecast expects the £500k saving as per the budget plan is achieved in full. It also reflects estimated start dates for additional recruitment from November. The pressures on the day centres and short breaks is coming from increased food costs and utility costs. The service are working with contractors to look at food supply costs.

Infrastructure and Back Office

The forecast outturn position at P4 is an underspend of £4.280m. The underspend on social work teams is £0.656m, comprising £561k on the hospital teams, £131k on specialist learning disability teams and a pressure across the INTs of £36k. The underspend confirms the challenges in recruiting and retaining qualified social workers, but progress is positive with increases in applications coming forward. Overall, this equates to 59.7FTE, of which 31.8 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 overspend on safeguarding (£0.196m) relates to the pressure on best interest assessments in relation to Deprivation of Liberty Standards, where external assessors are utilised. The forecast assumes spend on external assessors will be comparable to 22/23 spend levels, as staff vacancies persist in the service. Agency staff are deployed to cover essential roles resulting in a pressure of £144k. The use of agency staff to cover Emergency Duty rotas is resulting in a further pressure of £52k.

Management and support have a forecast underspend of £3.767m. This is primarily due to a £2m care support reserve and a £1.288m contingency to mitigate the demand management saving being held centrally pending progress in the year. Therefore, as a Period 4 the following assumptions are incorporated into the forecast:

- £2m from reserves to support the care market, £1.288m of funding held as a contingency to mitigate the demand management savings;
- £258k control room and other commissioning vacancies;
- An underspend on Business Support of £176k due to challenges across the recruitment market; and
- An underspend of £45k across back office and strategic management areas.

Public Health - £171k underspend

| Public Health | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|------------------------|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Children's: | | | | | | |
| Health Visitors | 11,164 | 0 | 11,164 | 11,164 | - | - |
| Schools Health Service | 4,145 | 0 | 4,145 | 4,145 | - | - |
| Other Children's | 415 | 0 | 415 | 415 | - | - |
| Sub Total | 15,724 | - | 15,724 | 15,724 | - | - |
| Wellbeing: | | | | | | |

| | | | | | | |
|---|---------------|-----------------|---------------|---------------|--------------|--------------|
| Be Well Service | 2,920 | (1,337) | 1,583 | 1,584 | 1 | 1 |
| Weight Management | 599 | 0 | 599 | 599 | - | - |
| Smoking Prevention | 812 | (242) | 570 | 570 | - | - |
| Falls Service | 768 | 0 | 768 | 768 | - | - |
| Other Wellbeing | 2,759 | (668) | 2,091 | 2,090 | (1) | (237) |
| Sub Total | 7,858 | (2,247) | 5,611 | 5,611 | - | (236) |
| Drug & Alcohol Services: | | | | | | |
| Integrated Treat & Support Service | 10,156 | (3,224) | 6,932 | 6,980 | 48 | 4 |
| In-patient Detox & Residen Rehab | 944 | 0 | 944 | 944 | - | - |
| Young People Services | 652 | 0 | 652 | 652 | - | - |
| Other Drug & Alcohol | 736 | 0 | 736 | 736 | - | (46) |
| Sub Total | 12,488 | (3,224) | 9,264 | 9,312 | 48 | (42) |
| Sexual Health Services: | | | | | | |
| Sexual Health | 7,216 | (829) | 6,387 | 6,285 | (102) | (102) |
| HIV | 1,227 | 0 | 1,227 | 1,227 | - | - |
| Other Sexual Health | 1,599 | (192) | 1,407 | 1,408 | 1 | 1 |
| Sub Total | 10,042 | (1,021) | 9,021 | 8,920 | (101) | (101) |
| Making Manchester Fairer: | | | | | | |
| COVID Health Equity Manchester | 410 | | 410 | 770 | 360 | 361 |
| Sub Total | 410 | - | 410 | 770 | 360 | 361 |
| Other Staffing, Mng & Support: | | | | | | |
| Core Staffing | 3,638 | (929) | 2,709 | 2,286 | (423) | 172 |
| Locality budget | 2,355 | (2,355) | 0 | -11 | (11) | (11) |
| Other | 2,482 | (1,830) | 652 | 608 | (44) | (44) |
| Sub Total | 8,475 | (5,114) | 3,361 | 2,883 | (478) | 117 |
| Total Public Health | 54,997 | (11,606) | 43,391 | 43,220 | (171) | 99 |

Public Health - Financial Headlines

- Public Health have a £171k forecast underspend at year end. This is a reduction in the underspend of £99k from period 2. Savings of £0.730m have been achieved in full.
- There are underspends across the staffing budgets of £0.466m due to vacant posts and the maximisation of external funding, and underspends on other indirect staffing costs. The specialist nature of roles results in an extended timeline for any recruitment. The forecast allows for posts to be filled from October.
- The children's services and health visitor budgets shown above reflect contracting arrangements with health partners and are forecast to spend to budget.
- Drugs and alcohol support budgets - there is an increase in dispensing costs generating a pressure of £48k.
- Sexual health contracts have an underspend of £101k, reflecting additional income from partners for outreach work. All block contracts forecast to budget at this point in the year. Nationally and locally demand for these services is increasing and this will be closely monitored in the coming months.
- The coming year will present several challenges and opportunities for Public Health as the service look to develop and embed the Making Manchester Fairer (MMF) programme and exit the intensity of the Covid-19 pressure. The MMF programme (included in the Wellbeing

section above) has a budget of £2.989m (reserves funded) and commitments of £2.1m already in progress. Procurement processes are underway with significant spend expected in the final quarter of the year and into 2024/25. Further updates on this will be provided to the MMF Board throughout the year. Spend incurred on the early kickstarter schemes will transfer across to Public Health in the coming months. In addition to the above, work is progressing at pace to utilise the CHEM (Community Health Equity Funding) funding with £120k distributed to partner organisations to date. Demands for further funds will be met from the Public Health reserve subject to appropriate approvals. There is a pressure on the MCR Active programme which supports the overall wellbeing agenda, with this spend being offset by service underspends elsewhere.

- Negotiations with Health partners regarding 'Agenda for Change' health staff pay uplifts is continuing. The wider national negotiations confirm central government funding into ICBs to cover Agenda for Change increases. The forecast position assumes all increases will be funded in full.

