Public Document Pack

MANCHESTER CITY COUNCIL

Executive

Date: Wednesday, 17 October 2018
Time: 10.00 am
Venue: Council Chamber - Manchester City Council

Everyone is welcome to attend this committee meeting.

Access to the Council Chamber

Public access to the Council Chamber 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. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

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

Membership of the Consultative Panel

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

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

Agenda

1. Appeals
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.

2. Interests
To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.

3. Minutes
To approve as a correct record the minutes of the meeting held on 12 September 2018.

4. Global Monitoring and Budget Update
The report of the City Treasurer is enclosed

5. Capital Programme Monitoring 2018/19
The report of the City Treasurer will follow

6. Capital Programme Update
The report of the Chief Executive and City Treasurer will follow

7. Disposal of leasehold interests in land at Crown Street, Manchester
The report of the Strategic Director (Development) will follow

8. First Street Development Framework Update 2018 Consultation
The report of the Strategic Director (Development) will follow

Information about the Executive

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

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

It is the Council's policy to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting at which point members of the public and the press are asked to leave.

Joanne Roney OBE
Chief Executive
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Further Information

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

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This agenda was issued on **Tuesday, 9 October 2018** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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The Executive

Minutes of the meeting held on 12 September 2018

Present: Councillor Leese (Chair)
Councillors: Akbar, Bridges, Craig, N Murphy, S Murphy, Ollerhead, Stogia, Richards

Present as Members of the Standing Consultative Panel:
Councillors: Karney, Sheikh, Midgley, Ilyas, Taylor and S Judge

Apologies: Councillor Rahman, Leech and M Sharif Mahamed

Also present: Councillors: A Simcock

Exe/18/87 Minutes

Decision

To confirm as a correct record the minutes of the meetings on 25 July 2018.

Exe/18/88 Proposals for a Resident Parking Policy

A report submitted by the Operational Director of Highways proposed a new resident parking policy for the city so that resident parking schemes could contribute to making the city an even more attractive place to live, work and visit. The report explained the importance of their being a balance between residents being able to park a car close to their property, or have deliveries made, and the other demands on the road space. The other demands varied across the city so there needed to be a common approach to the design of residents' parking schemes that also responded to local differences in a sensitive and appropriate way.

The report proposed that future resident parking schemes be based on a set of common key principles:

a) The operation of resident parking schemes needs to be self-financing. The City Council should not commit future revenue support to such schemes.
b) There should be broad consistency across schemes so that the design of schemes aimed at tackling similar problems should not differ e.g. in the case of schemes designed to tackle parking around hospital sites.
c) Schemes should be introduced in an equitable way so that there is appropriate financial support for residents who would be disproportionately affected by the impact of a charging scheme.
d) There needs to be clear evidence of majority support in the area concerned for the introduction of a scheme as well as clearly established evidence of need.
e) Enforcement of resident parking schemes should be fit for purpose. (A review of scheme enforcement is to take place looking at ways to increase / improve enforcement).

f) Schemes need to be appropriate and proportionate to the parking issues being faced by residents in any given area.
g) Any visitors' permits made available as part of scheme design need to be linked to a specific vehicle and not be transferable.
h) It will be important to consider the 'knock-on' implications for adjoining areas in terms of displacement as part of any assessment.

The report explained that in addition to the four parking schemes already being developed (Rusholme, North Manchester General Hospital, Hathersage Road Area, and St George's) there were eight other locations across the city that had been identified as being in need of some form of residential parking scheme. The report explained the issues that would need to be considered in order for these eight other schemes to be developed in accordance with the above principles: including the first of being self-financing, with residents living within the area of a scheme paying for their own and visitor permits for their vehicles.

The meeting was addressed by Councillor A Simcock, a ward councillor for the Didsbury East ward. Councillor Simcock spoke as the Council's representative on the Christie Hospital Council of Governors, and also as the Chair of the Christie Hospital Neighbourhood Forum. He asked that the proposed extension of the Christie Hospital residents parking scheme be considered as the fifth named scheme already under development rather than one of the eight other schemes that were to be developed in accordance with the principles being proposed in the report. He explained the rationale for seeking that change, describing the significance of that scheme to the Strategic Planning Framework for the Christie Hospital site that had been approved by the Executive in 2013 (Minute Exe/13/161). The Christie Hospital had already agreed to finance the capital cost of the scheme and the extent of the area to be included had been provisionally agreed, extending into four council wards. The elected councillors for those wards had made progress with the scheme an election pledge in the May 2018 local election. He explained that a number of significant development schemes at the hospital were dependent on the extended parking scheme being approved.

We also noted that the Neighbourhoods and Environment Scrutiny Committee had also considered the report at a recent meeting (Minute NESC/18/38). The committee had not endorsed the recommendations made in the report and had put forward other recommendations for the Executive to consider.

Having considered the views expressed by the Scrutiny Committee, and being mindful of the need to do more to help residents cope with parking problems in their neighbourhoods whilst not adding to the Council's revenue budget pressures, we agreed that the principles set out the report be used as the basis of further work, and that the four scheme already underway should proceed. We also agreed to accept an additional principle that had been suggested by the Scrutiny Committee - Local business such as the Universities, Hospitals and the Etihad Stadium, that were seen to impact on residents parking as a result of their expansion should contribute and pay for residents parking schemes.

Decisions

1. To note the comments and recommendations of Neighbourhoods and Environment Scrutiny Committee.

2. To endorse in general, as the basis for further work, the key principles for future Residents' Parking Scheme as set out above, with the exception of (g) for visitor permits.

3. To add a further principle that residents of an area should not be asked to meet the revenue costs of any proposed scheme and where the need for the scheme arose primarily from a site, facility or institution that was sited in the neighbourhood and was creating the demand for parking, that the institution or facility should instead be asked to support the operation of that scheme.

4. To agree to proceed with the four schemes already under development: being Rusholme, North Manchester General Hospital, Hathersage Road area, and St Georges.

5. To ask the Chief Executive to carry out an assessment of all existing schemes and those in (4) above and where appropriate seek external revenue funding for those schemes.

6. To agree to consider means to reduce the revenue operating costs of existing and future schemes.

7. To agree that any other future schemes should not require the any increase in the existing revenue provision for Residents' Parking Schemes.

Exe/18/89 Manchester Homeless Strategy

In November 2013 we had adopted the "Manchester Homelessness Strategy 2013 – 2018" that set out the Council's priorities to address and prevent homelessness for the next five years (Minute Exe/13/154). In November 2017, as part of the work on the Homelessness and the City Centre Review, we had agreed proposals for the 2013 strategy to be revised to address a number of matters including the implications of the Homelessness Reduction Act 2017 (Minute Exe/17/139).

A report now submitted by the Strategic Lead for Homelessness explained that the Council had undertaken the City Centre Review (Minute Exe/17/024) which had brought about additional investment for services for people who were rough sleeping. During late 2017 an in-depth review of the wider causes of homelessness in Manchester had been undertaken. That had included analysis of the available resources within the service to address the impact of the Homelessness Reduction Act. The Homeless Reduction Act had come into effect in April 2018. That had widened the access to prevention services for all households at risk of losing their home. Whilst that enabled the Council to support people who might be at risk of homelessness it also resulted in an increase in demand for services, and a requirement for closer partnership working.

A new strategy for addressing and reducing homelessness in Manchester had been developed through the Manchester Homelessness Partnership (MHP). The Partnership had been established in 2015 to bring together those with a personal insight into homelessness and the organisations working to reduce homelessness. The Partnership had since provided a radically different approach to how services were designed and commissioned, and had been instrumental in the development of the new strategy.

The report set out the how the partnership had developed this strategy. The strategy was to focus on three key aims:

- making homelessness a rare occurrence: increasing prevention;
- making any experience of homelessness as brief as possible: improving temporary and supported accommodation; and
- making sure homelessness a non-recurring experience: increasing access to settled homes.

The report also described the plans for the implementation of the strategy and the Council's participation in that. It also set the new strategy in the context of the work being done across Greater Manchester. It was highlighted that this new strategy was to be for the whole city, so adopted by the Partnership as a whole, rather than a document produced and adopted solely by the Council. A copy of the document was appended to the report.

Decision

To endorse the proposed Strategy and commend it to the Manchester Homeless Partnership Board.

Exe/18/90 Proposed Changes to the Council Tax Support Scheme

In October 2016 we had considered and endorsed for public consultation a revised Council Tax Support (Minute Exe/16/126). In January 2017 we considered the outcome of the consultation and agreed to adopt a new support scheme (Minute Exe/17/012). The City Treasurer now submitted a report proposing further changes to the Council's Council Tax Support (CTS) Scheme, with the intention that these would also be subject to a period of public consultation. The basis of these proposed changes was to seek to ensure that that the scheme remained fit for purpose as working age residents in receipt of welfare benefits were moved onto Universal Credit (UC).

The report explained the challenges to the current scheme of Council Tax Support that were going to arise from the changeover to Universal Credit. One of the most significant of those being that it was not 'universal' and so Council Tax Support would need to be administered outside of and separately from UC. Under the current CTS scheme the entitlement to CTS was influenced by the entitlement to other benefits. As UC was set up so that the level of benefit could fluctuate, depending on a person's earnings, there was the possibility of a lot of administrative processing to deal with fluctuating levels of CTS benefits, making the scheme less straightforward for residents and more expensive for the Council to operate.

The report set out a package of proposed changes to the current scheme to mitigate the consequences of claimants moving onto Universal Credit, including the introduction of a banding structure for level of support based on ranges of excess weekly income. It was hoped that these bands would accommodate much of the fluctuation in UC levels without there needing to be a matching fluctuation in the Council Tax Support.

We noted that the Resources and Governance Scrutiny Committee had also considered the Treasurer's report at a recent meeting (Minute RGSC/18/46). The Committee had supported the proposed changes to the CTS Scheme. It had also recommended that other possible changes to some aspects of the current scheme be considered for inclusion in the consultation on the changes set out in the report. These additional changes related to the support to families with three of more children.

