

**Manchester City Council
Report for Resolution**

Report to: Executive – 16 October 2019

Subject: Global Revenue Budget Monitoring Report to the end of August 2019

Report of: Deputy Chief Executive and City Treasurer

Summary

The report outlines the projected outturn position for 2019/20, based on spend as at the end of August 2019 and future projections.

Recommendations

1. To recommend that the Council approve the proposed virements over £0.5m in paragraph 69.
 2. To approve the proposed virements in paragraph 69.
 3. To note the Global Revenue Budget Monitoring Report.
 4. To approve the use of budgets to be allocated in paragraph 66.
 5. To approve the use of reserves in paragraph 67.
 6. To approve the use of grants in addition to that already planned, as detailed in paragraph 68.
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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	
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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 £6.027m for 2019/20, based on income and expenditure up to the end of August 2019. All Strategic Directors continue to work to address the position by identifying greater efficiencies and accelerating savings where possible in order to support the overall financial position of the City Council.

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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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.

The Revenue Budget 2019/20 as approved by the Executive on 13 February 2019.

Introduction

1. This report provides a summary of the projected revenue outturn position for 2019/20.

August 2019 position

2. The forecast for 2019/20 at the end of August 2019 is an overspend of £6.027m.

Summary Budget Information

3. The following table summarises the spend for 2019/20 by service.

Overview of forecast Position 2019/20

	Original approved budget £000	Revised Budget £000	Forecast Outturn £000	Variance £000	Movement since last reported to Executive £000
Total Available Resources	(610,835)	(610,835)	(611,193)	(358)	(367)
Total Corporate Budgets	113,629	106,994	106,528	(466)	(45)
Children's Services	120,434	119,622	121,692	2,070	435
Adult Social Care	198,263	198,011	204,864	6,853	3,195
Homelessness	13,375	13,942	13,942	0	0
Corporate Core	67,838	68,912	67,877	(1,035)	(90)
Neighbourhoods and Highways	91,781	97,452	96,466	(986)	(685)
Growth and Development	5,515	5,902	5,851	(51)	89
Total Directorate Budgets	497,206	503,841	510,692	6,851	2,944
Total Use of Resources	610,835	610,835	617,220	6,385	2,899
Total forecast over / (under) spend	0	0	6,027	6,027	2,532

4. The main differences for the change between the 2019/20 original approved budget and the revised budget are:
 - £5.084m for the annual pay inflation award was included in the original Corporate Budgets and has subsequently been allocated across Directorates following approved. The Adult Social Care pooled budget was allocated £1.002m in the original budget;

- £2.7m Youth Services function - budget transfer from Children's Services to Neighbourhoods and Highways;
 - £0.983m Decriminalised Parking Enforcement and Bus Lane income budget moved from Neighbourhoods and Highways to Corporate Services due to a change in responsibility;
 - £355k allocated from Corporate Budget to Neighbourhoods for Waste Management inflation pressures; and
 - £279k Winter Pressures grant transferred from Adults Social Care to Homelessness following allocation.
5. All variances detailed within the report are measured against the revised budget.
 6. The paragraphs that follow outline the main reasons for the projected variation to budget.

Corporate Costs and Resources

Corporate Budgets and Available Resources (£0.824m underspend)

7. Spend associated with Corporate costs is £0.824m less than budget. This is due to a reduction in the number of people in receipt of historic pension costs (£460k), fortuitous income of £338k for additional rental income from the car parking, £29k additional events income from Manchester Central relating to 2018/19 and a £6k lower than expected loan charge. These are offset by an underachievement of £9k on the Council Tax Subsidy Grant.

Business Rates and Council Tax

8. The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of August 2019, 41.0% of Council Tax had been collected. This is in line with the position at the end of August 2018. However, it is too early to predict what the final Council Tax collection rate will be for 2019/20.
9. Business Rates collection is 46.9% at the end of August 2019, 1.5% ahead of last year. Whilst the collection rate has increased, the continued volatility in the position for appeals and new buildings coming onto the rating list means that it is very difficult to predict what the final position will be.
10. However, it should be noted that the budgeted income to be included in 2019/20 for these areas is fixed. Any variances will therefore not impact until future years.

Children's Services (£2.070m overspend)

11. In the 2019/20 Children's Services' Business Plan, additional resources to support the budget were approved at c£11.9m per year over a three year period (totalling £35.7m). The resources provide support to address the

pressures across all budgets for social care as well as providing the capacity to take a longer term approach by investing in early help and prevention.