Neighbourhoods - £1.4m forecast overspend

| Neighbourhoods | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|--|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Compliance and Community Safety | 16,559 | (5,350) | 11,209 | 10,709 | (500) | 0 |
| Libraries, Galleries and Culture | 13,784 | (3,829) | 9,955 | 9,692 | (263) | 50 |
| Neighbourhood Area Teams | 6,254 | (431) | 5,823 | 5,823 | 0 | 0 |
| Neighbourhood Management and Directorate Support | 1,376 | (70) | 1,306 | 1,304 | (2) | (21) |
| Operations and Commissioning | 90,243 | (42,751) | 47,492 | 48,907 | 1,367 | 703 |
| Other Neighbourhood Services | 1,349 | (1,203) | 146 | 146 | 0 | 0 |
| Parks, Leisure, Events and Youth | 22,195 | (13,008) | 9,187 | 10,149 | 798 | 0 |
| SUB TOTAL | 151,760 | (66,642) | 85,118 | 86,682 | 1,400 | 732 |
| Highways | 27,260 | (6,679) | 20,581 | 20,581 | 0 | 0 |
| Operational Housing | 2,111 | (2,111) | 0 | 0 | 0 | 0 |
| SUMMARY TOTAL | 181,131 | (75,432) | 105,699 | 107,263 | 1,400 | 732 |

Neighbourhoods - Financial Headlines

Neighbourhood Services – are currently forecasting a £1.4m overspend, this is mainly due to ongoing pressures in markets due to the reduced income from Christmas markets, increased costs in Parks, Leisure and Youth due to loss of income whilst refurbishment is undertaken and increased costs because of step in arrangements. The pressures are partially offset by staffing underspends in Libraries, Compliance and Community safety and higher than forecast income in

advertising and bereavements. There is an adverse movement for Operations and Commissioning which is due to an underachievement of income in Off Street Parking.

- **Compliance and Community Safety** - £0.5m underspend is mainly due to net forecasted staffing underspends. The service has recently completed a service redesign, all vacant posts have either been recruited to or are in the process of being recruited to. There are currently 15 vacant posts but due to time taken to obtain necessary police vetting requirements it is assumed that these will only be filled from January 2024.
- **Libraries, Galleries and Culture** – £263k underspend due to vacant posts, the current underspend reflects the vacancies and expected turnover in posts, the time taken to recruit, appoint and get people into post. This is a reduction in the forecast underspend of £50k from the previous position, £20k of which relates to costs for the relocation of Northenden Library to St Wilfred’s Church where capital funding was requested but was not supported.
- **Operations and Commissioning** - £1.367m overspend – largely due to income shortfalls for Markets and a shortfall in income from Off Street Parking, offset by over achievement of income on Advertising and Other Business Units. £1m shortfall in Christmas Markets due to the unavailability of Albert Square. The losses due to closure are time limited and whilst it is anticipated that Albert Square will reopen the date is unclear and the pressure may continue in 2024.
 - Advertising over achievement of income of £287k, due to an annual inflationary uplift that was higher than what was reflected in the budget and increased revenue share, based on the annual performance of each site. Other Business Units £168k underspend linked to higher than forecast income in bereavement Services.
 - Wholesale, Retail & City Centre Markets, £103k underachievement of income, the main pressures are, markets not achieving the forecast income because of ongoing lower footfalls post Covid, exacerbated by the ongoing cost of living crisis and economic uncertainty, Sunday Market Car Boot (£75k) and Church Street (£28k), at Church Street 4 of the 11 units are vacant, these units will not be filled due to the intention to redevelop the market site, with traders offered alternative trading space.
 - Off St Parking – £0.703m overspend. The income for the first quarter of the year is below the profiled budget, and whilst period 4 has increased it is too early to assess if this increase will continue. There has been a reduction in the number of users directly impacting on income particularly in the larger multi storey car parks. Work is being undertaken to review the impact of the Early Bird Offer on projected income, and volume of users in our multi storey car parks, particularly following infrastructure changes across the city to reduce volume of traffic in the Centre.
 - There are several inflationary pressures, these include £273k increased NSL costs following the recent procurement exercise and £265k in relation to Piccadilly Gardens rents, Biffa charges and costs of business Rates. A submission has been made against the corporate inflation budget.
 - The workforce underspend in Grounds Maintenance is being offset by the use of contractors and the forecast position at year end is breakeven.
- **Parks, Leisure, Events and Youth** - £0.798m overspend due to £0.540m Leisure overspend from income losses at the Manchester Aquatic Centre (MAC) car park and Abraham Moss (both of which had been closed and undergoing major refurbishment, but have now reopened), along with the additional costs 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 MAC shortfall is time limited and is forecast to recover now that the facilities have reopened. Further work is

required to understand the full effect of the pandemic and ongoing cost of living crisis on the usage of both centres.

- Events £50k overspend. The MCFC parade took place in June 2023 with a cost of £50k incurred for fan safety along the route. There is a £100k risk around commercial income and sponsorship for events against a budget of £0.5m, but this will continue to be monitored on an ongoing basis and work will continue to identify additional commercial opportunities to offset any shortfall in income.
- Youth Services is forecasted to overspend by £208k due to additional costs of support for Wythenshawe Active Lifestyle Centre where MCC have stepped in to provide additional support to maintain provision at the site.
- **Highways** Breakeven, the £461k workforce underspend has been reinvested into the highway capital programme.
- **Operational Housing** – although this is a net nil to Neighbourhoods mainstream budgets there is a pressure on the Equans repairs and maintenance contract which is covered in the HRA report below.

Homelessness - forecast Breakeven

| Homelessness | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|--|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Asylum | 677 | (617) | 60 | 51 | (9) | 0 |
| B&B's (Room only) | 7,037 | (3,122) | 3,915 | 2,960 | (955) | 0 |
| Dispersed & Leasing Accommodation | 30,575 | (17,729) | 12,846 | 12,846 | 0 | 0 |
| Externally Commissioned Services | 12,008 | (3,937) | 8,071 | 8,071 | 0 | 0 |
| Homelessness Prevention Staffing & Move On | 9,492 | (5,736) | 3,756 | 4,263 | 507 | 0 |
| In House Accommodation | 7,782 | (5,126) | 2,656 | 3,113 | 457 | 0 |
| Total | 67,571 | (36,267) | 31,304 | 31,304 | 0 | 0 |

Homelessness - Financial Headlines

The forecast outturn is showing a breakeven position. Although there are potential pressures in Homelessness the number of families in B&B accommodation has reduced significantly, the reduction is a result of considerable work which has been undertaken to find alternative settled accommodation for those in B&B and to increase prevention, so that new presentations to the Council do not require Temporary Accommodation. This reduction contrasts with other LA's where Temporary Accommodation numbers are increasing to levels not seen previously. The decrease in numbers is attributable to the intensive assertive individualised approach, a new off-the-street accommodation offer and increased partnership working to address systematic barriers and gaps between services as people require additional mental health and drug and alcohol support to sustain accommodation.

