



MANCHESTER
CITY COUNCIL

Executive Summary

Integrated Monitoring Report

Period 2 – End of May 2020

Financial Impact of COVID-19

The anticipated financial cost of COVID-19 to the Council is currently £166.3m (including £0.4m in 2019/20). For the 2020/21 element of £165.9m, £31.4m relates to additional expenditure and £134.5m to loss of income.

The budget impact of COVID-19 up to March 2021 will be spread across the financial years 2020/21 and 2021/22 due to the way the council budgets for the airport dividend, parking income and the operation of the collection fund - This is **estimated to be £64.5m in 2020/21 (pre grant allocations) and £162.4m in 2021/22**. The impact will likely continue to be felt beyond 2021/22.

As per the reports to June Scrutiny Committees, Directorates have identified in year savings and mitigations to support the current year's position which when updated with the latest position at P2, total £9.2m, with a further £1.4m against corporate budgets - Total £10.6m leaving a shortfall of £53.9m

Emergency COVID-19 funding (tranches 1 and 2) of £33.4m (+£0.4m already allocated in 2019/20) have been confirmed and included in the Council's budget together with additional corporate mitigations which improve the position by a further £8m.

On 16 July the Government announced the funding allocation from the emergency COVID-19 grant, tranche 3 (£500m nationally), of £7.085m which can now be applied to the budget.

This leaves a remaining shortfall of **£5.5m** this year increasing to **£162.5m** next year.

	COVID-19 Budget Impact			
	COVID related Expenditure 2020/21	COVID related income reduction 2020/21	COVID-19 IMPACT ON BUDGET 2020/21	COVID-19 IMPACT ON BUDGET 2021/22
	£000	£000	£000	£000
COVID-19 Budget impact of Additional Costs and Net income losses	31,348	33.108	64,456	162,417
P2 - Savings, mitigations and other changes			(10,565)	(440)
COVID - Budget shortfall after in year measures			53,891	161,977
COVID 19 Emergency Funding Tranches 1 and 2 (Note £389k applied in 2019/20)			(33,367)	0
Corporate measures identified			(7,963)	(21,992)
Original budget shortfall				22,554
COVID - Budget shortfall after in year measures			12,561	162,539
Forecast COVID 19 Emergency Funding Tranche 3 (Confirmed to date)			(7,085)	0
Budget shortfall after confirmed funding and mitigations			5,476	162,539

It is anticipated that the **£5.5m** shortfall can be bridged using the remaining tranche 3 COVID-19 emergency funding to support income losses.

Neither the grant allocation or detailed methodology have been shared by the government therefore this remains a significant risk.

Should the grant not be sufficient, any remaining shortfall must be met through further additional savings and/or the use of reserves.

Impact of COVID-19 from 2021/22

The 2020/21 position includes further financial pressures into 2021/22 forecast at £162.4 from anticipated continuing income losses of £137.4m (council tax, business rates, dividend) as well as additional costs of £25m - recognising the social care needs arising from COVID-19 are likely to be severe and will require an ever increasing share of Local Authority budgets.

It is anticipated that Business Rates and commercial income will decline due to the expected downturn in the economy arising from COVID-19. These income losses are forecast to have a budget impact of £137.4m which includes the airport dividend of £62m (after using £8.7m in reserve) Collection Fund shortfalls £69.4m (includes £40.2m deficit from 2020/21) and other commercial and fee income of £6m.

The forecast £25m additional costs in 2021/22 are due to:

- £7.5m relates to ongoing implications for supporting those sleeping rough through the provision of 250 bed spaces on a more permanent basis as well as associated staffing support
- £13.5m for Adult Social Care. This includes anticipated increases to complex discharges (£5m), increased demands on Home Care (£1.8m) and Residential care (£2.5m). There may also be additional staff costs to deal with the backlog of social care assessments for those discharged under Covid-19 arrangements (c £0.8m). In addition there will be additional demands for public health services which would cost an additional £0.8m in 2021/22. Beyond 2020/21 there are likely to be permanent increases in personal protective equipment (PPE) and salary costs estimated at £2.5m. Early indications from recent numbers of referrals into the safeguarding hub is demonstrating that families have struggled over the past few months and are now asking for support. Some of these requests for support will translate into care packages.
- Spikes in demand for children's social care placements £3.8m, as lockdown measures are lifted, children return to school and other factors there is a concern that this will lead to an increase in referrals into Children's Services.
- £0.2m in Coroners due to a backlog of inquests
- There are also likely to be other additional costs (not yet quantified) including support for vulnerable groups, for example those at risk of domestic violence.

The above, including the projected deficit carried over in the collection fund has fed into an initial high level forecast shortfall of **£162m in 2021/22** before any smoothing of the Collection Fund losses over 3 years as proposed in the Government's July announcements. The position will be reviewed in line with any further government announcements and other changes over the coming months

Period 2 - High Level Headlines 2020/21

The amounts below total **£53.9m** which reflects the COVID-19 budget impact of £64.5m partly offset by in year savings, mitigations and other changes of £10.6m

Corporate Budgets £14.457m overspend. COVID-19 related income loss is forecast as £15.810m from dividend losses. Partly offset by increased Public Health grant allocation of £1m and other smaller changes.