12. Manchester's Children's and Education Services continues to increase the effectiveness of services and outcomes for children and young people. This outcome and the delivery of the recovery plan cannot be achieved in isolation. This will be delivered by strong partnerships (internally within Manchester City Council and externally with our key partners), facilitated through effective leadership and management at a locality level and the development of programmes of activity with our key partners. A targeted and systemic approach will be adopted that delivers:
 - Earlier prevention to reduce reliance on expensive specialist services;
 - Better commissioning and market management to increase impact and reduce costs; and
 - Making efficiencies where possible in service delivery.
13. The forecast outturn to the end of August is an overspend of £2.070m (1.7%) against a net budget of £119.622m. The overspend has increased by £435k since the last report, the major variances are as follows:
14. Residential placements are projected to overspend by £1.492m due to placements being 10 (12.5%) above the budgeted placements. The position includes £3.4m of funding from Manchester's Clinical Commissioning Group (CCG) towards the costs of the residential placements. Foster care, Special Guardianship Orders and Adoption Allowances have projected underspend of £0.797m. At the end of August 2019 external fostering placement numbers were 431, a reduction of 11 placements compared to budget. Placement costs have reduced by £3 per week since May. Internal Foster Care and Temporary Approved Connected placements are 476 at end of August 2019 compared to budgeted placements of 467. The service has performed well in the discharge from care or avoidance of children coming into care through increasing the use of permanent Special Guardianship Orders and Child Arrangement Orders where deemed appropriate with numbers increasing by 66 to 597 since May 2019. This is leading to additional costs of £412k, which are being met from the underspend in foster care. Overall Children's Services are achieving the strategy but the overall overspend is driven by a higher level of more costly external residential placements driven by complexity of need.
15. The Strategic Director of Children's Services and Education continues to chair a multi-agency review panel of all external residential placements. Whilst unit costs for residential placements are currently in line with those budgeted, the position reflects a current shortfall in the delivery of commissioning savings of £400k. Work is ongoing to develop the commissioning strategy and shape the market to meet the need in the most cost effective way, this includes:
 - Understanding of residential cohort used to drive commissioning decisions;
 - Building relationships with existing and new providers, sharing insights as to the type of support Manchester is looking for; and

- Integrated commissioning arrangements with MHCC and Education partners.
16. The Children's Safeguarding projected overspend of £0.606m is predominantly in respect of legal fees and is based on the activity to date and the previous outturn. It takes into account additional anticipated court proceedings costs, translation costs and assessment charges. Both the Service and the Council's Legal Team are working to address this position.
17. The Leaving Care service has a projected overspend of £0.535m relating to:
- Supported accommodation placements overspend of £155k. Despite placements being more cost effective and better quality provision number of placements has continued to increase. Work continues with Strategic Housing to increase the range and choice of provision for care leavers that is both suitable and achieves value for money; whilst enabling young people to successfully live independently.
 - Staying Put and Supported Lodgings overspend of £133k due to number of placements.
 - Leaving Care allowances are overspend of £247k, this area has increased by 35% following the extension of support up to the age of 25 for all care leavers through the Children and Social Work Act last year. The pressure has been mitigated in part with funding made available through the New Burdens grant.
18. Support to families for accommodation, essential living, assessments, translations and birth certificate spend is projected to be £145k overspent. The Regional Adoption Agency management fee is projected to be overspent by £95k as a result of the increased activity leading to an increase in the change from Stockport Council which is the host authority.
19. Home to School Transport is projected to overspend by £134k relating to the cost of transport for children with Special Education Needs and Disabilities (SEND). This reflects that savings of £0.599m have been delivered against a target of £0.733m to manage the budget pressure from 2018/19. There are further savings of £45k which are expected to be achieved next year once the capital work is undertaken to enhance pedestrian crossings.
20. The Education Psychology overspend is projected at £349k. Education Health and Care Plans (EHCP) for children and young people aged up to 25 years were introduced on 1 September 2014 as part of the Special Educational Needs and Disability (SEND) provisions in the Children and Families Act 2014. In Manchester schools there are a total of 2,895 EHCPs which is a 23% increase over the last three years. The Council is receiving more requests for EHCPs for young people aged 20 to 25. Education Psychology assessments inform the EHCP plans and as a result of the additional EHCP demand and statutory requirement to complete the EHCP process in six weeks, the current commission for Education Psychologists has had to increase beyond the original budget.

21. Children's social care workforce budgets are projected to underspend by £425k. The major variances are:
- Permanence and Emergency Duty Service underspend of £361k due to existing vacancies;
 - Families First service and Supervised Contact overspend of £310k, arising from the use of agency staff, which is currently under review;
 - Complex Safeguarding Hub is undergoing a restructure and the current number of vacancies has led to a small underspend of £42k;
 - Children's Social Care Commissioning Team underspend of £42k is due to vacancies which are expected to be recruited to later in the year; and
 - Strategic Leads, Quality Assurance, Statutory Assessment and Strategic Management projects a £290k underspend on staffing.
22. Dedicated Schools Grant (DSG) in 2019/20 totals £530.08m, of which £213.5m is top sliced by the Department for Education to pay for academy budgets. At this stage it is expected that the DSG will overspend by £2.236m. This is due to the costs charged to the high needs block which supports children with special education needs and special school places. There are also DSG pressures in out of area placements, educational, health and care plans (EHCP) and post 16 year old Education. The recent Spending Round announced £700m additional funding for High Needs nationally. The Council is awaiting the outcome of the school funding settlement for 2020/21 - 2022/23 to determine the sum available for Manchester for recovery of the deficit position for 2019/20 and sustainability for future years.