Overview of main cost drivers in Homelessness:

B&B Room Only. An underspend of £0.955m is forecast based on the numbers in B&B accommodation at the end of July 2023, this was 5 families and 220 singles. It is anticipated that the routine use of B&B accommodation for families in Manchester has now ended which is a fantastic achievement for the city. The base budget is based on 10 families and 228 singles per night. Significant work is progressing as part of the budget setting process for future years to understand the level of funding required to support the sustained reduction in B&B use, in the form of additional support for residents to remain in current accommodation as part of the Private Rented Sector offer for families as well as cheaper and more suitable accommodation that B&B for singles with Complex needs.

Dispersed Accommodation and Leasing. Balanced budget. A key component of the reduction in B&B and Nightly Paid is the development of Leasing schemes over the next 5 years, funding secured from DLUHC and GMCA as detailed in the Budget Report. The Leasing schemes are an agreement between the Council and Private Providers to provide private rented properties as temporary accommodation for a period of 5 years, meaning the Council can offer a level of stability until they are rehoused permanently.

Homelessness Prevention Staffing and Move On, £0.507m overspend, a key focus of the service is to increase the prevention of homelessness. Managers in Housing Solutions are working through an intensive four-week case review period with Housing Solutions Officers to review all open homeless cases. The case reviews are an opportunity to maximise prevention opportunities by reviewing the current situation and put in place innovative and creative solutions. Officers are supported with good practice and direction on cases which can be closed through effective interventions. Case reviews to date have led to a reduction of open cases from 1,721 at the start of April to c1,300 at the end of July. Case review activity will continue at the end of the intensive four-week period with a shift towards new cases. The impact of the case reviews will be the ongoing reduction in referrals to temporary accommodation because of the early identification of opportunities to prevent homelessness. As the expenditure in B&B's reduces Homelessness would seek approval to vire budgets from B&B to Prevention to mainstream this approach into the service. The change to the allocations policy enabling people to retain their Band 2 status on Manchester Move if they accept a PRS offer or if they are homeless at home. There has been a change in approach by the Private Rented Sector team to move people on quickly to the right accommodation direct from their presenting accommodation or a B&B setting, thereby avoiding the need to use temporary accommodation. There has also been a focus placed on prevention which has resulted in less people needing emergency accommodation.

In House Accommodation, a forecast overspend of £457k due to the proposed continuation of Etrop Grange in 2023/24. Etrop Grange was opened at the beginning of October 2022, initially to increase the availability of accommodation during the winter period. It provides 69 single unit rooms to people who are sleeping rough on the streets. Referrals are made via outreach services for people who are confirmed and verified as sleeping on the streets. Due to the success of Etrop, officers are looking to continue the accommodation until March 2024, providing an off the street offer over the winter period. Both DLUHC and GMCA are supportive of the off the street offer at Etrop and are working with MCC to identify a longer-term offer, DLUHC

have funded £337k in year on the basis that this offer will continue. This provision is a key driver in the reduction in rough sleeper numbers in the city, while Manchester's number of rough sleepers are decreasing many other areas are facing an increase. If this provision was to cease the impact on B&B placements would be a cost of c£1m per annum.

Resettlement Funding. Currently, there are 3 main cohorts who are being provided with support in the city. These are, the Afghanistan Resettlement Service, provided by the Council on behalf of the Home Office. The Ukraine Support Service, provided by the Council on behalf of the Department for Levelling Up, Homes and Communities (DLUHC). The Asylum Service, consisting of both contingency hotel and dispersed property accommodation, provided by Serco on behalf of the Home Office. Work is ongoing with the Home Office and DLUHC to understand the impact of recent government announcements to end the use of Bridging Hotels in cities such as Manchester and to move both Afghan and Ukrainian families into longer term accommodation with support. Funding available will be driven by the numbers who remain in Manchester, work is ongoing with families to assess what is affordable to them both in the short and long term.

Housing delivery and Housing Revenue Account (HRA)

| HRA | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|--|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Housing Rents | 0 | (67,556) | (67,556) | (67,646) | (90) | (90) |
| Heating Income | 0 | (1,736) | (1,736) | (1,437) | 299 | 299 |
| PFI Credit | 0 | (23,374) | (23,374) | (23,374) | 0 | 0 |
| Other Income | 0 | (2,037) | (2,037) | (2,583) | (546) | 0 |
| Funding from General/MRR Reserves | 0 | (22,808) | (22,808) | (22,808) | 0 | 0 |
| Total Income | 0 | (117,511) | (117,511) | (117,848) | (337) | 209 |
| Operational Housing R&M & Management Fee | 31,620 | 0 | 31,620 | 37,869 | 6,249 | 2,352 |
| PFI Contractor Payments | 34,212 | 0 | 34,212 | 34,048 | (164) | (386) |
| Communal Heating | 2,889 | 0 | 2,889 | 1,593 | (1,296) | (1,296) |
| Supervision and Management | 8,929 | 0 | 8,929 | 6,958 | (1,971) | (109) |
| Contribution to Bad Debts | 679 | 0 | 679 | 679 | 0 | 0 |
| Depreciation | 23,620 | 0 | 23,620 | 23,620 | 0 | 0 |
| Other Expenditure | 980 | 0 | 980 | 980 | 0 | 0 |
| RCCO | 11,880 | 0 | 11,880 | 8,839 | (3,041) | (10,305) |
| Interest Payable and similar charges | 2,702 | 0 | 2,702 | 2,702 | 0 | 0 |
| Total Expenditure | 117,511 | 0 | 117,511 | 117,288 | (223) | (9,744) |

| | | | | | | |
|------------------|----------------|------------------|----------|--------------|--------------|----------------|
| Total HRA | 117,511 | (117,511) | 0 | (560) | (560) | (9,535) |
|------------------|----------------|------------------|----------|--------------|--------------|----------------|

| Movement in General/MRR Reserves | Opening Balance | Budgeted Adjustment | Forecast Closing Balance | Revised Forecast Closing Balance |
|---|------------------------|----------------------------|---------------------------------|---|
| | 67,927 | (22,808) | 45,119 | 45,679 |