Children's Services £6.679m overspend. COVID-19 related expenditure and income loss is forecast to be £8.5m, this is partly offset by £1.8m savings, mitigations and other changes in the following areas: LAC placements of £1.340m mainly due to External residential placement numbers being lower than budget and some posts in Internal residential placements being funded by grant and additional budget available from the closure of children's homes; Permanence and leaving care of £0.759m which relates to underspends in Unaccompanied Asylum Seekers and No recourse to Public Funds being offset by overspends in Special Guardianship Orders, Child Arrangement Orders and Adoption allowance and Leaving Care; Children's Safeguarding service areas of £282k due to underspends in Early Help and Fostering and Adoption being offset by overspends in Operational Teams and Legal. These underspends are partially offset by overspends on Education Services of £299k which is mainly due to attendance fines not being made due to COVID-19 and Home to School Transport of £294k due to route cost increases which have been offset by an underspend in free travel passes.

Adult Social Care £8.365m overspend. COVID-19 related expenditure is forecast to be £10.5m, this is partly offset by savings, mitigations and other changes of £2.2m in the following areas: MLCO Provider Services underspend of £310k mainly due to reduced agency cost pressures for the in-house supported accommodation. MLCO Integrated Neighbourhood Teams £74k overspend due residential & nursing budgets. MLCO Complex services (LD, MH, Transition) £146k overspend on cash personal budgets. MLCO Population Health is £133k underspend due to renegotiations on the sexual health contracts. MLCO Commissioning £343k underspend due to a delay in the new extra care schemes. MLCO Budget growth and back office £1.087m underspend due to slippage on the investment programme and slippage against the National Living Wage and inflation budget. MHCC £271k underspend due to Population Health staffing. And £35k overspend relates in the main to externally commissioned assessors undertaking DoLs assessments.

Homelessness £7.144m overspend. COVID-19 pressure of £7.144m. Excluding this pressure the Homelessness service reports a breakeven position based on current numbers in Bed and Breakfast and Dispersed Accommodation.

Corporate Core £3.218m overspend. COVID-19 related pressures are forecast at £5.1m, these are partly offset by savings, mitigations and other changes of £1.8m which is made up of savings/underspends in Chief Executives £186k mainly due to cancelled election in 2020/21 and employees savings; and Corporate Services of £1.642m mainly due to employee savings across services, largely due to assuming a recruitment date of October 2020.

Neighbourhoods Directorate £8.496m overspend. COVID-19 related pressures are forecast at £10.378m, partly offset by savings, mitigations and other changes of £1.8m mainly due to the start date for new employees being estimated at October 2020.

Growth and Development £5.532m overspend. COVID-19 related pressures are forecast at £7.065m, partly offset by savings, mitigations and other changes of £1.5m through staffing and additional income across the service.

Period 2 monitoring	Gross position Including COVID impact			
	Original Approved Budget	Revised Budget	Forecast Outturn	Total P2 Forecast Variance
	£000	£000	£000	£000
Total Available Resources	(666,125)	(821,252)	(806,419)	14,833
Total Corporate Budgets	126,761	264,855	264,479	(376)
Children's Services	130,320	130,485	137,164	6,679
Adult Social Care	221,253	229,213	237,578	8,365
Homelessness	15,285	15,306	22,450	7,144
Corporate Core	69,958	76,918	80,136	3,218
Neighbourhoods	93,802	94,306	102,802	8,496
Growth and Development	8,746	10,169	15,701	5,532
Total Directorate Budgets	539,364	556,397	595,831	39,434
Total Use of Resources	666,125	821,252	860,310	39,058
Total forecast over / (under) spend	0	0	53,891	53,891
COVID 19 Government grant income tranche 1 and 2				(33,367)
Proposed Corporate measures included in budget report				(7,963)
Sub-Total Pre July Funding Announcement				12,561
COVID 19 Government grant income (tranche 3) - Estimated				(7,085)
Net forecast over / (under) spend				5,476

Memo: Breakdown of variance			
COVID related Expenditure	COVID related income reduction	Savings, mitigations and other changes	Total P2 Forecast Variance
£000	£000	£000	£000
0	15,810	(977)	14,833
0	0	(376)	(376)
7,961	506	(1,788)	6,679
10,545	0	(2,180)	8,365
7,110	34	0	7,144
1,485	3,561	(1,828)	3,218
3,995	6,383	(1,882)	8,496
250	6,815	(1,533)	5,532
31,346	17,299	(9,211)	39,434
31,346	17,299	(9,587)	39,058
31,346	33,109	(10,564)	53,891
(33,367)			(33,367)
		(7,963)	(7,963)
31,088		(18,527)	12,561
(7,085)			(7,085)
24,003		(18,527)	5,476

Original Budgeted Savings

2019/20 Approved Savings - Of the £7.463m original planned savings, £2.349m are rated as red, which were to be delivered by Homelessness, Corporate Core, Neighbourhoods and Growth and Development. The capacity to deliver savings has been greatly reduced with the impact of COVID-19.