Adult Services (£6.853m overspend)

23. The Adult Social Care (ASC) and Population Health (PH) budget for 2019/20 is £198.011m of which £193.424m is part of the £1.186bn Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2019/20. The full year effect of the position to the end of August, based on revised assumptions on the delivery of savings, would be an overspend risk of £6.853m (3.5%) which is broken down as:
- £6.907m overspend relating to spend against the Manchester Health and Care Commissioning (MHCC) Pooled Budget for Adult Social Care (ASC); and
 - £54k underspend for other ASC areas out of scope for the MHCC Pooled budget.
24. The overspend risk at the end of August is an increase of £3.195m on the position last reported to Executive in May. The main reasons for the change is summarised below with more information further in this report:
- An increase in the overspend on in-house Learning Disability Supported Accommodation (LDSA) of £1.855m resulting from ongoing and rising need and demand for care and support. The service is developing a plan to address the pressures which includes the reassessment of needs, improved rota arrangements and addressing the increasing care required for people with Continuing Health Care (CHC) needs.

- There is a reduction of £0.782m in the savings from Homecare expected to be delivered in 2019/20. This is against a gross saving target of £4.7m from implementation of transformational and improvement projects. Progress has been made over the last few months with the new Homecare contracts, expansion of Reablement, roll-out of training for Strengths Based Supporting planning and introduction of Technology Enabled Care. There is a significant amount of change that will be embedded in practice and new care pathways over the coming months which should have an impact on reducing demand for Homecare.
 - Externally commissioned supported accommodation increase in the overspend of £234k due to increasing numbers of placements.
 - Changes in the forecast and reduction in the underspend in a few areas totalling £324k, namely Day Centres, Cash Personal Budgets, Shared Lives.
25. Overall the ASC position reflects that in total there are net savings of £7.909m of which £3.934m is projected to be achieved and £3.975m is at risk. The overspend position excludes £1.7m of funding in the Adult Social Care reserve held to support the planned changes in the LDSA service and delivery of savings. There remains £0.863m of funding for demographic growth for the remainder of the year. The draw down of this funding will be agreed with Deputy Chief Executive and City Treasurer and Executive Member for Finance and Human Resources.
26. Through the partnership arrangements with MHCC for the health and care pooled budget, measures to manage spending pressures will be considered including taking into account funding available to support system resilience. The recent Spending Round confirmed additional grant funding in 2019/20 for Better Care Fund to support adult social care. This is expected to be £0.896m which will be paid to to Clinical Commissioning Group (CCG). Of this £483k has been committed as Manchester City Council's contribution (33%) towards the cost of additional capacity to alleviate current system pressures, principally, at Manchester Royal Infirmary. The remaining £413k has been applied to support the demand on the Homecare budget.
27. The major variances are as follows:
28. In-house Learning Disability Supported Accommodation (LDSA). The most significant pressure for ASC services, which are part of Manchester Local Care Organisation (MLCO), is on the in-house LDSA budget in relation to workforce spend. The projected overspend for the service as at August is £3.267m, primarily relating to agency, based on the average hours from April to August continuing for the remainder of the year. This is an increase in the projected overspend of £1.855m from May and reflects the latest position on the demand for care and support the service is managing and reflects the scope to influence this position for the remainder for 2019/20.
29. A significant number of people's individual support plans have been changed due to decline in behaviours, health, mobility, safeguarding considerations and

this accounts for more than 50% of all agency hours. Between April and August 2019 the commissioned hours recorded by the service have increased by 34%. The service is reviewing the core staffing requirement following the assessment of need and seeking to reduce reliance on agency staff through recruitment to a more permanent workforce.