Housing Revenue Account - Financial Headlines

The approved 2023/24 HRA budget is a gross c.£117m and this includes £32.5m contribution towards the capital programme of £60.4m, with the HRA currently forecasting an underspend of £0.560m. This is a significant improvement on the position reported at P2 and this is mainly due to reviewing how the capital programme is funded and maximising use of other sources of funding, including capital receipts. The overall £0.560m underspend is made up of:

Overspends of £6.548m:

- The management and maintenance costs have an overspend of £6.249m. This is due to c£4.689m higher than budget repairs and maintenance costs, including projected overspends on the Equans contract of c£3.591m this is because of surplus carry costs, and additional works in respect of damp and mould and fire risk assessments and contract inflation being higher than budget. Non Equans associated maintenance are currently forecast to be around £1.098m above budget, this is mainly due to the increased number of disrepair claims. There is also a c£1.224m overspend in management costs including £400k for increased legal costs, £300k revised recruitment assumptions and £200k for increased agency costs, and £336k relating to Intensive Housing Charges which is an addition to the HRA budget.

Offset by Underspends of £7.108m:

- Housing rents are forecast to be £90k higher than budget, this is due to a reduced number of right to buy sales.
- Other Income is anticipated to be £0.546m higher than budget because of the interest received on balances, due to the increase in the interest rates which is projected to continue for the year.
- PFI contractor payments – whilst the inflationary uplift was higher than allowed for in the budget, this has now been offset by reduced expenditure because of contract variations. The PFI are forecast to be £164k less than budget.
- Additional budget was provided for Communal Heating in 2023/24 because of the significant increase in energy costs during 2022/23. As a result of falling gas prices during 2023/24 the communal heating schemes costs are c£1.296m lower than the increased budget – a review has been undertaken of the gas prices to tenants and this is being discussed with Executive member.
- Supervision and Management budgets originally included c.£1.9m for PFI Sprinkler works, but these have now been allowed for within the capital programme, so the budget is not required in 2023/24.
- Revenue contribution to capital has been revised after reviewing the available capital receipts, this has led to a £3.041m favourable variance in the current financial year.

Growth and Development – £0.713m Forecast Underspend

| Growth & Development | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|---|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Investment Estate | 9,544 | (23,345) | (13,801) | (14,137) | (336) | (336) |
| Manchester Creative Digital Assets Ltd (MCDA) | 1,609 | (1,609) | 0 | 219 | 219 | 163 |
| Growth & Development | 305 | (200) | 105 | 105 | 0 | 0 |
| City Centre Regeneration | 2,361 | (907) | 1,454 | 1,227 | (227) | (20) |
| Strategic Housing | 3,244 | (2,458) | 786 | 786 | 0 | 0 |
| Major Regeneration | 1,503 | (960) | 543 | 513 | (30) | (30) |
| Planning | 4,770 | (4,873) | (103) | (445) | (342) | (342) |
| Building Control | 1,329 | (1,162) | 167 | 217 | 50 | 50 |
| Licensing | 3,100 | (3,796) | (696) | (696) | 0 | 0 |
| Work & Skills | 1,999 | (67) | 1,932 | 1,885 | (47) | (47) |
| Manchester Adult Education Service (MAES) | 9,274 | (9,274) | 0 | 0 | 0 | 0 |
| Our Town Hall Project | 2,214 | (2,214) | 0 | 0 | 0 | 0 |
| Total Growth & Development | 41,252 | (50,865) | (9,613) | (10,326) | (713) | (562) |

Growth and Development - Financial Headlines

- Investment Estate – £0.336m underspend** – Whilst there are a number of pressures across the estate, which includes Arndale Centre (£380k) due to reduced income because of business rates liability on vacant units, former Barclays Computer centre in Wythenshawe (£157k) due to vacant units, and additional costs of £263k for works required to support the annual accounts asset valuations. These are offset by higher than forecast income on a number of sites, including Roundthorn and Sharston industrial estates (£340k), general let land (£318k), car parks (£296k) and other smaller variations (£182k) across the estate. Work is ongoing to review all assets, and in particular to ensure that rent reviews are reflected as part of the future budget projections.
- MCDA (Manchester Creative Digital Assets) – £219k overspend** – Work is ongoing to evaluate options around disposing of Space studios and it is likely that the disposal will take place later this year. The current forecast for MCDA is a £219k overspend, and this is mainly due to lower than forecast income at Arbeta due to vacant space and reduced income at Space due to reduced filming activity because of the actors and screenwriters strike in America. Agents have been engaged to market the vacant units.
- City Centre Regeneration - £227k underspend** - As part of the 2023/24 budget growth of £300k was approved to support establishing the new infrastructure delivery team, the recruitment to the team has been delayed and the £227k relates to savings against this specific budget. The head of service post has been recruited too, and further recruitment to the team is underway.
- Major Regeneration** are forecasting a small underspend of £30k due to a number of vacant positions.

- **Planning - £342k underspend** – the budget is funded wholly from planning fee income, due to the ongoing buoyant development market in Manchester planning fee income is higher than forecast and this is the main factor behind the £342k underspend.
- **Building Control** – £50k overspend due to lower than forecast income.
- **Work and Skills** - £47k underspend due to a combination of staff savings because of vacant posts and savings against project activity. The team are reviewing the in year project activity and additional activity could lead to a call against the underspend if activity can be developed and implemented in the current financial year.
- **MAES** – IS 100% grant funded with funding being based on learning outcomes, in the current year grant income is c£140k higher than budget and this has been used to fund forecast pay awards and reduced the budgeted call on reserves of £53k. It is forecast that the MAES ringfenced reserve will have a balance of c£1.505m at year end.