It was agreed that the changes proposed in the report should be consulted upon. It was also agreed that the further changes recommended by the Resources and Governance Scrutiny Committee should be considered by the City Treasurer, and if possible without causing undue delay, included in the consultation. Authority was therefore delegated to the City Treasurer to decide on the contents and timing of the consultation.

Decisions

1. To endorse the proposals contained in the report and that there should be formal consultation on those proposals.

2. To note the comments and recommendations of the Resources and Governance Scrutiny Committee.

3. To delegate authority to the City Treasurer in consultation with the Executive Member for Finance and Human Resources to finalise the consultation proposals and the timing of the consultation, either on the basis as set out in the report, or also adding further proposals as put forward by the Resources and Governance Scrutiny Committee if those could be incorporated without the consultation being unreasonably delayed.

4. To note that the outcome of the consultation will be reported back to a future meeting.

Exe/18/91 The Transport for Greater Manchester Committee

A report submitted by the City Solicitor explained that the Greater Manchester Combined Authority (GMCA) was proposing to change the constitution of its Transport for Greater Manchester Committee (TfGMC). The intention was to reduce the size of the committee from its present size of 33 members down to 23. It order to achieve that the GMCA had devised proposals for how the 10 districts in Greater

Manchester would appoint or Nominate Councillors to sit on the committee, and for the Greater Manchester Mayor to also nominate a person to sit on the committee.

As the TfGMC would be exercising some executive and non-executive functions the change would require the support of the executive and of the Council of each of the 10 districts. The actual appointment and nomination of Manchester City Councillors to the new committee would be done by the Council, on the advice of the Constitutional and Nomination Committee. The report asked for the Executive to agree to the governance changes that arose from these proposals.

Decisions

1. To agree the reduction in size of the Transport for Greater Manchester Committee (TfGMC) to 23 members.

2. To agree that each of the 10 Greater Manchester district councils shall:
   - appoint one member to the TfGMC (save for Manchester City Council which shall appoint two members); and
   - nominate one further member to be appointed to the TfGMC by Greater Manchester Combined Authority (GMCA) to ensure political balance.

3. To agree that the GMCA shall appoint one member.

4. To agree that the Mayor of Greater Manchester shall nominate one further member to be appointed to the TfGMC by the GMCA.

5. To agree that the TfGMC Operating Agreement be amended to reflect the above changes.

6. To agree that the TfGMC Terms of Reference be amended to ensure that they reflect the Mayor of Greater Manchester's current transport powers.

7. To agree that the Operating Agreement and Terms of Reference of the TfGMC be further reviewed in 2019/20 when the final Mayoral transport powers are agreed by Order.

Exe/18/92 Capital Programme Update

A report concerning requests to increase the capital programme was submitted. We approved five changes under delegated powers. These changes would increase Manchester City Council's capital budget by £3.533m in 2018/19 and by £0.508m in 2019/20.

Decisions

To approve the following changes to the City Council's capital programme:

1. Highways – SEMMMS A6 Scheme. An increase in the capital budget of £2.962m in 2018/19, funded by Department for Transport grant (DfT).

2. Highways – Large Patching Programme. An increase in the capital budget of £0.439m in 2018/19, funded by Department for Transport grant via Greater Manchester Combined Authority (GMCA).

3. Highways – School Crossings Programme. An increase in the capital budget of £0.132m in 2018/19, funded by external contributions from Transport for Greater Manchester (TfGM).

4. Highways – MSIRR Great Ancoats Improvement Scheme. An increase in the capital budget of £0.308m in 2019/20, funded by external contributions from Transport for Greater Manchester (TfGM).

5. Corporate Services – Band on the Wall Loan. An increase in the capital budget of £0.2m in 2019/20, funded by capital fund.

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Manchester City Council
Report for Information

Report to: Resources and Governance Scrutiny Committee – 11 October 2018
Executive – 17 October 2018

Subject: Global Monitoring and Budget Update

Report of: The City Treasurer

Summary

This report contains a summary of the Council's revenue budget and forecast outturn position for 2018/19. This is based on an assessment of income and expenditure to the end of August 2018 and financial profiling to 31 March 2019. It also contains details of the recovery plans which have been drawn up to offset the overspend previously reported and to work towards a sustainable position from 2019/20.

The Council remains committed to budgetary control in the financial year. The reported position takes into account the impact of the budget recovery plans produced by each Directorate. The focus of the budget plans is to mitigate overspends, drive further efficiencies and address the longer term budget implications.

Recommendations

The Resources and Governance Scrutiny Committee is invited to comment on the report and endorse the recommendations to the Executive as detailed below

The Executive is requested to:

- Note the report.
- Approve the proposed virements in paragraph 7.
- Approve the use of budgets to be allocated and contingency in paragraph 8.
- Approve the use of reserves as set out in paragraph 9.
- Recommend to Council that the revised Prudential Indicator for non HRA Capital Expenditure (2) as set out in paragraph 10 is approved.
- Council is requested to approve the revised Prudential Indicator for non HRA Capital Expenditure (2) as set out in paragraph 10.

Wards Affected:

All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The report identifies a projected net revenue overspend of £6.145m for 2018/19, based on income and expenditure up to the end of August 2018. A budget recovery and delivery plan has been drawn up and the use of one-off resources will also be considered in order to support a sustainable position.

With the likely scale of funding pressures and future resource reductions, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year. Requests to allocate funding to or from reserves in year are included within the report.

Financial Consequences – Capital

The revenue budget includes funding to meet the capital financing costs of the Council. Changes in the capital programme can affect the budget to meet such costs.

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Name: Janice Gotts
Position: Deputy City Treasurer
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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.

7 February 2018, Executive, Suite of Budget Reports

1 Introduction

1.1 The City Council's Medium Term Financial Plan approved in March 2017, covers the three-year period 2017-20, and 2018/19 represents year two of that plan. The priorities which stem from the 'Our Manchester' Strategy remain unchanged. Our Manchester is not only the long-term strategy for the city; it is also at the core of how that strategy is delivered. The principles that underpin the strategy have been developed to fundamentally change the way that services are delivered across the city and a shift in the relationship between the Council and the people of Manchester.

1.2 This report focuses on the work underway to support the 2018/19 financial position. However, as we move into preparation for 2019/20 and the next Spending Review Period from 2020, the Council needs to consider how the delivery of services can be reshaped in the context of the Our Manchester Strategy and Approach so that the City's vision can be delivered within the increasingly constrained level of resources available.

1.3 The 2018/19 forecast position to year end requires the delivery of a number of further actions to improve the position from the current level of spending. This is detailed in the report.

1.4 As noted in the July Budget report to the Executive, it is recognised that whilst one-off funding may be available to offset the overspend in 2018/19 this is not a long term solution and there must be continuing emphasis on achieving a sustainable budget position, moving in to 2019/20 and beyond.

1.5 Budget monitoring information is integral to supporting robust management arrangements across the Council and is part of a programme of continuous improvement. Its purpose is to raise issues which need to be controlled through further management action and, as such, the position may change as work is led by Strategic Directors to bring spend back in line with budgets.

1.6 Budgets are being monitored on a monthly basis by senior management and there is monthly reporting to individual Executive Members through Strategic Directors.

1.7 This report will provide an update on:

- Summary Budget Position 2018/19
- Progress on savings achievement
- Budget Recovery Plans and Council Priority Conversation Meetings
- Evaluation of Invest to Save Initiatives
- Executive Approvals for budget virements, budgets to be allocated and use of reserves
- Prudential Indicators
- Future Budget Considerations 2019/20 and Five Year Forward View
- Budget setting process and timeline
- Conclusions and Next Steps

2 Background

Overall Position

2.1 The City Council set a three-year budget strategy covering the period 2017-20 in March 2017 following consultation with the people of Manchester on what really mattered to them and what they valued most. The budget for 2018/19 approved by the Council in March 2018 represented year two of the financial plan, updated for the latest assumptions underpinning the financial position. It was set on the basis of the best information available at that time. It has since been reviewed in light of the latest position for 2018/19, taking into account the planned recovery actions and as at August 2018 is reporting an overspend of £6.145m. The main financial challenges result from the increasing demand for Children's Services, particularly the number of 'Looked After Children' that we provide support for in the City as well as the further demand on adult social care provision and homelessness budgets. Planned savings anticipated from the new ways of delivering care through the joint arrangements with the NHS, which were designed to reduce demand, are taking longer than originally expected to deliver.

2.2 Elsewhere there are other risks predominantly around Waste Management, the investment and operational estate and the achievement of corporate savings. Whilst the financial impact is smaller in these areas they will need to be addressed.

2.3 Whilst the significant overspend pressures are present in Adults and Children's Services (including Education), it has been recognised that a review of all budget areas is required to consider the in-year position and future commitments. All Directorates have been asked to review their budget positions, including areas of underspend to identify where budgets can reasonably be reduced.

2.4 Looking further ahead the wider changes affecting business rates and funding reform will come into effect from 2020. The impact of these is, as yet, unknown. Similarly, with BREXIT negotiations ongoing and the increasing potential for a 'no deal', there is further uncertainty on future funding and service demand.

National Context

2.5 Manchester is not alone in the challenges it faces; there are considerable pressures being felt across the sector. The Local Government Association (LGA) have calculated that by 2020 Local Government will have delivered £16bn[1] in savings to the Treasury, whilst also absorbing inflationary increases, maintaining the delivery of services to communities and facing increasing Social Care demands. Between the start of austerity in 2010/11 and 2017/18

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[1] Local government funding 'Moving the conversation on' 3 July 2018
https://www.local.gov.uk/moving-the-conversation-on/funding

inclusive, the City Council has delivered savings of £332m, with a further £34m to be delivered by the end of the three-year Medium Term Financial Plan.