30. The LDSA position does not reflect the impact on workforce capacity requirements of moving learning support supported accommodation residents to the new build accommodation between October 2019 and March 2020. It is estimated at this stage that the transitional costs for the new accommodation will be £300k which will be a short term additional cost. There will also be a change in the support requirements for people in their new accommodation which has not yet been determined. The transitional and interim costs is one of the planned uses of the £1.7m in the Adult Social Care reserve.
31. In addition to the above there are further pressures for services within MLCO as follows:
 - Community alarm overspend of £126k due to a decrease in the number of people able to contribute towards the monitoring and response aspect of the service.
 - Shared lives budget overspend of £353k due to an increase in the number of carers and therefore people being able to have their care needs met through a shared lives offer. This service delivers better outcomes for individual clients and is more cost effective than external placements. The expansion of the service should deliver savings to the wider learning disability budget and is a model being replicated across Greater Manchester.
 - Short Breaks overspend of £0.613m due to increase in demand.
32. The overspends above are offset by underspends in MLCO services as follows:
 - Reablement of £260k underspend. The vacancy assumption in the reported position is a phased scaling up of resources in line with delivery of new care models;
 - Cash personal budgets and other contributions due to lower than predicted demand on cash personal budgets and as previously reported a dedicated piece of work by the head of service to recover unspent monies. This work has resulted in c£200k of returned funding and is included in the reported underspend of £381k;
 - Day Centres of £260k due to delays in recruitment and over recovery of income; and
 - Staffing budgets for social workers of £115k due to slippage on recruitment plans.
33. Residential and nursing has a projected overspend of £296k. The budget includes savings of £1.084m, which equates to a reduction of 49 placements across the year, resulting from the impact of new care models. Residential and

nursing placements show a net decrease of 9 from March 2019 and continue to show a reduction.

34. Homecare budget overspend of £1.763m which is an increase in the overspend of £0.782m since May as a result of a revision of the projected delivery of gross savings for 2019/20 to £1.937m. As referenced in paragraph 23 above progress has been made on the implementation and mobilisation of a number of transformational and improvement projects expected to deliver reductions in demand for homecare hours with a savings target of £4.7m in 2019/20. There has been a reduction in the growth of Homecare hours from on average c10% per annum over the period 2015-2018 to growth of 3% over the first nine months of 2019.
35. Once fully implemented and embedded operationally within MLCO the schemes should have a positive impact on reducing demand for Homecare. However with the current pressure in the system, in particular in the hospitals it is concluded that it would be high risk to project substantial savings in homecare costs over the remaining months of the year which include the winter period. Funding of £413k from the CCG from its increased Better Care Fund allocation for adult social care has been applied to mitigate the demand on the Homecare budget. Funding available from the ASC Seasonal Resilience grant will be prioritised for meeting new pressures over the winter period.
36. Commissioned services for people with a Learning Disability has a projected overspend of £0.519m. There has been a net increase of 35 clients since the start of the year with a cost of £1.111m. The reported position reflects a request to draw down demography funding to meet the cost, subject to approval of the Deputy Chief Executive and City Treasurer and Executive Member for Finance and Human Resources. Savings of £0.650m were agreed as part of the budget process which were split between £0.5m on high cost placements and £150k from the introduction of an enhanced shared lives offer. To date £415k of savings have been achieved against high cost placements. The shared lives offer is being developed and should continue to reduce demand for external placements.
37. Services for people with Mental Health needs has a projected overspend of £213k. Whilst mental health placement numbers have reduced by 10 for those over 65 years old and by 21 for those under 65 since March 2019, there remains a pressure of £213k on the budget due to a shortage of suitable accommodation. The position reflects savings achieved of £562k against at target of £0.775m.
38. There are pressures on externally commissioned supported accommodation of £459k due to increasing numbers of placements. Supported accommodation placements have reduced by two since the last period following an exercise to scrutinise placements, resulting in a reduced level of spend.

39. Commissioning and corporate budgets has a projected overspend of £540k. This overspend is largely as a result of a delay on identification of contract savings of £0.5m which was a savings target for 2019/20. Options are being considered to deliver this saving.
40. Carers budgets have a projected underspend of £247k based on levels of spend to date when compared to spending patterns from 2018/19.
41. Safeguarding budget has a projected underspend of £54k on staffing related costs. This is outside the remit of the MHCC Pooled Budget.

Homelessness / Welfare reforms (breakeven)

42. The position reported is a projected break even position against a net budget of £13.942m. The breakeven position utilises a £93k drawdown from reserves. The position also reflects the allocation of £4.340m investment and demography budget of £250k approved per the Council's 2019/20 budget process and planned spend of external recurrent and non-recurrent funding streams. Whilst the position is projected to break even there are risks from continuing rising demand, new initiatives and service developments funded from non-recurrent resources.
43. The use of Bed and Breakfast accommodation during August averaged 125 single people and 53 families per night. To delay the use of temporary accommodation and move people in a managed way, a new team has been implemented at the front door for Section 21 presentations (no fault evictions). The team has worked with 583 cases since mid January 2019, preventing 362 cases, 309 of which had an invalid Section 21 notice and a further 53 were prevented following contact with the landlord. This delay allows more time to work with the family or individual to avoid eviction. Where there is a need for temporary accommodation the aim is to move people directly from their current property into dispersed accommodation, avoiding the use of Bed and Breakfast.
44. The net spend on dispersed temporary accommodation in addition to that claimed through housing benefit is forecast as £5.7m based on placement numbers in August. Forecast gross spend is £14.3m with eligible housing benefit income of £8.6m. This cost is being offset by additional investment of £3.4m included in the 2019/20 budget and Flexible Housing Support Grant of £2.1m. Placements have increased by 104 since March 2019 to 1,582 in August 2019. Numbers of families in temporary accommodation continue to rise and there is a risk that despite significant additional investment in prevention the number of presentations in Manchester will continue to rise. Work is ongoing to put in place an approach to minimise the cost to the Council of temporary accommodation by maximising the use of eligible housing benefit.
45. The 2019/20 budget included £0.5m of investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. The investment in the Inspections team will ensure there is sufficient capacity