Corporate Core - £407k forecast overspend

| Chief Executives | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|--|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Coroners and Registrars | 3,778 | (1,426) | 2,352 | 2,152 | (200) | (100) |
| Elections | 1,577 | (305) | 1,272 | 1,872 | 600 | - |
| Legal Services | 18,123 | (7,863) | 10,260 | 10,711 | 451 | 201 |
| Communications | 4,419 | (1,012) | 3,407 | 3,407 | - | - |
| Executive | 1,040 | 0 | 1,040 | 1,040 | - | - |
| Legal, Comms, Democratic and Statutory Sub Total | 28,937 | (10,606) | 18,331 | 19,182 | 851 | 101 |
| Policy, Performance and Reform | 18,755 | (3,661) | 15,094 | 15,074 | (20) | (70) |
| Corporate Items | 1,345 | (130) | 1,215 | 1,215 | - | - |
| Chief Executives Total | 49,037 | (14,397) | 34,640 | 35,471 | 831 | 31 |

| Corporate Services | Gross Expenditure Budget | Gross Income Budget | Net Annual Budget | Projected Outturn | Variance from Budget | Movement from Last Report |
|--|--------------------------|---------------------|-------------------|-------------------|----------------------|---------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Finance, Procurement and Commercial Governance | 10,467 | (2,507) | 7,960 | 7,835 | (125) | - |
| Customer Services and Transactions | 230,304 | (202,295) | 28,009 | 28,009 | - | - |
| ICT | 16,125 | 0 | 16,125 | 16,125 | - | - |
| Human Resources/ Organisational Development (HR/OD). | 5,869 | (825) | 5,044 | 5,044 | - | - |
| Audit, Risk and Resilience | 1,881 | (183) | 1,698 | 1,476 | (222) | (47) |

| | | | | | | |
|--|----------------|------------------|----------------|----------------|--------------|--------------|
| Capital Programmes, Operational Property and Facilities Management | 27,019 | (4,759) | 22,260 | 22,183 | (77) | (77) |
| Corporate Services Total | 291,665 | (210,569) | 81,096 | 80,672 | (424) | (124) |
| Total Corporate Core | 340,702 | (224,966) | 115,736 | 116,143 | 407 | (93) |

Corporate Core - Financial Headlines

Corporate Core is projected to be £407k overspent and the key variances relate to: -

- Coroners and Registrars £200k underspend due to the projected overachievement of income of £237k, mainly in relation to increased numbers of weddings and citizenship ceremonies, reduced by £37k staffing pressures within Coroners.
- Elections £0.6m overspend due to additional costs for the requirements of the 2022 Election for voter ID and accessibility
- Legal Services £451k overspend, mainly due to reduced external income due to a reduced level of service provision to Salford Council £330k, reduced internal income in Regeneration £185k and externalising Children's services legal work £251k which is partly reduced by £315k underspend on employee budgets as the service has faced challenges recruiting to vacancies. It also includes £1m overspend in relation to children's services legal costs which has been funded by a transfer from reserves in 2023/24 as approved by Executive on the 22 July 2022. The service has commenced its plan around a recruitment drive to reduce external costs and fill vacancies to mitigate this going forward.
- City Policy, Performance and Reform & Innovation £20k underspend - there is reduced income on project activity £134k as there has been a loss of European funding and access to other funding does not cover staffing costs at 100% and an overspend on running costs of £88k mainly due to licenses. This is offset by employee underspends of £242k due to vacancies.
- Finance, Procurement and Commercial Governance £125k underspend due to underspend on employee budgets.
- Audit, Risk and Resilience £222k underspend due to underspend on employee budgets including the workplace adjustment hub. The plan for the workplace adjustment hub has been approved and recruitment has commenced, the underspend is a result of the timing of the recruitment
- Capital Programmes, Operational Property and Facilities Management £77k underspend. There is £300k underspend on employee budgets offset by pressures in Facilities Management mainly Lloyd Street toilets.

Savings Achievement - £25.2m target

The savings target is made up of:

- Savings agreed for 2023/24 as part of prior year's budget setting £9.781m
- Savings agreed for 2023/24 as part of the 2023/24 Budget setting process total £15.396m

| | Agreed in Prior years | 2023/24 Budget Setting | Total 2023/24 Savings | Green - (Achieved & Mitigated) | Amber | Red |
|-----------------------------|-----------------------|------------------------|-----------------------|--------------------------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Adult Social Care | 8,977 | 4,142 | 13,119 | 7,469 | 150 | 5,500 |
| Children's Services | 100 | 4,411 | 4,511 | 1,464 | 47 | 3,000 |
| Corporate Core | 304 | 3,365 | 3,669 | 3,669 | 0 | 0 |
| Growth and Development | 300 | 959 | 1,259 | 1,259 | 0 | 0 |
| Homelessness | 0 | 1,244 | 1,244 | 0 | 1,244 | 0 |
| Public Health | 0 | 730 | 730 | 730 | 0 | 0 |
| Neighbourhoods | 100 | 545 | 645 | 558 | 87 | 0 |
| Total Budget Savings | 9,781 | 15,396 | 25,177 | 15,149 | 1,528 | 8,500 |

- £8.500m of the target is considered high risk on non-achievement. This relates to:
 - Children's £3m from reducing demand in Looked After Children services. There is considerable pressure on External Placement costs as set out earlier in this report.
 - Adults - 2023/24 is the final year of the three-year BOBL savings programme with an agreed saving target of £8.977m to be delivered in 2023/24. £3.477m is achieved through prevent, reduce and delay approaches. The balance of £5.500m is to be delivered through specific additional demand management interventions which are currently assessed as high risk

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**Manchester City Council
Report for Resolution**

Report to: The Executive – 13 September 2023

Subject: Manchester Piccadilly SRF Addendum: East Village Central Framework

Report of: Strategic Director (Growth & Development)

Summary

This report informs the Executive of the outcome of a public consultation exercise with residents, businesses and stakeholders, on the draft East Village Central Framework. This is an addendum to the Manchester Piccadilly Strategic Regeneration Framework (SRF). The report also seeks the Executive's approval of the East Village Central Framework.