2.6 Both the LGA and National Audit Office have been reporting significant increases in demand for services. The National Audit Office report on the Financial sustainability of local authorities[2] found the following: From 2010-11 to 2016-17 the number of households assessed as homeless and entitled to temporary accommodation under the statutory homeless duty increased by 33.9%; the number of looked-after children grew by 10.9%; and the estimated number of people in need of care aged 65 and over increased by 14.3%. For Manchester is that between 2012 and 2016 the number of homeless households supported increased from 400 to 1,145 and there were 21,449 new requests for Adult Social Care in 2017/18. These trends are reflected within Manchester.

2.7 The number of delayed transfers of care from hospital is rising, according to NHS England figures. 42,684 days of hospital care were lost in July 2018 due to staff being unable to move patients to council care, up 4,000 on the previous month. This follows a long period where delayed transfers were falling. In Manchester, the delayed transfers of care in July totalled 1,854 days (6,914 days from April to July 2018 inclusive). Of the delays reported in July around 40% were classified as being Social Care responsibility (around 46% for the period April to July 2018 inclusive). Addressing these will put a further strain on the MHCC pooled budget unless demand going into hospitals can be contained.

3 Summary Budget Position 2018/19

Overall Position

3.1 The latest position taking into account budget recovery plans, workforce assumptions and the restraint on discretionary non-priority spend is set out below. However, risks to delivery in some areas remain which are set out in this report.

	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Forecast Variance as at P5 £000	Original Budget 2019/20 £000**
Total Available Resources	**(576,162)**	**(576,487)**	**(325)**	**(579,412)**
Total Corporate Budgets	**125,763**	**125,573**	**(190)**	**120,247**
Directorate Budgets				
Children's Services	111,910	118,227	6,317	112,343

[2] National Audit Office 'Financial sustainability of local authorities' March 2018
https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/

	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Forecast Variance as at P5 £000	Original Budget 2019/20 £000**
Adult Social Care	192,004	196,193	4,189	196,132
Corporate Core	66,178	64,585	(1,593)	64,030
Neighbourhoods*	73,260	72,749	(511)	88,580
Strategic Development	7,047	5,305	(1,742)	7,047
Total Directorate Budgets	*449,979*	*456,639*	*6,660*	*468,132*
Total Use of Resources	**576,162**	**582,632**	**6,470**	**588,379**
Total shortfall	**0**	**6,145**	**6,145**	**8,967**

(*)2018/19 included a one-off adjustment between the Transport Levy in Corporate Budgets and Waste Levy within Neighbourhoods to provide additional resources to the Waste Disposal Authority to facilitate savings against the Waste Disposal contract.

(**)The February 2018 report to Executive noted there was a requirement for further resources to be identified in 2019/20, following the budget refresh. These would need to be met from a combination of changes to business rates and commercial income, commissioning decisions, efficiencies and a further review of budget requirements. This is shown as a shortfall of £8.967m in the above table.

3.2 The Period 2 budget monitoring report to July Executive reported an overspend of £13.7m. The report noted a recovery plan was being drawn up and action being taken to reduce the overspend with the expectation it would reduce to around £5m to £7m by the October report.

3.3 The recovery plan work and review of discretionary spend identified c£6m of further reductions in spend or additional income (see Appendix 1 for detail) which have now been reflected in the forecast 2018/19 position. Additionally, there have been further significant changes as follows:

- £2.5m of adult's demography funding has been released following a review of the demand now anticipated to year end.
- a reduction in expected commissioning savings within children's services of £1.5m due to the continuing challenges in the social care market.
- £0.4m allocated to Neighbourhood Services from the Waste Contingency to cover the £420k reduction in the Levy refund from 2017/18 which was announced after the 2017/18 accounts were closed.

3.4 This has resulted in a revised overspend of £6.145m as shown in the above table.

3.5 Further actions will be identified for the treatment of the remaining balance, including consideration of any unapplied one-off resources for this financial year and how these can best be deployed to put the budget in a more sustainable position. It is therefore expected that the position will continue to improve.

Business Rates and Council Tax

3.6 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of August 2018, 41.05% of Council Tax had been collected. This is the same percentage as that at the end of August last year.

3.7 Business Rates collection is 45.38%, 0.43% behind last year. Whilst collection rates are broadly the same as last year the continued volatility in the position for appeals means that it is very difficult to predict what the final position will be for the year.

3.8 The income to be included in 2018/19 for these areas is fixed. Any variances will not impact until 2019/20.

Overall Corporate costs and resources (underspend £0.515m)

3.9 The underspend on the total available resources of £325k relates to £20k increased Housing Benefit Grant offset by reduced Council Tax subsidy, £179k additional dividends from Piccadilly Triangle, £54k release of the bad debt provision and additional £72k from events income from Manchester Central.

3.10 The total Corporate Budgets underspend of £190k relates to historic pension costs which are currently forecast to underspend by £163k, due to a reduced number of recipients and £27k due to higher than expected Magistrates income. Other corporate items are expected to be in line with budget at this stage and it is assumed that all contingencies and budgets held centrally will be required. The position will be reassessed for the next report.

3.11 Budgets for inflation and pressures such as increases in demand are held corporately and allocated on the basis of need. To date £16m of the £19m has been allocated. £1.2m of the general non pay inflation budget remains to meet any further inflationary increases and £1.8m which has been ring-fenced to the MHCC pooled budget. £1.1m of the waste contingency remains to fund any volatility with the waste levy (the position is still uncertain as the re-procurement process has not concluded) and £1.1m general contingency.

3.12 There will be a further review of Children's placement costs to assess any additional inflationary pressures, particularly for residential placements, which may be considered for funding.

Children’s Services and Education (Overspend £6.317m)

3.13 The 2018–20 Children’s and Education budget approved by Council in February included additional investment of £7m and a plan to bring down total costs by safely reducing the number of placements and unit costs during 2018/19. This was to enable the Directorate to continue to invest in additional social work capacity and ‘Early Help’ and provide the level of service to those who most need it, whilst the investment strategy continues to embed.

3.14 The strategy has been successful in stabilising the numbers of children and young people in care. Over the last 5-6 years placement numbers have reduced by 10% with those for residential care reducing by over 50% and external foster care placements by 7%. For this financial year these placements have remained fairly stable. There has been increase in internal foster care placements over the same 5-6 year period, but more notably since 2015/16 when internal foster care number hit an all-time low of 320 which led to the additional investment into the internal foster care service. Since then numbers have increased to 476. The numbers of children with Special Guardianship Orders (SGOs) have increased over the same period rising from 109 in 2010/11 to 457 in August 2018. SGOs are where the person is living with one or more individual appointed to be a child's special guardian and are outside of the looked after system. Financially the main issue is that overall numbers and the shift away from external residential care is not happening at the projected pace.

3.15 The centrally retained Dedicated Schools Grant is projecting a net overspend of £2.9m, largely on the high needs block. The increasing demand within the high needs service has been previously notified to Schools Forum and more recently was discussed with them on 24th September 2018. These demand pressures are believed to be on-going and this has been recognised nationally by the Department for Education (DfE). In order to bring the high needs block into balance the Local Authority has provided a number of options to Schools Forum and will be shortly starting a consultation which will include the proposal to transfer 0.5% of primary and secondary mainstream budgets to the high needs block.

3.16 The reported overspend of £6.317m for Children's Services is based on actual expenditure to the end of August 2018 and the full year effect of existing placements, workforce and other known commitments. The pressures are largely as a result of the external residential and external foster care placements and the cost of home to school transport for children with special educational needs. The position reflects additional funding to reduce the forecast overspend set out in the previous Global Revenue Monitoring report:

- Application to Corporate inflation contingency to meet increased cost of placements and other inflation pressures of £1.9m.
- Draw down of £1.5m of non-recurrent funding set aside as part of 2018-20 budget to mitigate the risk of external residential placements numbers not reducing during the remainder of 2017/18.

3.17 There has been a £0.816m increase in the overspend since the end of May (Period 2). The main variances on the Children's Services budget are summarised as follows.

3.18 External Residential - The forecast position is an overspend of £3.543m, which is an increase of £1.821m since May. The increase reflects a reduction in expected commissioning savings from individual placement costs by £0.9m, with the remainder predominantly from the increase in cost of a number of existing placements following review (a case for additional inflation funding is being prepared) and a net increase of 1 placement to 90 since May.

3.19 External and Internal Fostering and Special Guardianship Orders (SGOs) - The forecast position is an overspend of £2.974m, which is an increase of £1.598m since May. £1m of the increase relates to the increase in external fostering placements. The Period 2 position assumed a shift from the use of external foster care and increase in the use of internal foster care and special guardianship orders (SGO) by 45 (average of 5 per month) between June 2018 and March 2019 would be achieved. Some progress has been made as internal foster care and SGO numbers have increased by 4 and 9 respectively. However, rather than a reduction of 15 external foster care numbers in June to August there has been an increase of seven. There will be a continued focus on increasing the use of internal foster care and Special Guardianship Orders rather than external carers for looking after our children. The remainder of the movement since Period 2 reflects a reduction of £0.6m in expected commissioning savings.

3.20 Leaving Care - The forecast position is an overspend of £40k, which is a £0.833m reduction on the overspend since May. The number of young people in supported accommodation placements reduced from 137 to 129 following a significant increase in numbers over the last 12 months. The improvement to the financial position is also due to action being taken to seek more suitable accommodation reflective of the level of independence of the young people.

3.21 Other Children's Services budget overspends are as follows:

- Fostering Service - £241k projected overspend in workforce budgets as additional staff are in place to support the service. The Head of Fostering has confirmed that the £300k saving will not be achieved this year.
- Adoption Service - £173k projected overspend due a higher than budgeted management fee for the Regional Adoption Agency (RAA). There have been 21 adoption made April to August, this is broadly in line with the 49 made last year.
- Legal Fees - £186k projected overspend due to legal advice and court proceedings costs being higher due to the increased volume of work.
- Children's Safeguarding Teams - Projected overspend of £77k
- Home to School Transport - £499k projected overspend – Analysis of the spend since the change in Children's Act legislation in September 2015 has shown that there has been a 50% increase in the number of routes and a 24% increase in the number of children transported. Costs have further risen due to special schools in the north being at capacity and children being transported much further to schools in the south of the City and out of area. Plans to mitigate the pressures by have been developed and identified £225k of savings which are reflected in the position.
- School crossing patrols - £90k due to the slippage on savings.
- Early Years - There is a net overspend of £101k relating to premises costs.