to make certain that properties are up to standard. The Welfare Contact Officers will ensure oversight and service safeguarding is maintained of all households whilst unallocated to a specific Support Worker, in addition to this, the role will oversee escalation of property issues, chasing progress on repairs and supporting residents with move on

46. The 2019/20 budget also included £0.8m of funding for a new homelessness prevention service which will support those households identified early on as being at risk of homelessness. The intention is to pilot this in two areas of the city, linking in with Early Help, education, health, and other locality based services, and providing a multi-agency/multi-modal prevention response to those households identified as being at risk of homelessness before they hit crisis point.
47. Funding of £1.563m from Greater Manchester Combined Authority (GMCA) for 'A Bed Every Night' commitment for 2019/20 has been confirmed which will provide the equivalent of 45,111 bed nights.
48. Adult Social Care Winter pressures grant of £279k was allocated and approved as part of the 2019/20 budget setting process. This will fund eight posts on a permanent basis to enable successful recruitment and retention of staff linking a Homelessness Support Worker to each of the three hospitals as well as Mental Health provision. In addition to this, there is a requirement to increase Private Rented Sector staffing to ensure that people are not discharged from hospital into Homelessness but rather have a permanent accommodation offer. This will be funded as part of the Adult Social Care Winter Pressure grant allocation.
49. The financial position reflects full spend of the following non-recurrent funding allocations:
 - Rough Sleeper Initiative (RSI) funding of £0.5m funds a number of different initiatives and services that work together as an RSI Partnership, with the objectives of preventing people from rough sleeping and finding accommodation for people already rough sleeping;
 - Ministry for Housing Communities and Local Government (MHCLG) has allocated funding for Rapid Rehousing Pathway programme of £215k. Additional staff attached to the Council's Outreach Team will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation;
 - Private Rented Sector (PRS) Access Bid of £401k to increase the existing PRS offer to landlords including assistance for deposit and bonds;
 - New burdens funding of £390k is being utilised to provide capacity to reduce demand resulting from the Homelessness Reduction Act. However whilst the responsibilities are ongoing, given the uncertainty around funding capacity arrangements have been made on a temporary basis; and
 - MHCLG Prevention and Flexible Homeless Support Grant provides additional funding of £1.005m to be utilised to prioritise prevention

activity, carry out homelessness activities in line with the principles of the Homelessness Reduction Act and reduce or eliminate the use of emergency Bed and Breakfast accommodation, particularly for periods over 6 weeks.

50. The Council Manchester is reviewing all short term funding streams and the longer term position as part of the 2019/20 budget process.

Corporate Core (£1.035m underspend)

51. The £1.035m net underspend is made up of £1.961m underspend in Corporate Services offset by £0.710m overspend in Chief Executives and £216k unachieved cross cutting savings which is due to a timing issue because of part year implementation.
52. The Core has commenced working on the Our Transformation programme and the initial work includes considering how functions better work together across the Core and will make use of the feedback received from the workshops that were held earlier this year. Cross working has enabled teams to identify a number of vacancies that can be deleted from structures and contribute to savings targets. Given the overall budget position of the Council all vacant posts are subject to review prior to being filled.
53. The Chief Executives projected overspend of £0.710m has increased by £71k since the last report to the Executive. The overspend is made up of £490k increased Coroners costs due to the increased number and complexity of cases; a £250k overspend in elections due to the higher than forecast cost of running two elections this year; and £30k underspend on Registrars due to overachievement of income.
54. Corporate Services has a projected underspend of £1.961m, this is a small increase of £3k since the last report. The primary reason for the underspend is staff savings of £1.576m due to vacant posts across services within Corporate Services. There is a £420k underspend in ICT due to a lower forecast spend against resources allocated to fund projects and a £30k underspend on Corporate items due to a reduced audit fee. The underspending areas are partly offset by a £65k overspend in the Shared Service Centre which is due to reduced income and an overspend on running costs.
55. There is a £216k overspend due to the part year implementation of some of the cross cutting savings. These will be mitigated in year from within the Corporate Core, and the full year impact will ensure these are deliverable in future years.