Recommendations

The Executive is recommended to:

- (1) Note the outcome of the public consultation on the East Village Central Framework.
 - (2) Approve the East Village Central Framework, as an addendum to the Manchester Piccadilly SRF, and request that Planning and Highways Committee take the framework into account as a material consideration when considering planning applications for the area.
-

Wards Affected: Piccadilly

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

All future development proposals within the East Village Central area would need to be carefully considered in order to ensure that they contribute towards meeting the City's zero-carbon target. All construction would be required to meet the highest standards of sustainable development. Given East Village Central's highly accessible location within the city centre, near to national rail and regional Metrolink services at Piccadilly Station, and local bus services, it is inherently considered as a highly sustainable location for regeneration and development, with minimum car access anticipated.

The framework sets out proposals that seek to create a new mixed use commercial development, supporting the creation of a sustainable and accessible city centre neighbourhood. The development would secure a significant piece of high-quality public

realm, improving the ability of existing and future local communities to prioritise active travel modes.

All these factors are important contributions to acting on the climate change emergency declared by Manchester City Council, helping to reduce carbon emissions in line with policy aspirations to become a zero-carbon city by 2038.

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 addendum outlines proposals to review the sites of Stocktons and Presbar Diecastings and how the area of land can be repurposed in a manner that maximises its contribution to the growth of the city centre.

The development of this site is capable of providing significant new commercial and residential space, creating jobs and opportunities open for all residents. The site would likely include leisure opportunities to create a sense of place and destination for new residents, workers, visitors and existing surrounding communities. The site would be made highly permeable, connecting neighbouring streets and communities with high quality and fully accessible open spaces and public realm.

Any future development proposals, such as development plots indicated in the draft framework, would be considered through future planning applications with full public consultations.

It is considered at this stage that the proposals do not impact any protected or disadvantaged groups.

| Manchester Strategy outcomes | Summary of how this report aligns to the Our Manchester Strategy |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | The comprehensive redevelopment of the East Village Central site would provide a major focus for new investment within the area. The draft framework would support direct employment opportunities through the creation of new commercial space and would underpin future economic growth via the provision of high-quality new homes within a distinctive neighbourhood. The development would support further population and jobs growth and assist in the attraction and retention of the talent required to support Manchester’s growth across a range of economic sectors. It could potentially provide 3,500 jobs for local people. The development would also act as a catalyst for further investment in the Piccadilly area and support investment in the wider Eastern Gateway. |
| A highly skilled city: world class and home grown talent sustaining the city’s economic success | The regeneration of the whole Piccadilly area would contribute towards the continuing economic growth of the city, providing |

| | |
|--|---|
| | <p>additional job opportunities, at a range of skill levels, for local residents.</p> <p>The redevelopment of the East Village Central area would provide direct employment opportunities and meet housing demand from residents who wish to live within the regional centre. Development would also see the delivery of new high-quality areas of public realm, providing an enhanced environment for those living, working and visiting in the city.</p> |
| <p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.</p> | <p>The proposals set out within the draft East Village Central Framework would support and stimulate regeneration within the wider Manchester Piccadilly SRF area and adjoining neighbourhoods including Ancoats and New Islington, the Ashton Canal Corridor, Holt Town and Lower Medlock Valley. The SRF proposals would assist in delivering the Manchester Housing Strategy and meet the growing demand for new homes in the city.</p> <p>The draft framework proposals would provide new public realm and public spaces, through high quality design, and uses that would provide positive amenity that local residents and adjoining neighbourhoods can benefit from.</p> |
| <p>A liveable and low carbon city: a destination of choice to live, visit, work</p> | <p>The Manchester Piccadilly Strategic Regeneration Framework (SRF) provides an overall vision and framework for the regeneration of the Piccadilly area as a key gateway to the city, with a unique sense of place. Providing new, high quality commercial and residential accommodation and the public amenities including public realm, retail, and leisure opportunities, would create a desirable location in which to live, work and visit.</p> <p>Consistent with the Manchester Piccadilly SRF, the draft East Village Central Framework would support the delivery of a commercially-led, mixed use development. The site is extremely well served by public transport options given its city centre location and the creation of a new permeable layout and street pattern would focus on prioritising active travel modes such as walking and cycling, including enhancing links through the city centre to Central Retail Park and Eastlands. New</p> |

| | |
|---|---|
| | development would incorporate energy efficient technologies to reduce the carbon footprint of the city and create a neighbourhood that supports its residents through the delivery of high-quality public realm and a range of amenities. |
| A connected city: world class infrastructure and connectivity to drive growth | <p>The East Village Central area has exceptional accessibility to public transport due to its city centre location. In addition, the development would create and enhance access to safe active travel connections linking existing adjacent communities in Manchester Piccadilly, Central Retail Park and Eastlands, and the city centre's diverse range of uses and functions.</p> <p>The city's plans for the Piccadilly area, set out within the Manchester Piccadilly SRF, are to provide a world-class transport interchange that can act as a gateway to the city and city region.</p> |

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no financial implications arising directly from this report. The Council has some land-holdings within the draft East Village Central Framework area and at this stage the Council are not seeking to dispose of its land within this area.

Financial Consequences – Capital

There are no financial implications arising 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 11 September 2013 - High Speed 2 (HS2) Consultation and Manchester Piccadilly Strategic Regeneration Framework (SRF)
- Report to Executive 18 December 2013 - High Speed 2 (HS2) Manchester Piccadilly and Mayfield Strategic Regeneration Framework (SRF) Consultations
- Manchester Piccadilly Strategic Regeneration Framework (January 2014)
- Report to Executive 8 March 2017 - Manchester Piccadilly SRF Update: Portugal Street East Masterplan
- Report to Executive 7 March 2018 - Manchester Piccadilly Strategic Regeneration Framework Update 2018
- Manchester Piccadilly Strategic Regeneration Framework 2018
- Report to Executive 14 December 2022 - Manchester Piccadilly SRF Addendum: East Village Central Framework

1.0 Introduction

- 1.1 On 14 December 2022, the Executive endorsed, in principle, the proposals set out in the draft East Village Central Framework, which is an addendum to the Manchester Piccadilly Strategic Regeneration Framework (SRF) and requested that the Strategic Director for Growth & Development carry out a public consultation exercise on the addendum with local stakeholders. This report summarises the outcome of the public consultation.