3.22 The overspend position is improved by the following:

- Children’s Social Work - Projected underspend of £612k which comprises of £623k underspend due to vacancies across the localities, particular the north of the city and the reduced use of agency staff. There are also small underspends in the Emergency Duty Service and in Families First (Discharge Families) services. Current vacancies are expected to be filled later in the year.
- Complex Safeguarding Hub and MASH - Projected underspend of £225k due to the phasing of costs for this new service against the full year allocated budget.
- Children’s strategic management - projected underspend of £20k
- Education services - other minor variations totalling £66k.

3.23 The forecast position for 2018/19 includes the recovery and restrain on the discretionary plan for the budget in 2018-20 which is detailed in Appendix 1. This has delivered savings of £0.685m.

Adult Services (Overspend £3.596m - excluding Homelessness)

3.24 There is a projected overspend of £3.596m across all budget areas, a reduction of £2.390m since May 2018 (Period 2). Of the overspend £3.686m relates to spend against the Manchester Health and Care Commissioning (MHCC) Pooled Budget for Adult Social Care and with a £90k underspend for Adult Social Care services outside the pool.

3.25 The pressure on the Pooled Budget relates to the longer time to implement both the new care models and deliver savings than originally planned. There is ongoing work with Manchester Health and Care Commissioning Executive and Manchester Local Care Organisation to accelerate progress and ensure the impact of new care models on reducing demand for health and care services is as expected.

3.26 Funding for demographic growth of £7.666m was approved as part of the Council’s contribution towards the MHCC Pooled Budget. This was a prudent assessment of need based on predicted trends. Drawdown of the funding is subject to approval by the City Treasurer in consultation with the Executive Member for Finance and Human Resources. The requirement for demographic funding has been reviewed and reflects the planned application of £3.189m for the growth in demand to date forecast over the course of the year. A further £1.977m has been retained for expected growth in demand for the remainder of the year. The balance of £2.5m has been released to support the overall spending position. The recent increased activity on delayed transfers of care will result in an additional pressure above the planned demography assumptions.

3.27 There are other one-off funding options to reduce the overspend in this year, however, any decision to utilise such funds must be made in the context of clear delivery plans for ensuring that the budget can be delivered in 2019/20.

3.28 The Government's Green Paper regarding care and support for older people is expected in the autumn and will be linked to the 10 year NHS plan. It is hoped that the paper will set out plans to improve care and support for older people and tackle the challenge of an ageing population. The Ministry of Housing, Communities and Local Government (MHCLG) has also consulted on proposed changes to the Adult Social Care Relative Needs Formula. The present formula has been in place since 2005/06, with some elements using the 2001 Census information. It is likely that it will be 2020/21 before any changes are now concluded.

3.29 A summary of the forecast overspend (£3.596m, excluding homelessness) is listed below:

- Residential and Nursing budget overspend of £1.265m - There has been a reduced number of residential and nursing numbers over the last six months by an average of around 70 placements which is a full year saving of around £1.8m. New Extra Care provision has been implemented during 2018 which is likely to have had an impact on the reduction in numbers. The overspend is a result of savings of £1.265m from other new care models, in particular the new Prevention model have not been achieved due to delays in implementation.
- Over the last month there has been a stronger focus on reducing the number people with a delayed discharged from hospital. This is better for the patient and is better value for money. However, a number of the discharges will be into residential and nursing care which will be an additional cost to the service above the planned use of demography funding.
- Homecare overspend of £2.9m due to the delays in implementing the new care models, particularly for Assistive Technology. The forecast assumes that £1.1m of savings can be delivered from the Reablement care model currently being implemented.
- Learning Disability overspend of £213k due to a shortfall against planned savings from the implementation of 'strengths based' support planning. Savings from reviews of high cost placements are on track to be delivered.
- Mental Health £387k overspend due to the non-achievement of savings against the 'strengths based' support planning saving. A request has now been made for an 'invest to save' to bring external capacity to support the implementation, with a focus on undertaking a number of Mental Health re-assessments. There is also a risk with the quality of data on placements on which the forecast is based due to the over reliance on manual records and vacancies in the service over the last few months. Again this will be a call on the remaining demography funding if it is found that placements are higher than expected.
- Local Care Organisation budgets have an overspend of £1.258m. This relates to the fact that agency staff are still required in care services provided in house to ensure the required staffing ratios are met.
- Commissioning budgets have an overspend of £430k as a result of savings that have not been achieved in 2018/19. Potential areas for

savings have been identified for 2019/20 as part of wider re-commissioning work.
- £2.500m of demography funding applied to support the non-delivery of savings
- Included in the projections are underspends totalling £357k across a number of budgets.

3.30 The recovery plan for the budget in 2018-20 is detailed in Appendix 1. This will achieve £205k of savings in 2018/19 which are included in the forecast position.

Homelessness /Welfare reforms (Overspend £0.593m)

3.31 There has been a significant increase in the numbers of households who are homeless in Manchester in recent years, including families, single people, young people, and people who are rough sleeping. This trend is also reflected nationally. This will become even more challenging with the roll-out of Universal Credit and the Homelessness Reduction Act 2017.

3.32 The private rented sector has doubled in size nationally in the last ten years, and rents have increased three times faster than wages nationally: homes in this tenure are increasingly unaffordable for families on low incomes, particularly to households in receipt of Local Housing Allowance.

3.33 There are consistently more single people than families approaching the service. Bed and Breakfast numbers for Singles have increased from 20 per night in 2014 to a high of 190 per night in August 2018, with approximately 110 per night for Singles and a rise to 80 per night for Families in August 2018. Dispersed temporary accommodation placements have increased from 153 in April 2014 to 1,349 in August 2018.

3.34 The Homeless Reduction Act was implemented on the 3rd April 2018. The Act has placed new duties on the Council to prevent homelessness in all circumstances, and has widened the application of the assistance and support that we are required to give to households who are homeless. There is some limited funding to support the implementation of the new responsibilities which is currently offsetting the loss of the temporary accommodation management fee.

3.35 The budget for Homelessness Service is £20.5m or £5.7m net of grants. This includes an additional £2.1m agreed as part of the budget setting process and £250k for demographic growth. In addition, there has been an additional £0.895m from the City Centre work and a further £0.500m for the Longford Centre. The external funding is as follows:

- The Flexible Housing Support Grant (FHSG) of £1.3m in 2018/19 and £2.1m in 2019/20.
- New burdens funding for the Homelessness Reduction Act of £0.509m over two years has been allocated by DCLG which is insufficient to cover the estimated costs.

- GMCA has received £1.8m over two years to support 3 hubs across GM. Manchester's allocation is £0.745m over the two years.
- Rough Sleeper Initiative Grant of £418k for 2018/19 and recently announced additional funding of £0.5m, conditional on success criteria from 2018/19.

3.36 The projected overspend of £0.593m reflects the additional budget provision outlined above including the full demographic allocation of £250k (subject to approval). The position in August 2018 is the highest both temporary dispersed and families in bed and breakfast has been to date.

3.37 The overspend relates to the cost of bed and breakfast accommodation and builds in a reduction in numbers of people in bed and breakfast from the peak in August. If this cannot be achieved this the overspend would increase to c£1.2m or higher if the numbers continue to rise.

3.38 In order to reduce the number of people in bed and breakfast accommodation the following actions have been put in place:

- A new role of operations manager has been created to focus upon increasing private rented sector offers and moving people out of bed and breakfast accommodation.
- A team of four support workers, who ensure the 3 priorities of safeguarding, move on and income generation are met.
- A singles pathway has been established to move single people placed in bed and breakfast quickly into in-house temporary accommodation dependant on need
- Access to external supported accommodation such as the Housing Related Support schemes and referrals to schemes specialising in drug and alcohol rehabilitation, mental health and rough sleeping.
- A new triage process has been put in place with support workers collating information to determine a level of need; high, medium and low and to manage safeguarding issues when people move on to temporary accommodation.
- Exploring options for moving people into step down shared accommodation rather than hostel or temporary accommodation.

3.39 Due to the increasing numbers in dispersed temporary accommodation, additional capacity was created within the service through the implementation of a new delivery model. This amalgamated the Housing Connect Service and the Support and Housing Management Team to create the Homeless Floating Support Service (HFSS) and Housing Management Team (HMT). The HFSS went live on the 20th June 2018 with 43 Support Workers, who each had a caseload of 41. The additional funding for 9 Support Workers has allowed for an additional HFSS team to be established in the north of the city, where demand is greater. Even with the HFSS NDM in place, demand in the service is still growing and during August, caseloads were at 45 each. If this trend continues, additional resources will be required to deliver a quality service and ensure the 3 priorities of safeguarding, income generation and move on are met.

3.40 The Council makes a loss of c£70 per week for each unit of temporary accommodation provided. This is because Local Authorities are not able to access the funding from Department of Work and Pensions for the full cost of the accommodation and are also limited to 2011 housing benefit rates and excluding any support funding. The Council is exploring arrangements with registered social landlord (RSL) housing providers that are able to access housing benefit funding for the full cost of the accommodation in excess of the local housing allowance.

3.41 In response to the further roll out of Universal Credit and in order to provide funding to residents who are experiencing hardship that is not covered through Housing Benefit or the Housing element of Universal Credit an additional £1m of City Council resources was approved to provide a total Discretionary Housing Payments budget of £3.433m. The expenditure to date is £1.576m, with a further £0.746m committed, this leaves £1.111m funding available to award for the remainder of the year.