Neighbourhoods and Highways Directorate (£0.986m underspend)

56. The £0.986m underspend is made up of underspends in Neighbourhood Services of £71k and Highways Services of £0.915m.

57. Neighbourhoods Services has a projected underspend of £0.644m on Community Safety and Compliance, City Centre Management, Licensing and the Out of Hours Team mainly due mainly to employee underspends. Recruitment to the vacant posts is ongoing and a number of posts will be filled in the coming months.
58. This is partly offset by £0.582m lower than forecast income in Manchester Markets, due to a decline in tenants at New Smithfield Market, Sunday Market Car Boot and Wythenshawe Market.
59. Highways Service has a projected underspend of £0.915m mainly due to £0.545m additional Manchester Contracts income from works on minor capital schemes, additional fee income from the capital programme £180k and increased fees from the pay and display car parks £190k.

Growth and Development (£51k underspend)

60. The Directorate is forecasting a number of small underspends, these include; investment estate (£36k) due to higher than forecast rents, Housing and Residential growth (£82k), planning building control (£74k) and facilities management (£71k) mainly due to staff vacancies.
61. The above underspends of £263k are partly offset by overspends on Operational Property (£155k) due to a combination of increased utility costs and reduced rental income from the operational estate, and City Centre Regeneration (£57k) due to reduced project income.
62. There continues to be risks associated with the Investment Estate, particularly around reduced rental income due to vacant units but these are being proactively managed.

Housing Revenue Account

63. The Housing Revenue Account (HRA) is forecasting a £3.087m favourable variance.
64. The main variances are £1.533m underspend on PFI costs this is because of some rescheduling of capital investment, with works slipping into 2020/21 and a reduced revenue contribution to capital projects totalling £1.692m. These are netted off by £138k increased costs due to additional salary costs of £40k, feasibility works of £50k at Riverdale and reduced rental income of £48k.
65. The HRA is a ringfenced account and any in year surplus/deficit has to be transferred to or from the HRA reserve. Due to the forecast underspend of £3.087m, £4.353m will be transferred from reserves, compared to a budget of £7.440m. This would leave a balance of £64.510m in the HRA General Reserve at year end.

Budgets to be Allocated

66. In line with the 2019/20 Budget Report to Executive in February 2019 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 Deputy Chief Executive and City Treasurer. The following allocations are recommended for approval:

- Release of £125k for a data governance restructure to enable a succession plan and allow the service to respond to increasing demand and structure the service so it is more aligned to current council directorates. This will also support an additional apprenticeship post;
- Release of £334k for an initiative to deliver a more attractive offer to foster carers, an effective marketing campaign, develop skills within the in-house fostering service and plan for conversion of external foster carers to internal foster carers as part of the new procurement framework arrangement being developed in the North West for 2019;
- Release of £400k for Home to School Transport for cumulative increases in inflation for insurance premium, requirements to reduce vehicle emissions by 2020/21 and changes in the national minimum wage since the last tender of contracts for Home to School Transport; and
- Release of £254k to cover the increase in the average weekly cost of foster care placements by 7%, from £3,642 per week to £3,910 per week, an increase of £268. Core cities and northwest authorities are reporting similar increases. £207 of this weekly increase is to be met from demography funding and the service request the remaining £61 per week is funded from inflation for the budgeted placements.

Transfer from Reserves

67. A drawdown requests for the following reserves have been submitted:

- Manchester Arena security measures - £197k from the on-street parking reserve. Semi-permanent concrete planters will be placed along Hunts Bank and the entire length of the central reservation of New Bridge Street. Movable barriers will be located at four locations on New Bridge Street. These will replace temporary traffic management measures which are currently deployed to prevent through traffic on the southern side of New Bridge Street for the period immediately after an event to support the high numbers of pedestrians exiting the venue. The works represent the finalisation of a number of discussions with stakeholders regarding some local improvements in the area of the arena; and
- CCTV Operating system upgrade - £200k from the on-street parking reserve. To procure and implement a replacement Public Space CCTV Operating System. £250k was approved in the 2019/20 budget, bringing the total CCTV project revenue costs to £450k.
- Liquid Logic Social Care system implementation costs of £0.7m - The replacement social care system went live in July 2019. This requests a drawdown from Capital Fund Reserve to fund the additional costs of the internal and external resources needed to support the system in going live including providing further training and other implementation costs; this will involve retaining the project team until later in the year to support business

- change activities linked to the new system.
- Carers support - £0.615m from the Our Manchester reserve to support Carers strategy for a two year period together with funding from the external Greater Manchester Transformation Fund of £0.528m. A contract will be awarded for a two year period and partners will review the impact to determine the investment priority on a longer term basis.