2.0 Background

- 2.1 The Manchester Piccadilly SRF is a high-level document, covering a significant area, intended to offer a framework and set of principles, within which more detailed sub-area guidance and planning applications could come forward.
- 2.3 The site identified in the draft East Village Central Framework is centrally located within the Piccadilly SRF area. As well as contributing to the overall objectives within the Piccadilly SRF, the draft framework proposals have been developed to ensure that they will complement the wider economic priorities and regeneration strategy for the city centre.
- 2.4 The framework is being promoted by Stocktons, one of the key landowners. The Stockton's site is likely to be the first phase, with further development expected to come forward in line with the principles of the draft framework.

3.0 The Consultation Process

- 3.1 The consultation on the East Village Central Framework ran for 6 weeks from 14 February until 24 March 2023. The delay between the end of the public consultation and the SRF being brought before the Executive for approval has been necessary to enable some of the underlying design work in relation to the proposed first phase of development covering the site of Stocktons Furniture to be refined and discussed with the MCC planning team.
- 3.2 Consultation letters and emails were sent to 989 addresses. This included:
- Local residents living within the study area consultation boundary plans, as well as businesses in the area.
 - Local ward councillors.
 - Key local organisations, including landowners, community or services groups and key occupiers.
 - Statutory bodies.
- 3.3 An updated East Village Central Framework consultation webpage was hosted on the Council website, providing details of the addendum and download links to relevant documents.
- 3.4 Consultation letters and emails provided the weblink to the consultation page as well as details of how feedback could be provided, which included an email and postal address.

4.0 Consultation Comments

- 4.1 The consultation has received 7 responses. The breakdown of which includes:
- One person who describes themselves as a key stakeholder.
 - One person who describes themselves as from a national charity.
 - One person who describes themselves as from a statutory body
 - Four people who describe themselves as local residents, with one of these people stating that they represent the agreed views of 72 local residents, providing addresses for those residents.

- 4.2 The main points raised in response to the consultation are summarised below.

Name change and accessibility

- 4.3 A national charity asked for an urgent name change, as “East Village” is similar to the neighbouring “Manchester’s Gay Village”, also commonly known as “The Village”. The charity also expressed concerns around the accessibility of this new development to people with protected characteristics. A request was also made for an extension to the consultation date.

Use & Design

- 4.4 One local resident expressed concern relating to the addition of more commercial development in this location, highlighting that there is space in the area that is currently not being used. A request was also made for more public amenities, including greater choice of supermarkets.
- 4.5 A further resident expressed concern about the location of the commercial development and stated that the proposed residential accommodation should be for local people.
- 4.6 The response submitted by a local resident, on behalf of themselves and other residents, expressed general support for the principle of development and the need for regeneration, including the provision of commercial, retail and green space. However, they felt that greater consideration should be given to the preservation of historic assets, particularly the Victorian facades along Store Street and expressed concern about the location of the 40-45 storey tower, in relation to the Oxygen Tower. Specifically:
- The scale of the tower would not be in keeping with the character with Piccadilly, Ancoats or New Islington, which is mostly low-rise or at least generally below 15 storeys. Whilst acknowledging that the Oxygen Tower is 32 storeys.
 - The narrowness of Store Street resulting in the building being very close to the Oxygen Tower, causing loss of light and privacy and noise nuisance; in addition to significant disruption throughout construction.
 - Design should consider reducing the height of the tower and setting it further back within the site, to create some separation from the Oxygen Tower.

Green space

- 4.7 One resident respondent requested that more green space be included within the proposals.

Key Stakeholder Response

- 4.8 The key stakeholder has a significant interest in the site and is currently providing mixed-use facilities on a temporary basis. They object to the current proposals based on the following reasons:
- The lack of engagement with MCC which meant they were unable to feed into the development of the SRF.
 - The SRF does not interrogate the long-term regeneration prospects of the area.
 - The 50:50 split of commercial and residential uses is overly prescriptive and is difficult to understand how the proposed 50:50 land use across the area might best be achieved.
 - Where there are significant level changes, four pedestrian routes from Store Street to Ducie Street have been identified which would require significant groundbreaking to deliver in an accessible and equitable manner. No comprehensive assessment of connectivity across the area has been undertaken.

Statutory Consultee – United Utilities

- 4.9 United Utilities highlighted that any proposals should consider any impacts on their assets, the incorporation of surface water management and the integration of efficiency measures. They requested they be consulted and engaged as the development moves forward. Specific points included:
- The need to consider landscaping proposals, including level changes and proposed crossing points with their assets (which will need to be agreed).
 - Avoiding planting new trees and landscaping too close to their assets
 - Explore opportunities to integrate Shooters Brook culvert.
 - The need for further detail on, and full consideration of, flood risk.
 - How water efficiency measures can be incorporated into the future detailed design of the site.

5.0 Response to Comments

Name change and accessibility

- 5.1 East Village Central is the name given to the area in the Manchester Piccadilly SRF, which has already been consulted on and agreed. It will be different in character and purpose to the Village, centred on Canal Street. It is, therefore, felt that it is appropriate to keep this name for the purposes of the SRF.

Use & Design

- 5.2 Despite the recent COVID-19 Pandemic, Manchester City Centre remains a strong business destination. The city centre is the region's economic hub, providing a strategic employment location, with a significant growing population. Businesses continue to be attracted to the city - over 1m sq ft of office space was let in Manchester in both 2021 and 2022 (close to the amount let in 2019 before the pandemic).
- 5.3 Intelligence from office agencies highlights that business are increasingly seeking new, high quality (Grade A) office space, with the highest environmental credentials, which can provide the best working environment for their staff. There is currently a shortage of new, Grade A office space, highlighted by the fact that office vacancy rates have reduced to around 3%. Additional new, quality office space is, therefore, needed for Manchester to remain competitive as an attractive location for businesses, and to attract new jobs and growth to the city, particularly crucial in the current economic climate.
- 5.4 The proposals for this site include a broad mix of uses including commercial and office space. Introducing new commercial developments to the site will generate a variety of job, training and apprenticeship opportunities that will benefit local residents. During both construction and operational phases, these opportunities are projected to create approximately 3,500 jobs on this site.
- 5.5 Detailed proposals for the development of the site would be subject to a comprehensive planning application which would be accompanied by a suite of assessments which would consider issues such as overshadowing, privacy and construction impacts. Some of the effects could be designed out and others could be addressed using tried and tested forms of mitigation (such as Construction Environmental Management Plans in relation to the construction phase) to avoid or minimise the effects of the development. The acceptability or otherwise of the detailed proposals would also be considered by statutory consultees and/or Council officers in the determination of the application.
- 5.6 Detailed proposals would be subject to extensive testing in respect of wind microclimate to ensure that no unacceptable effects resulted. The conclusions of the testing would be presented as part of the planning application and assessed by officers in the determination of the application. Suitable mitigation would be required if necessary and could be secured by condition.
- 5.7 The SRF is intended to guide future delivery of the SRF area and is not intended to be overly prescriptive. A design analysis has taken place to inform aspects of the design such as height and it reflects the context provided by the Oxygen Tower but more detailed consideration will take place in the context of the preparation of a planning application for future development and a robust justification for all aspects of the design will need to be provided with the application. This will enable officers to consider the acceptability of the height and other important design considerations.