3.42 Manchester is currently reviewing the cold weather provision in line with our Labour Manifesto commitment and the GM Mayor’s request to accommodate all people who are sleeping rough for the period October 2018 to April 2019. This is a challenging situation which is not included in the financial plan for 2018/19. If officers are able to secure both locations and finances through GMCA, setting a significant service up in two months will be difficult to achieve. We are working with the GMCA and will be providing them with costings for the service. In addition we are working with other Councils and the voluntary sector to establish a joint approach to the cold weather provision

Corporate Core (Underspend £1.593m)

3.43 The Corporate Core is forecasting an underspend of £1.593m at the end of August and this is made up of the underspend in Corporate Services £2.593m partly offset by an overspend in Chief Executives of £367k and forecast non-achievement of the Cross Cutting Savings of £0.633m.

3.44 The Chief Executives forecast overspend of £367k includes a £1.135m overspend in statutory and democratic services, made up of a £200k overspend in elections because of a combination of ward boundary changes and, the all-out election in 2018 and £0.935m for the Coroners service. These pressures are partly offset by: an underspend in Performance Research and Intelligence of £397k due to lower than forecast use of resources approved to enhance the Data Governance section; the release of a £155k provision held for potential repayment of grant monies following final sign off with the funders and higher than forecast numbers of staff purchasing annual leave exceeding the target by £100k. There are a number of smaller underspends in other areas totalling £116k.

3.45 The Coroners service overspend includes £0.502m growth pressures due to both the increased number of cases and more complex cases that the service is dealing with. Further, £248k inflationary pressures for increased staff costs and the mortuary contract for which inflation funding will be requested, if approved this would further improve the bottom line.

3.46 Corporate Services forecast an underspend of £1.960m. This is due to employee savings of £0.963m because of vacant posts in Revenue and Benefits, Customer Services and Financial Management, a saving of £1.2m in Revenue and Benefits because of the reduced need for bad debt provision and £430k underspend in ICT due to reduced spend against the resources allocated for the disaster recovery and training. The underspends of £2.593m above are offset by an underachievement on the cross cutting savings of £0.633m in relation to Commissioning policies. However, there continues to be ongoing work to review contract arrangements across all services which should enable further savings to be offset against this target.

Neighbourhood Services (Underspend £0.511m)

3.47 The budget for the Neighbourhood Services Directorate is £72.84m which includes a budget of £14.9m for Highways. The forecast outturn is an underspend of £0.511m, an improvement of £0.975m since last month due to implementing actions agreed as part of the work to support the wider Council budget position and the release of contingency to fund the prior year waste disposal costs of £420k. The main in-year variations are:

- Overspending on waste disposal costs £130k offset by £73k savings from a combination of staff savings and increased income. This includes c£130k pressure relating to increase tonnages which is subject to a request for funding from corporate contingencies. If approved this will improve the bottom line.
- Parks, Leisure and Events are overspending by £90k due to lower than forecast sponsorship income for Events.
- Neighbourhood area teams are overspending by £93k largely due to the costs of enhanced safety measures within the City Centre.
- Manchester Markets £131k pressure due to increased costs relating to waste recycling and disposal at New Smithfield Market and reduced income across the markets estate through reduced tenants.
- The above overspends are offset by staff savings, particularly in Community Safety and Compliance (£487k) where there are difficulties in filling some vacant positions due to the unsocial hours and where new staff are starting at the bottom of the grade, Citywide Highways Team (£115k), net savings on subcontractors in Manchester Contracts (£170k) and other minor underspends.

Strategic Development (Underspend £1.742m)

3.48 As at Period 5, the Directorate is forecasting an underspend of £1.742m, this is an improvement of £2.521m than what was forecast at period 2. The main change is due increased rental income of £2.1m for land used for car parks. The overall underspend is made up as follows:

- Facilities Management underspend of £280k due to reduced costs of repairs and maintenance and staff savings from vacant posts.
- Investment Estate forecast underspend of £0.892m due to increased rental income for land used for car parking, offset by reduced rents whilst properties are undergoing redevelopment and reduced advertising income.
- Housing and Residential underspend £104k due to staff savings from vacant posts, and increased income.
- Planning Building Control and Licensing underspend of £411k due to £224k savings from a combination of vacant posts and increased income, along with £187k release of provision that is no longer required.
- Work and skills are forecasting a £55k underspend due to staff savings from vacant posts.

3.49 Due to the nature of property budgets there are still a number of unknowns that could see this position change in the current year; in particular, income from the Investment Estate and operating costs in the Operational Estate.

4 Savings Position 2018/20 as at end August 2018

4.1 The approved savings target is £25.482m for 2018/19 and £9.022m for 2019/20. Following a number of years of budget cuts, these represent challenging savings and their delivery is regularly monitored. A summary of the updated 2018/19 savings position is set out below.

	Savings Target 2018/19					
	Green	**Amber**	**Red**	**Total**	**Non recurrent / Investment**	**Net Total as per MTFP**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Children's Services	3,670	373	7,381	11,424	(741)	10,683
Adult Social Care	2,068	2,200	5,366	9,634	(1,115)	8,519
Corporate Core	1,537	720	688	2,945	0	2,945
Neighbourhoods	2,890	445	0	3,335	0	3,335
Strategic Development	0	0	0	0	0	0
Total Savings	**10,165**	**3,738**	**13,435**	**27,338**	**(1,856)**	**25,482**

4.2 The key areas of concern are those savings targets that have been rated as high risk or ‘red’; the reported position assumes these will not be achieved in 2018/19. This relates to the following.

Children’s Services - £7.381m

4.3 As outlined earlier in the report, whilst the Investment Strategy has made considerable progress in reducing expensive placements, this has not been at the pace budgeted for and, in line with the national position, the service is experiencing continued demand. Overall numbers in internal and external residential and foster care provision were expected to reduce to 939 by the end of 2018/19 and are now projected to be at 1037. The increased demand is largely being met through the internal and external foster care service. In addition, numbers of SGOs are increasing and are current 457 against budget of 444.

4.4 External Residential £2.797m - The target is to reduce External Residential placements to 50 by March 2019. However, since the budget was set demand has increased. The residential numbers have increased to 89 (76 external and 13 internal placement including unaccompanied asylum seeking children) and are 10% above the budgeted unit cost. In addition, the expected funding from the CCG has reduced by £161k. It is unlikely that the target of 50 is achievable and this will need to be looked at when the budget for 2019/20 is considered.

4.5 External Fostering £2.934m - The target is to reduce the numbers of External Fostered to 344 by March 2019. However, since the budget was set the residential numbers have increased to 478 placements and placement costs are 6.1% above budget which means that this target will not be achieved.

4.6 Residential Preferred Supplier Agreement £1m target, £118k achieved to date from a review of high cost places - The new North West External Residential Framework is targeted to access additional external residential homes and reduce the unit cost of placements. Discussions are continuing to take place with providers regarding placement costs, prioritising the most expensive places.

4.7 New Northwest framework £0.650m target, £40k potential - Further to the new framework, Integrated Commissioning and Children's Services have been holding several meetings with external fostering providers with the aim of securing further discounts for long term placements and volume, with a potential £40k delivered to date. Discussions will continue to take place.

4.8 These savings are all reflected as unachieved in the Children’s Service’s reported position.

Adult Services

4.9 Manchester Health and Care Commissioning (MHCC) is a partnership between Manchester CCG and the City Council. In 2018/19 the overall pooled budget for MHCC totals £1.1bn of which £186.5m relates to the original Adult Social Care budgets and £922.1m to Health related budgets.

4.10 The target savings for MHCC Financial Sustainability Plans for 2018/19 is £20.389m of which £13.125m (64%) relates to new care models and £7.264m (36%) relates to other savings. Forecast savings are now £12.002m, although at various levels of risk to achievement. The table below details the current position against planned savings as per the MHCC monitoring of the Financial Sustainability Plan. It should be noted that the 'MCC' red rated savings have been re-classified into not yet developed / unachievable for the purpose of the joint FSP savings tracker:

Rag Rating	Manchester CCG Forecast (£m)	Manchester City Council Forecast (£m)	MHCC Total Forecast (£m)
Red	3.599	0	4.343
Amber	4.391	2.200	5.591
Green	0	2.068	2.068
Total Identified	**7.990**	**4.268**	**12.002**
Schemes to be developed / undeliverable	2.765	5.366	8.387
Total	**10.755**	**9.634**	**20.389**
Target	10.755	9.634	20.389

4.11 The main reason for the pressure on the Manchester City Council (Adult Social Care) element of the Pooled Budget predominantly relates to the implementation of new care models and delivery of savings at sufficient pace during the course of the year.

Adult Social Care - £5.366m (rated red in summary table for MCC)

4.12 Further details of the Adults Social Care savings which are unlikely to be achieved in this financial year are shown below. Considerable progress has been made in implementing the arrangements for integration but as noted earlier in the report this is due to the fact that it is taking longer than originally planned to implement the new models of care:

- Reablement £0.810m - due to timing of recruitment and the increased use of the service to support people out of hospital.
- Assistive Technology £2.159m - due to the need to provide additional clinical assurance and the procurement lead in time.
- High Impact Primary Care £213k - the model is not yet delivering the expected outcomes which means the savings from Residential, Homecare and Social Work will not be achieved.
- Prevention - £0.834m due to the delay in implementation and some double count of savings
- Strength based support planning £0.600m, the implementation plan is not yet in place with a likely delay on implementation of at least six months.

- Low Cost Placements £250k is unlikely to achieve any savings in this financial year due to the delay in the development of the model and procurement lead in times
- Contract review £0.500m implementation plan in place but contract savings for 2018/19 have not yet been achieved.
- Non-recurrent/Investment £1.115m reversal of non recurrent savings made in 2017/18 on minor schemes of £0.595m and Adult Social Care grant of £250k, with a further £270k investment on Assistive Technology to be funded from savings.