Grants allocated to Manchester City Council in year

68. Notifications have now been received in relation to specific external grants. The allocations were not confirmed at the time of the 2019/20 budget setting process and therefore have now been considered through the in-year Revenue Gateway process. These include:
- £59k from the Department of Business, Energy and Industry Strategy for the Feasibility Study for a heat network at Manchester Science Park (MSP) to be used to procure an external technical consultant to undertake a techno-economic feasibility study into the potential renewable and low carbon heat network to serve MSP;
 - £400k from the Home Office for Violent Crime Reduction Programme (in partnership with Greater Manchester Combined Authority). This is to allow the Community Safety Partnership to undertake activity which will contribute towards meeting its strategic objectives. These include tackling crime and antisocial behaviour; keeping children, young people and adults with vulnerabilities safe; protecting people from serious harm; reducing the crime impact caused by alcohol and drugs; and changing offender behaviour;
 - £2k from the Department of Business, Energy and Industry Strategy for Greater Manchester SME Zero Carbon Accelerator – Phase 1 will establish a standardised, replicable mechanism for supporting Greater Manchester SMEs to develop, aggregate, fund, deliver and monitor the performance of projects to become zero carbon. MCC's role within the project is management of the consortium and the overall project;
 - £71k from the European Commission for Zero Carbon Cities for a second phase programme to bring networks of European cities together to develop solutions to shared urban challenges. The City Council has been an active participant in this programme over the past 10 years and this is the sixth successful URBACT (EU urban developments) bid the City has led; and
 - £413k of funding from Central Government to prepare local authorities for leaving the EU by appointing a designated Brexit lead, enhancing local resilience and supporting air, land and sea port development to meet additional challenges.

Virements

69. The following virements are proposed for a revised 2019/20 budget which require Executive and Council approval:
- Increases in parking, bus lane enforcement and residents' parking activity

has led to an increase in the number of penalty charges notices issued by the Council. In order to effectively manage this demand, the service requests a virement of £175k in 2019/20 and £0.698m in future years (of which £486k is permanent and £212k time limited) to fund additional operational, technical and managerial resources and enable the delivery of a service improvement and transformation programme.

- Funding sources within the GMCA Transport budget have changed as a result of the Transport Order being laid in April 2019, giving the Mayor further powers for transport functions. In February 2019 it was approved that the Transport Levy would increase by £8.3m, which would be off-set by grants from the Mayor. Of the £8.3m, £6.84m can now be retained within the Mayoral General Fund which will necessitate a reduction per district in the remaining Transport levy payable, which will be off-set by not receiving Mayoral grants to the same amount. This results in a Transport Levy reduction of £1.333m for Manchester. A virement is requested to reduce both the Transport Levy budget by £1.333m, from £38.157m to £36.824m, and Grants and Contributions budget from £1.618m to £285k.

Savings 2019/20

70. The 2019/20 budget process identified £9.022m of savings and budget reductions to be delivered in 2019/20. In addition, a further £5.776m of recovery plan savings have been agreed bringing the total savings required to £14.798m.
71. The report sets out the assessment of risk against approved saving for 2019/20. The key areas of concern are those savings targets that have been rated as high risk or 'red'. These are shown in the table below.

	Green £000	Amber £000	Red £000	Total £000	Non recurrent / Investment £000	Net Total as per MTFP £000
Children's Services	876	1,777	0	2,653	392	3,045
Adults and Social Care	1,207	2,726	3,975	7,908	(5,915)	1,993
Homelessness	0	440	0	440	0	440
Corporate Core	3,133	216	0	3,349	0	3,349
Neighbourhoods	4,545	406	0	4,951	0	4,951
Growth and Development	1,020	0	0	1,020	0	1,020
Total Budget Savings	10,781	5,565	3,975	20,321	(5,523)	14,798

72. Delivery of amber and red savings will continue to be tracked and reported, and mitigations identified, where possible, to address the 2019/20 financial pressures. The red rated savings are detailed below.

73. Adult Social Care has £3.975m savings rated as red. All those savings categorised as red are reflected as overspends in the forecast service position as at the end of August. The red savings are made up the following.
74. Reablement savings risk of £1.726m (54%) as a result of delays in mobilising the expanded service due to recruitment timescales. Evaluation to date has identified that caseload is increasing and unmet need has reduced and people that have received Reablement are showing greater independence.
75. Assistive Technology £0.591m (51%) risk due to the delay in the development of the model and mobilisation of the service as this has a long lead time due to procurement requirements and overstated benefits.
76. High Impact Primary Care saving risk of £153k (100%) from Residential, Homecare and Social Work. Work is being undertaken by the service to define the scope of the model and build integrated Neighbourhood Teams to assist delivery.
77. Learning and Disability High Cost Placements and Shared Lives savings risk of £235k (36%) which is dependent on the outcome of ongoing assessments.
78. Strength based support planning in Mental Health services has savings of £0.775m of which £183k (23%) are rated as high risk which is dependent on the outcome of ongoing reviews.
79. Strengths based support planning for other ASC has savings of £0.5m of which £205k (41%) are rated as high risk. The changes to practice and training is now being rolled out but there is likely delay in full implementation of at least six months.
80. Homecare £0.750m of which £382k (50%) are rated high risk due to implementation of outcomes based commissioning was delayed until September 2019.
81. Contract review high risk savings of £0.5m (100%) as the implementation plan is yet to be developed. Further work is being undertaken to link into other service savings to assist with delivery.