- 5.8 The vision for the site in the SRF complements the regeneration proposals to Central Retail Park, located on the opposite side of Great Ancoats Street. The Central Retail Park SRF provides for a new commercial district, with the ability to attract new businesses and talent to Manchester, to support the ongoing growth of the city centre, along with a new park and public realm and a range of amenity uses to serve the local community.
- 5.9 There is a strong rationale for development of greater height being concentrated along Great Ancoats Street, a wide street fronted by buildings of significant mass and scale, to enable the development at an appropriate density at an inherently sustainable location, whilst stepping down towards Ducie Street, an area characterised by an established tight urban grain and buildings of less significant scale.
- 5.10 The SRF recognises that two of the buildings that make up the Stockton's Furniture Store site, which front on to Store Street, have heritage value and are identified as non-designated heritage assets. Any proposals for this area of the site would be subject to a full Heritage Statement as part of the planning process.
- 5.11 The SRF establishes a 50:50 split between commercial and residential development, which will provide a very significant residential opportunity in the area, helping to meet significant demand in the city. The mix of residential offer will be subject to future planning applications.

Green Space

- 5.12 In response to the request to develop more green space, the Council is committed to investing in significant new public realm across the city centre, as well as a number of established city centre parks and gardens. New quality public realm space is being included within new developments, as well as the more significant construction of new public parks, both in the local neighbourhood and more widely across the city centre. A key objective of the draft East Village SRF is to provide a substantive quantum of accessible public and green space surrounding the development.
- 5.13 Proposals for Central Retail Park, located on the opposite side of Great Ancoats Street, include the provision of a new central green space, creating a green corridor through the site. These proposals will significantly expand the green space provided by Cotton Field Park and better link it to Great Ancoats Street and the East Village Central area.
- 5.14 The new Mayfield Park is within walking distance of the East Village Central area, providing 6.5 acres of green space alongside the River Medlock. The wider Piccadilly SRF also includes aspirations for a new station forecourt on London Road, a major new park at the eastern end (to complement Mayfield Park) and a sequence of pocket parks within the Piccadilly area. The Boulevard, alongside the new High Speed Station is also envisaged as a linear green space.

Key Stakeholder Response

- 5.15 The SRF has been promoted by the owner of the Stockton's Furniture site. The freehold owner of the building where the stakeholder has a lease interest was consulted on the SRF. The freehold owner made no comment on the proposals within the SRF.
- 5.16 The proposed distribution of development is intended to guide future delivery of the SRF area. It is not intended to be overly prescriptive but nevertheless is the product of design analysis of the SRF area, with particular focus on defining the appropriate structuring principles for the area and identification of opportunities for different height expressions. It is important to define the mix and approximate proportionate quantum of commercial and residential uses to set a clear framework to ensure that the principles of the SRF can effectively inform future proposals as they come forward.
- 5.17 The SRF is inherently flexible in not seeking to be prescriptive about which uses will be accommodated in which areas. The SRF area presents a major regeneration opportunity for the city, which requires a mixed-use approach if the benefits of the development are to be maximised.
- 5.18 The development will need to respond positively to its different boundaries, including Great Ancoats (to the northeast) which presents a very different interface compared with Ducie Street (to the north west). The latter is characterised by an established and tight urban grain and buildings of a lower scale, including buildings of historic interest. Great Ancoats Street is a wide street, forming part of the inner ring road and fronted by buildings of significant scale and massing by contrast.
- 5.19 There is a strong rationale for the development stepping down to Ducie Street, which is more sensitive to height, with greater height concentrated along Great Ancoats Street in order to ensure, overall, the SRF area's density is optimised to reflect the inherent sustainability of the location.
- 5.20 In relation to level changes, the full technical details will need to be developed through future planning applications. The routes referenced are considered to be important in achieving permeability and accessible public realm for future occupiers of the site and wider area. Whilst there may be differing costs associated with delivering these elements, this is no different from many large-scale redevelopment schemes involving multiple landowners.

Statutory Consultee – United Utilities

- 5.21 The detailed design process will include a full assessment of the impact on utility assets and water management, in terms of flood management, landscaping and building designs. Further engagement will take place with United Utilities as part of this, process. Surface water management and inclusion of sustainable drainage is a policy requirement and will be addressed as part of the landscaping strategy and delivered via each planning application. All development proposals will be assessed in accordance with

adopted policy and up to date guidance.

- 5.22 United Utilities will be consulted in respect of individual development proposals and opportunities to minimise water uses and enhance drainage will be considered in respect of individual scheme feasibility and viability.

6.0 Conclusions

- 6.1 The East Village Central Framework responds to the opportunity to review how this strategically significant site can be repurposed and redeveloped in a manner that maximises its contribution to the growth of the city centre. The new commercially-led, mixed use neighbourhood would support the creation of new jobs, homes and public realm in the city centre, for both existing and new residents. The development would be highly connected, functionally and physically, to the wider city centre and adjoining regeneration priority areas and will complement the arrival of HS2 and NPR.
- 6.2 Given the increasing need for new high quality commercial development space, the draft framework would complement the proposed commercial development at Central Retail Park. It will also add further momentum to the development of the Piccadilly SRF, building on the ongoing delivery at Portugal Street East and Mayfield.

7.0 Legal Considerations

- 7.1 If the draft East Village Central Framework is approved by the City Council, as an addendum to the Manchester Piccadilly SRF, it will not form part of the Council's Development Plan but would be a material consideration for the Council as a Local Planning Authority when determining any applications within the East Village Central Framework area.

8.0 Recommendations

- 8.1 The recommendations are set out at the front of this report.