Corporate Core - £0.688m

4.13 The Corporate Core has £0.688m of savings considered undeliverable in 2018/19. These are detailed in the paragraphs below and have been offset against underspends elsewhere within the Directorate.

4.14 Review of the provision of mortuary services - £55k - The coroner's costs have increased by 9% in 2017/18 and this has caused a pressure in 2018/19. The aim is to mitigate this risk within the Directorate.

4.15 As part of the planned improvements in commissioning and contract management the arrangements across the Council have been enhanced this year, supporting value for money and aiding potential additional savings from future procurement exercises. Improvements include ensuring contract registers are in place and maintained across all directorates and improved governance of contracts through strengthened reporting at senior levels. .

4.16 To date commissioning savings of c£117k have been realised against the cross cutting savings target of £0.750m following the work undertaken to strengthen existing systems and processes across the Council. The key priority in order to realise the balance of the £0.633m commissioning savings is the ongoing work with Directorates to better plan the forward pipeline of commissions and contracts. This will support a significant reduction in the number of waivers to tender, eliminate spend off-contract, and help to identify opportunities for efficiencies - either through contract redesigns, or renegotiation with providers in relation to existing contracts. It will also enable the importance of social value to be reflected. The Council recognises this is as much about a cultural change as process, which is why it is also taking a number of steps to support different ways of working, including further training and e-learning for staff involved in commissioning and contract management.

5 Budget Recovery Plans

5.1 The first priority is to deliver what the Council committed to do in the budget strategy in order to deliver on the Council's priorities and achieve financial sustainability. However, due to the pressures on a number of budgets, particularly on social care, a Budget Recovery Plan is required along with some further targeted actions to bring the budget back into balance.

5.2 A significant risk to achieving a balanced budget is that further mitigation plans are too optimistic. It is essential that the proposals are robust and delivery plans are put into action within agreed timescales and with clear responsibilities. Plans must include options for mitigation where there is a risk of slippage or non-achievement.

5.3 As well as looking at the high risk and volatile areas of overspend there has to be a focus on controlling spend in all parts of the budget including avoiding non-essential spend and ensuring the use of agency staff and consultants is only to support business critical activity which cannot be carried out in house.

5.4 The Budget Recovery Plan is also required to identify actions that will close the gap in 2019/20, noting the 2019/20 budget was set with a gap of c£9m to be identified. If the spend is not reduced in 2018/19 this will make the position for 2019/20 and beyond much more challenging.

5.5 Each Directorate has been working with the Executive Members and the City Treasurer to discuss progress on how their services are contributing to meeting the priorities for the Council, the challenges and opportunities which exist and on the position against the budget and delivery of savings.

5.6 The details of the budget recovery work and the impact is attached as Appendix 1.

5.7 Further to the specific budget recovery actions within Directorates there are additional actions being taken forward as set out below:

Staffing Spend

- Strengthened governance of external recruitment to vacant posts which will be by exception only and following an assessment of the risks of holding vacant or filling internally. Where posts become vacant consideration will be given as to whether a reallocation of work could be undertaken. External recruitment, agency engagements above an agreed threshold and the establishment of new positions will be subject to sign off by the Strategic Director. (Entry level (Grades 1 to 3) vacancies will be excluded from this process and continue to be recruited to in line with the Manchester residency criteria).

- An initial review of vacant posts has been undertaken and associated budget savings have now been reflected in the Directorate Budget Recovery Action Plans and reported position.

- Spend on agency/consultancy engagement will be reviewed to identify immediate reductions and strengthen future plans. Spend here should be of the last resort e.g. to ensure statutory staffing ratios are maintained in registered service delivery. These need to be considered in light of service need and whether the work is considered essential for specific care/risk requirements or that it will generate greater financial return.

Non-staffing Spend

- Review all non-essential spend to prioritise and strengthen financial controls on non-priority items e.g. various supplies and services, non-urgent premises costs, travel, equipment purchases, training etc. unless it demonstrates a quantifiable invest to save proposal which will generate savings during 2019/20 or where to not spend would represent a risk to future budget sustainability and service outcome. The outcome of the spend review to date and further savings which could be delivered are now reflected in the reported position.

Reviews

- Review ICT project investment - prioritise and progress essential projects which deliver benefits for the budget and/or resilience. This review is ongoing.
- As part of the budget setting process, ensure all fees and charges are reviewed and increases are applied in line with agreed policies.

Opportunities

- Consider further opportunities to generate new income or reduce costs.
- Consider whether any capital investment would provide additional revenue benefit.

Compliance

- Ensure compliance with the Council's policies and procedures e.g. purchase orders for all supplies. 'No PO no Pay' will be strictly applied and invoices will not be paid unless a Purchase Order has been provided in advance. Sickness must be recorded as soon as known and return to work discussions are completed on the day of return. It is imperative that the City Council continues to get the basics right.
- Ensure that all spending can be attributable to achieving our priority outcomes

6 Evaluation of Invest to save initiatives

6.1 The budget includes three significant invest to save programmes which are detailed in the following paragraphs.

6.2 As part of the 2017/18 budget process additional Highways capital investment of £100m was approved. This is a five-year programme to implement longer term preventative maintenance measures with the ultimate aim of improving the Council's highways asset and reducing longer term maintenance costs.

6.3 Highways services are currently in the second year of the five-year programme. The year one investment was around £11.2m with continuing investment £14.1m planned in 2018/19. It is too early in the programme to determine if the expected reductions in ongoing maintenance costs will be realised.

6.4 Prior to the year 1 programme the overall percentage (by area) of roads within the city graded 4 or 5 (poor) had increased from 19% in 2016 to 25% in 2017, and this will provide a good benchmark to use for comparison purposes during the investment programme.

6.5 LED Street lighting investment - The replacement of about 55,000 existing streetlights with new LED lights was approved by Executive at a cost of c.£30m. The initial investment is to be repaid over a 20 year period through savings generated from a combination of reduced costs of electricity, private finance initiative (PFI) maintenance payments. There are also other non-financial benefits being realised including reductions in carbon emissions.

6.6 The three-year replacement programme commenced in September 2017 and in the first 11 months over 21,000 or 40% of the street lights have been replaced with LED lights. This has already led to projected savings in PFI maintenance costs of c£144k per annum, and once the programme is complete annual savings of c£375k are forecast. This is in addition to the significant reduction in electricity consumption due to the installation of new more energy efficient technology, currently there is a reduced consumption of c.6.4m kwh, and this is expected to increase to annual savings of c.18.1m kwh following completion of the project.

6.7 The project has progressed well and the replacement programme is ahead of schedule. The cost savings from the above are being used to fund the initial repayment of the £30m capital investment over a 20-year period.

6.8 For the Resources and Governance Scrutiny Committee, there is a report elsewhere on the agenda providing a review of the Children Services budget including the investment and impact on placement numbers.

7 Budget Virements

7.1 The following virements are proposed for the revised budget 2018/19 and requires Executive approval:

- £292k in Revenue and Benefits and Shared Service Centre transferred from pay to non-pay. These services have previously underspent on staffing due to high turnover and budget being set at the top of the scale; this virement will enable to service to meet non pay service pressures including.
- Transfer of £189k budget (£283k in 2019/20) for the Research function from City Policy to Performance, Research and Intelligence Team following a service review.
- Transfer of £1.701m budget for Work, Skills and Manchester Adult Education Services and £495k budget for Planning Licensing and Building Control function from the Neighbourhoods Directorate to

- Strategic Development in line with the changes in Directorate functions approved by Personnel Committee.
- Transfer of £0.613m budget for the Commissioning Children's Placement Team from Adult Social Care Directorate to Children's services Directorate following a service review.

8 Budgets to be allocated

8.1 In line with the February 2018 budget report to Executive the inflationary pressures and budgets are allocated on the assessment of individual business cases approved by the Executive Member for Finance and Human Resources and the City Treasurer. The following allocations are recommended:

- Pay Inflation - £5.150m for the costs of the pay award which was agreed as 2% at Grade 4 and above with higher percentage increases at Grades 1 to 3. This has been allocated across the council's pay budgets.
- Non pay inflation - Children's Services inflationary increase - £1.859m to support the continued delivery of the Looked After Children strategy. This is made up of:
  - Increased costs following external fostering framework re-tender £0.937m
  - Regional Adoption Agency pay and non-pay Inflationary uplift £63k
  - External Residential - impact of 6% price rises £0.6m
  - Increase to court fees for child care proceedings £109k
  - 3% increase to specialist Home to School transport £150k

9 Reserves

9.1 Approval for the following unplanned use of reserve is requested:

- English Institute of Sport Reserve – There is a request to drawdown £18k. It is calculated by Public Health England that each inactive individual costs the public purse £507 per annum. By investing the additional funding and ensuring front line services are supported through sports programmes, this funding will contribute to reducing the number of inactive residents and reduce the cost to the Council. The proposal will enable the Council to contribute to the economic growth of the city by reducing the number of inactive residents, increasing regular participation in sport and physical activity, developing and supporting talented athletes and supporting community events and activities.

10 Prudential Borrowing Indicators

10.1 As part of the Prudential Borrowing requirements, the Council sets a range of indicators designed to ensure that the borrowing it enters into is sustainable. These indicators are monitored regularly to ensure they are not breached and are reported in Appendix 2**.**

10.2 The indicator (2) non HRA Capital Expenditure for 2018/19 is forecast to be higher than the target. This is as a result of a combination of additional schemes being added to the programme and changes in the assumptions in the timing of expenditure. The main item of acceleration of the programme relates to the Airport Strategic Investment, which was included in the budget over two financial years but is now to all be incurred this year. This has resulted in a £17.4m breach over the set target. It is recommended to Council that the non HRA Capital Expenditure limit is reset at £600m.

11 Future Budget Considerations

11.1 2019/20 is the last year in the four-year settlement 2016/17 - 2019/20, however there are a number of unknowns which may impact including the roll out of welfare reforms, the outcome of BREXIT negotiations and the announcements arising from the Chancellor's Autumn Budget.