Investment Priorities 2019/20

82. In 2019/20 the Council committed to £31.863m of investment priorities. An update on these investments to the end of August is shown in Appendix 1.

Conclusion

83. Overall the projected variance of spend to budget for 2019/20 is an overspend of £6.027m.
84. A number of pressures have been addressed through the 2019/20 budget setting process. As set out in this report, the position reflects the latest saving

achievements and progress made to mitigating pressures across service areas. However, pressures on the budgets for Children's Services and Adult Social Care will continue to be monitored and mitigations sought throughout 2019/20.

85. This report references some additional resources that can be deployed to support the position. The Council is keeping this under review through discussions with the Executive Member for Finance and Human Resources and portfolio holders scheduled in November to review actions taken to mitigate pressures. An update will be provided with December's Global Monitoring report.

Recommendations

86. The recommendations appear at the front of this report.

Appendix 1: 2019/20 Investment Priorities

Investment Priorities	2019/20 £000	Objective / Update on progress / Outcomes
Children's Investment		
Looked After Children	12,931	Budget requirement for Children's placements, the Regional Adoption Agency, Children's Mental Health Services (CAMHS) and other safeguarding services supported by funding allocations and reserves.
Early Years	500	Reinvestment of Early Years savings to support the service.
Adults Investment		
Additional capacity in Social Work, Safeguarding, the Citywide Care Homes Team, the Learning Disability service and other specialist services. Greater internal capacity for Best Interest Assessors supporting Deprivation of Liberty Safeguards	1,067	Recruitment to address the significant challenges identified by the incoming Director of Adults Social Services. Progress is positive with c76% of roles recruited to, with pre-employment checks complete and start dates agreed. For the remaining roles interviews were scheduled before the end of September so start dates are expected in the next few months.
Development i.e. social work career pathway and additional team manager capacity for the in-house Learning Disability Accommodation Service	500	To aid recruitment and retention of social workers a career pathway is being developed. Proposal discussed at Improvement Board and discussion with Unions to be scheduled. Modelling of possible cost implications completed.
Enable permanent recruitment to posts funded via ASC seasonal resilience funding	1,456	Roles identified to support work across the system in order to improve discharge from hospital. c97% of time limited roles have been recruited to.
Seasonal resilience funding for additional winter arrangements such as placement costs as agreed between partners	1,211	Smooth the pressure from increased package costs across the winter months. Additional provision to be purchased as required to ensure speedy discharge from hospital.
New Care Models	3,343	Investment in New Care Models
Net Investment agreed during 2018/19 budget setting	3,840	Investment to meet need (part of £15m requirement over 2 years)
Homelessness Investment		
Homelessness - enhanced enforcement activity in the private rented sector	500	£0.5m investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. This will ensure that there is

Investment Priorities	2019/20 £000	Objective / Update on progress / Outcomes
		sufficient capacity to make sure that properties are up to standard and ensure service safeguarding and oversee escalation of property issues.
Investment agreed during 2018/19 budget setting	3,840	To support prevention and temporary accommodation including Bed and Breakfast
Demography agreed during 2018/19 budget setting	250	The Demography provision has been applied.
Neighbourhoods Investment		
Neighbourhoods - Support Food Inspections	255	Increase the number of food safety inspections, allergen control checks, imported food controls at Manchester Airport and strengthen management oversight. Posts assumed to be filled November 2019 - January 2020.
Neighbourhoods - Further action to tackle littering, fly tipping and poor business waste management	500	To tackle and ultimately reduce the increasing number of commercial and refurbishment waste being fly tipped in particular hot spots throughout the City. In August flytipping cases for a rolling 12 months are down by 472 on that reported in July and down 2,253 on August 2018.
Neighbourhoods - Anti Social Behaviour (ASBAT)	420	Provide additional funding for the Anti Social Behaviour (ASBAT) team to address additional number of cases of anti-social behaviour across the city, delivering prevention, intervention and support to help reduce ASB. The funding will be used to provide additional offices, management and support capacity across the city. New posts are now approved by HR but recruitment has been delayed until December 2019.
Youth Funding	150	Ideas are being developed for various schemes to progress in 2019/20. From 2021 consideration is to be given to part funding the revenue costs of the Gorton youth hub. Discussions still ongoing for this year as the service is new to Neighbourhoods. The new Head of Service anticipates the majority of this funding will be used to fund additional posts.

Investment Priorities	2019/20 £000	Objective / Update on progress / Outcomes
Corporate Core		
Core - Welfare Reform support from additional Council Tax revenues	1,100	To support additional Discretionary Housing payments. Currently 65% of the total budget has been committed which is at a similar level to last year.
Total Investment	31,863	