11.2 Further work is taking place to ensure the deliverability of the budget for 2019/20 which will build on the position contained within this report and include action being taken as part of the longer term budget recovery planning.

11.3 The February 2018 report to Executive noted there was a requirement for further resources or savings of £9m to be identified in 2019/20. After taking account of the full year effect of the pressures and recovery plan measures outlined in this report alongside the latest position for commercial income and business rates the gap is projected to remain at a similar level. The position will continue to be reviewed and updated to reflect any announcements from the Autumn budget due on 29 October and the Local Government Finance Settlement expected in December. The proposals to close the gap will go through the scrutiny process in December prior to the Budget Executive.

11.4 From 2020/21, there will be significant changes to Local Government financing which includes:

- New Spending Review period starts 2020/21 – potential continuation of austerity. Reports Summer 2019.
- Funding formula for allocating funding to local authorities is changing. Reports Summer 2019.
- Changes to how business rates are managed – currently the City Council retains 100% of growth generated during the valuation period, although this is then lost at reset of base. Currently Government is generally seeking a move to 75% retention.
- Business rates income is very volatile and difficult to predict, particularly due to the number and scale of appeals and the lack of information following the move to the Check, Challenge and Appeal process.
- Potential changes to funding for adult social care with the Green Paper now expected Autumn 2018.
- Increasing pressures from welfare reforms which are not funded.
- Continuing impact of BREXIT

11.5 The Council is engaging with central government and other interested bodies through formal consultation responses and working groups to ensure the impact of the potential changes on Local Government, and particularly Cities is recognised.

12 Budget setting process and timeline

12.1 The key activities for the 2019/20 budget setting process are shown in the table below:

Date	**Key Activity**
October 29th	Autumn Budget announced by Chancellor of the Exchequer
November - December	Consider Autumn Budget announcements and Directorate Plans for 2019/20. Identify consultation requirements.
December Scrutiny	Committees will consider the draft budget reports and business plans relevant to their remit
Mid to Late December	Local Government (Provisional) Finance Settlement issued and other funding announcements
January - February 2019	Scrutinise Budget Position and make recommendations, taking into account any consultation feedback
March 2019	Council - Budget Approval and Council Precept 2019/20

12.2 The Council has set a three-year budget and detailed consultation will only take place if there are changes to the proposals. This should be clear by December 2018. The City Council is required by law to consult with business rate payers and will need to sign post them to reports and highlight any changes.

12.3 The planned budget process timetable has been aligned with the draft timelines for Manchester Health and Care Commissioning (MHCC) and there is a commitment to a single process and a single financial report for MHCC.

13 Conclusions and Next Steps

13.1 This report sets out the projected outturn overspend and the actions being taken to address the position, the recovery actions taken to date have improved the position from the previously reported overspend of £13.7m to £6.1m. Whilst there are one-off resources available to further support the position in this current financial year, it is important that action continues to be taken to reduce the current steep increases in the social care budgets and to avoid any further unnecessary spend. If this is not achieved the gap will grow significantly in 2019/20 and put the Council in a far more difficult position.

Appendix 1 - Budget Recovery Actions and Implications

1.0 Introduction

1.1 The Period 2 budget monitoring report to July Executive detailed a forecast overspend of £13.7m for this financial year, and that budget delivery plans were being put in place with the expectation that the position may improve to £5m-£7m. Since that report, recovery measures totalling £6m have been drawn up and there have been further significant changes as follows:

- £2.5m of adult's demography funding has been released following a review of the demand now anticipated to year end.
- a reduction in expected commissioning savings within children's services of £1.5m due to the continuing challenges in the social care market.
- £0.4m allocated to Neighbourhood Services from the Waste Contingency to cover the £420k reduction in the Levy refund from 2017/18 which was announced after the 2017/18 accounts were closed.

1.2 This has resulted in a revised overspend of £6.1m.

1.3 The table below summarises the £6m recovery measures included within the forecast position for each Directorate, with further detail in the following paragraphs.

Service	Recovery Plan Measures £000	Discretionary Spend Review £000	Total £000
Children's Services	704	685	1,389
Adult Social Care	75	130	205
Corporate Core	1,025	772	1,797
Neighbourhood Services	295	0	295
Strategic Development	2,328	0	2,328
TOTAL	**4,427**	**1,587**	**6,014**

2.0 Children's Services

2.1 The 2018-20 budget included additional funding of £17.3m in 2018/19 and a further £2.3m in 2019/20 and a revised savings plan that would reduce this by £10.5m in 2018/19 and a further £2.1m in 2019/20. The remaining gap of £7m in 2018/19 was funded as part of the budget process.

2.2 For 2018/19 the revised position is an overspend of £6.3m reduced by £1.4m by the recovery plan measures below.

2.3 *Review of Discretionary Spend* (£0.685m). It is anticipated that there will be further savings from ceasing discretionary spend on Youth contingency (£141k), Workforce Development (£368k), Legal recharges to Children's (£50k), Information and governance (£40k) and Graduate trainee budgets of (£86k).

2.4 *Analysis of impact and further development of evidence based edge of care interventions (£21k).* The service has undertaken an analysis of the profile of the Looked After population, the impact of existing edge of care interventions including Family Group Conferencing, Alonzi House, Multi Systemic Therapy etc. By better targeting existing interventions and developing new needs led services across the partnership the service is confident they can prevent future admissions, thus avoiding the cost of care. The impact of this will be evidenced through the accountability of the new locality leadership structure which will be focussed on scrutiny and challenge of admissions into care and increase timely discharges from the care system. The full benefit of this work is unlikely to be realised until 2019/20. For 2018/19 the estimated impact is a reduction of 8 adoption allowances.

2.5 *Care Planning and Practice Improvemen*t (£494k) - the benefits from the work to continue to Improve the quality of practice will be achieved by targeting groups of the looked after children population in order to effect more timely outcomes and the reduction in the cost of care. Whilst there is confidence that children are appropriately becoming looked after, by working with key cohorts the aim is to accelerate their outcome/plan resulting in a lower financial cost whilst at the same time delivering better outcomes for them if sustained. These include:

- High Cost Residential Placements
- Suitable for Conversion to Special Guardianship Orders
- Adoptions
- Care Leavers in Supported Accommodation
- Conversion of care placements from external to internal foster care

2.6 Again the main benefits will be realised in 2019/20. The estimated impact in 2018/19 is a step down of 4 external residential placements to external fostering by end of March 2019 and the conversion of 28 external fostering placements to internal fostering by March 2019.

2.7 *System improvement and efficiencies (£189k)* - The Budget Recovery Plan factors in a number of medium to long term essential transformational activities and some shorter term system efficiencies and service reviews these include:

- Vacancy management (£30k) through undertaking a review of vacancies.
- Supported Accommodation (£159k) by progressing plans for permanence and by engagement with registered landlords to develop suitable provision for Care Provision.

3.0 Adult Services

3.1 The recovery plan for the MHCC Pooled Budget is focused on prioritising the progress of planned new care models for health and social care to improve expected delivery of savings in 2018-20 and action to reduce budget pressure in overspending areas. Further proposals are also being considered across the full scope of the £1.1 billion Pooled Budget for 2019/20.

3.2 The existing Financial Sustainability Plan (FSP) for 2018-20 included the full scope of health and social savings across 16 work programmes. Ten of these work programmes relate to new care models, with six to other savings work programmes. The recovery plan when finalised will be incorporated into the existing 2018-20 Financial Sustainability Plan for MHCC and which is governed through MHCC Executive and MHCC Finance Committee as set out in the Section 75 Partnership Agreement between the CCG and Council for the Pooled Budget.

3.3 The approved savings from ASC budgets within the Pooled Budget in 2018-20 total £9.634m and at this stage £5.366m will no longer be achieved in 2018/19. The Recovery Plan measures have contributed to the reduction in overspend of £2.775m (from £6.964m at P2 to £4.189m).

3.4 The table below breaks down the Adult Services variance and shows the impact of the recovery actions, which are expanded in the following paragraphs.

Adult Social Care Breakdown of budget variance as Period 5	Savings Shortfall £000	Budget Pressures / Capacity £000	Recovery actions £000	Net Budget Variance £000
MHCC				
MLCO				
In house services - Agency		1,175	(75)	1,100
Other variances		158		158
Total MLCO	0	1,333	(75)	1,258
MHCC				
Carers		(210)		-210
Residential and Nursing	1,265			1,265
Homecare	3,001	(101)		2,900
Learning Disability	213			213
Mental Health	387			387
Other Commissioning	500	5	(90)	415
Other Care		(42)		(42)
Demography - offset to overspend (subject to approval)			(2,500)	(2,500)
Total MHCC	5,366	(348)	(2,590)	2,428

Adult Social Care Breakdown of budget variance as Period 5	Savings Shortfall £000	Budget Pressures / Capacity £000	Recovery actions £000	Net Budget Variance £000
Total MHCC Pooled Budget	**5,366**	**985**	**(2,665)**	**3,686**
Homelessness		593		593
Safeguarding & other		(50)	(40)	(90)
Total Adults Social Care	**5,366**	**1,528**	**(2,705)**	**4,189**

3.5 The recovery actions total £2.705m and the detail is shown in paragraphs 3.6 to 3.8.

Reducing agency spend (£75k)

3.6 Review of agency spend:

- Recruitment to all permanent support worker roles will help to reduce agency spend.
- Roll-out of a new electronic rota system with a three-month pilot from September 2018.
- With the exception of in-house services, the majority of agency staff are used in posts where funding is deemed to be short term; for example, posts funded by the seasonal resilience grant (SRG) or funds allocated by the CCG for a specific purpose. Work is now in progress to identify those staff that can be moved from an agency position to being offered either a permanent position or a fixed term contract and this work is expected to conclude by the end of September 2018.

Review of discretionary spend (£130k)

3.7 Discretionary spend is planned to reduce by c£130k as a result of a review of the in-year non-statutory training programme (£90k) and a release from the assessment budget (£40k).

Application of Demographic funding (£2.5m) and New Models of Care

3.8 Whilst adult social care budgets are facing significant pressures the additional demand would be lower than that projected had the new care models been implemented in full. It is therefore recommended that £2.5m of demographic funding will be utilised to meet this demand (subject to approval) which will mitigate the impact of the delays in achieving the savings from the new care models. The MHCC Executive have undertaken 'deep dive' meetings with project leads during August and September to accelerate progress and ensure impact of new care models on reducing demand for health and care services is as expected to ensure savings can be delivered in 2019/20. The results of this work are set out below:

3.9 *Reablement* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Homecare and Residential budgets resulting from impact of expansion of the Reablement service. There was a delay in commencing the model due to the time taken for staff recruitment through a Social Value programme. Agency staff are being recruited in the short term to maximise the number of active Reablement workers. Now the expansion has begun, consideration is being given to the balance of activity between hospital and community activity, as the current activity has been predominantly based on supporting people out of hospital which is part of the reason why the savings have not been achieved. Whilst this is unlikely to impact significantly on this year's position the work is required to ensure the saving can be delivered in 2019/20.

3.10 *Extracare/Neighbourhood Apartments* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Residential budgets resulting from impact of additional Extracare accommodation. During 2018 Village 135 Extracare and Neighbourhood Apartments have become available and it is expected that this will have contributed to a reduction in placements of around 70 (7%) meaning the full 2018/19 saving target of £1.528m has been delivered. Other schemes were delayed due to uncertainty by Housing Providers earlier this year about availability of government funding, which has now been resolved. Oaklands House, a 36 bed unit in Fallowfield is expected to be operational in 2019 with another 4 schemes comprising of 293 units expected to be operational from early 2020.

3.11 *Assistive Technology (AT)* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Homecare budget from the introduction of AT. Following difficulties with finalising the model for procurement it has been disaggregated into two strands to enable the procurement to commence during autumn 2018 for the support to older people and those with long term health conditions and later for integrated medicines optimisation.

3.12 *Prevention* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Residential and Nursing budgets. The Prevention Scheme focuses on 3 key areas:

- Community Links for Health – A target ‘go live’ of the service is planned for 30th September 2018.
- Health Development Coordinators – It is expected that all coordinators will be in post by mid-November 2018.
- Community Capacity Fund - this is in place in the north of the city. A business case is currently in development regarding the Community Capacity Fund for Central and South.

3.13 *High Impact Primary Care* - The 2018-20 Budget and Business Plan for Adult Social Care included savings from Residential and Nursing and Homecare budgets. Whilst the model has been operational since November 2017 aiming to provide person-centred support for the 2% of people living with the most complex medical and social needs and those who are the most frequent users of acute care services. There have been challenges in effectively targeting the top 2% in terms of need across North, South and Central. A review of the scheme is underway on how it can be focused to have a positive impact on clinical and financial sustainability for the people.

3.14 *Strength Based Approach /Resource Allocation System* - The 2018-20 Budget and Business Plan for Adult Social Care set out the plan to review the current Resource Allocation System (RAS)[1] with the intention to move towards a strengths based approach, with a particular focus on Learning Disability and Mental Health packages. Analysis has begun to understand the current RAS with data drawn from the social care system from the records of 4,712 people in receipt of a care package and a cash Individual Budget (IB) as at 31st March 2018. The early analysis has confirmed that under the current RAS system most packages of care reflect an uplift due to the fragility of the external market and lack of available choice. Action being taken to deliver the saving includes:

- A soft market testing exercise took place in August with a proposal to procure a short term external review team to review 1,000 high cost Learning Disability and Mental Health cases using a new strength based approach.
- A comprehensive organisational development (OD) and training programme is being drawn up that will ensure that from April 2019, all staff are using the strength based approach.
- Greater management control on all new cases will be put in place from 1 October 2018 and retrospectively applied to cases that has been Panel since 1st August following a six week bedding in period.
- A review of the activity of the Brokerage Team will take place to identify uplifts and to reduce the incidence.
- External validation of current Resource Allocation System (RAS) and panel processes, including the Chairing arrangements.

3.15 *Contract Review* - The 2018-20 Budget and Business Plan for Adult Social Care included £0.500m of savings from a review of existing contracts and the delivery of this saving is included in the projection for 2018/19. Discussion has begun with providers to achieve a reduction across contracts, however, it is no longer anticipated that this will deliver savings in 2018/19.

Further Savings Measures

3.16 There is further work ongoing to manage pressures in the budget that have been identified during 2018/19 that will continue to impact in 2019/20 unless action is taken:

3.17 *Expansion of In-house Shared Lives Schemes* - It is proposed to increase the size of the Shared Lives Team so that a further 40 placements in the community can be sourced and managed to offer a Shared Lives, Supported Lodgings or Befriending Service to the people of Manchester with care and support needs; and as an alternative to other often higher cost placements / providers. Based on an immediate start to recruitment this should have an

[1] A Resource Allocation System (RAS) is used to work out a personal budget to meet an individual's social care and support needs based on an assessment of their need.

impact from early 2019/20 and will be built into the revised 2019/20 budget.

3.18 *Contact Centre / Front Door* - This includes making some interim arrangements at the ASC Contact Centre to manage demand away from the system until the new integrated MLCO front door arrangements are in place. We are proposing to put 3 social workers into the Contact Centre to support the expanded call handler team that MCC has invested in. This piece of work will be developed over September and October to go live in November. The provision of a social work triage system which can link effectively to the wider community system should start to deliver some savings as people are referred to local community assets, the VCS and primary and community health care.

4.0 Corporate Core

Recovery Plan Measures

4.1 As part of the work to review all budgets and identify savings to support the wider council budgets the Core has identified savings of £1.797m as at period 5, the proposals are achievable through in-year staff savings, reductions in spend and a review of income as set out below:

- Staffing in-year savings - Reform and Innovation £22k, Performance Research and Intelligence £270k; (a £60k vacant post, and a further £210k from the additional resources allocated for data management), Revenue and Benefits £300k, HROD £40k, and Financial Management £128k.
- Other Spend - Revenues and Benefits £200k from release of bad debt provision and £15k reduced training expenditure. Further to this a general review of discretionary spend across the core has identified a potential in-year reduction of £372k and a further £400k from reduced expenditure against resources allocated for ICT investment
- Additional Income – Procurement £50k through a one-off supplier rebate.

5.0 Neighbourhoods

Recovery Plan Measures

5.1 Potential additional savings/cost avoidance of £295k have been identified that can be delivered in the current financial year with £190k ongoing into future years. These are shown in the paragraphs below.

5.2 Neighbourhoods In-Year Savings £165k (non-recurring): These are made up of either holding existing vacancies, deferring expenditure or attracting additional sponsorship and are broken down as follows:

- Hold Community Safety Partnership funding - £34k
- Hold existing vacant posts - £81k
- Defer libraries related spend - £50k

5.3 Neighbourhoods Ongoing Savings £35k - There are a number of areas where budgets can be adjusted to reflect the ongoing over achievement of income against budget. The Directorate is also seeking to increase sponsorship income for events.

5.4 Highways Savings - £95k in 2018/19 increasing to £155k recurring from 2019/20: These include income generation (subject to approval), holding staffing vacancies, reviewing agency staff and a further review of plant and equipment. See breakdown below:

- Additional Staffing savings - £45k, full year effect £20k
- Increased income Capital Programmes - £20k, full year effect £60k
- Replace agency staff with permanent staff - £25k, full year effect £65k
- Further review of plant and equipment - £5k, full year effect £10k

6.0 Strategic Development

Recovery Plan Measures

6.1 Planning Building Control and Licensing staff savings through vacant posts £50k savings and additional £20k income for building control works.

6.2 Facilities Management - £158k by reducing the costs of repairs and maintenance by prioritising works in the current year.

6.3 Investment Estate - £2.1m additional lease income for land used for car parks 2018/19, reducing to £1m in 2019/20.

Appendix 2 - Prudential Indicators

No	Prudential Indicator		Target	Actual as at end of August 2018	Target Breached Y/N
1	Ratio of Financing Costs to Net Revenue Stream	Non – HRA	7.74%	7.72%	N
		HRA	£m 3.83	£m 3.82	N
2	Capital Expenditure		£m	£m	
		Non – HRA	568.0	585.4	Y
		HRA	27.5	24.6	N
		Total	**595.5**	**610**	
3	Capital Financing Requirements		£m	£m	
		Non – HRA	1,409.6	1,240.4	N
		HRA	281.7	281.6	N
		Total	**1,691.3**	**1,522**	
4	Authorised Limits for External Debt		£m	£m	
		Borrowing	1,454.8	612.9	N
		Other Long Term Liabilities	216.0	156.4	N
		Total	**1,670.8**	**769.3**	
5	Operational Boundaries for External Debt		£m	£m	
		Borrowing	1,146.7	612.9	N
		Other Long Term Liabilities	216.0	156.4	N
		Total	**1,362.7**	**769.3**	
6	Upper Limits for Fixed Interest Rate Exposures	Net Borrowing at Fixed Rates as a percentage of Total Net Borrowing	100%	44.7%	N

No	Prudential Indicator		Target		Actual as at end of August 2018	Target Breached Y/N
7	Upper Limits for Variable Interest Rate Exposures	Net Borrowing at Variable Rates as a percentage of Total Net Borrowing		85%	55.3%	N
8	Maturity Structure of Borrowing		*Lower Limit*	*Upper Limit*		
		under 12 months	0%	70%	0.00%	N
		12 months and within 24 months	0%	100%	45.9%	N
		24 months and within 5 years	0%	80%	24.4%	N
		5 years and within 10 years	0%	70%	0.0%	N
		10 years and above	20%	80%	26.7%	N
9	Upper Limits for Principle Sums Invested for over 364 days			£0	£0	N