All red rated savings are included as overspends in the Directorate's Period 2 position. Amber savings remain as being achievable but with risk attached.

	Savings Target 2020/21			
	Green	Amber	Red	Total
	£000	£000	£000	£000
Children's Services	0	0	0	0
Adults Social Care	0	0	0	0
Homelessness	0	0	1,000	1,000
Corporate Core	2,803	146	500	3,449
Neighbourhoods	1,930	35	359	2,324
Growth and Development	200	0	490	690
Total Budget Savings	4,933	181	2,349	7,463

Amber Risk savings of £181k include:

Corporate Core - £146k

- £96k from annual leave purchase scheme, may increase later in the year
- £50k Capital programmes increased income at risk due to slippage

Neighbourhoods - £35k

- £35k Highways: Increase permit/license fees (skips, hoardings, scaffold, etc) by 3.5%.

Red High Risk savings of £2.349m include:

Homelessness - £1.000m

- A reduction in the cost to the council of temporary accommodation through transfer to registered providers is not being achieved due to senior staff in Homelessness focusing on the COVID 19 response. Work is ongoing to implement a pilot with a registered provider. Procurement and Legal are reviewing revised timescales.

Corporate Core - £0.500m

- £0.500m from Manchester Central 2020/21 rental income / profit share due to reduced events as a result of COVID-19

Neighbourhoods - £359k

- £105k Highways increase income generation through fees and charges across compliance
- £40k Galleries exhibition tax relief
- £57k Libraries and galleries income generation due to closures
- £20k Car park income from pay and display at Heaton Park due to closure
- £30k Other income from Heaton Park due to park closure
- £86k from revised operating model at Piccadilly Market
- £21k income from Pest Control due to restricted service offer

Growth and Development - £490k

- £340k Additional airport lease income, Project Quantum will need to allow additional lead in time for developers due to COVID-19
- £150k Investment Estate additional income due to additional lead time for developers

Investments

Investment Priorities	2020/21 Budgeted Investment	2020/21 Full Year Committed Investment	Objective / Update on progress / Outcomes
	£000	£000	
Neighbourhoods Investment			
Capacity for further pressures including Domestic Violence	200	100	Investment will support earlier identification and intervention working with key partners and agencies. Bid for investment identified there was a 6-8 month lead in period needed to codesign interventions. This has been delayed due to covid which has a knock on impact on forecast spend this year. If the programme could be commissioned over four years the full £1m allocation could be spent.
Anti Social Behaviour team	540	540	Additional funding for the ASBAT team to address the increasing number of cases of antisocial behaviour across the city which have increased by 34% during lockdown compared to the same period last year.
Spring Challenge Fund	250	250	Due to lockdown the Spring challenge did not take place, the programme is currently being reviewed, with a view to potentially providing alternative arrangements later in the year.
Total Neighbourhoods Investment	990	890	
Corporate Core Investment			
Our Transformation Investment £1m over 3 years	333	193	Funding for additional capacity of three fte at 50% along with external support for system implementation etc. The remaining £140k to be released in year towards the savings for 2020/21.
Total Corporate Core Investment	333	193	
Growth and Development Investment			
Deliver Carbon Reduction Plan	1,000	400	This is to fund a dedicated team to deliver the commitments within the Carbon Reduction Plan, recruitment of three officers is anticipated by October. This funding is to be profiled over three years to support work to identify and deliver large scale remote renewable energy projects. This includes procuring a Solar PV partner, deliver a Zero Carbon whole building retrofit pilot and develop an accelerated boiler replacement programme. Progress towards the carbon reduction plan this year to date includes - 20% completion of LED lighting for the Town Hall Extension, Solar panels installed Wythenshawe Forum roof, charging stations and electric vehicles on site at Hooper St Depot and Hydrozero pilot in 2 libraries
Housing Investment Reserve - support implementation of Local Delivery Vehicle	100	100	The £100k initial investment was to provide additional capacity to allow work to establish the viability of a Manchester bespoke scheme, identify indicative land and any title or grant issues, and develop a report leading to full approval of a model by summer 2020.
Total Growth and Development Investment	1,100	500	
Total Investment	2,423	1,583	

Budgets to be allocated from Corporately held Inflation and Pay Budgets

Budget to be allocated	2020/21	Description
	£000	
In-house foster care	364	2% to be applied as at 1 April 2020. This relates to the fee uplift for inflation for 2020/21.
Residential placement uplift	200	Along with the North West Regional Group, an inflationary uplift has been agreed on a provider by provider basis from 1st April 2020 for external residential placements which have been in place for two years or more. 22 placements are eligible for the agreed increase.
Waste collection and disposal contract	805	Annual inflation due on the waste collection and disposal contract.
Management and maintenance of landfill	32	Annual increase in costs for management and maintenance of two landfill sites.
Street Lighting PFI	91	Annual inflationary increases on the Street Lighting PFI unitary charge. .

Grants received, use of reserves and virements

Grants received	2020/21	2021/22	Description
	£000	£000	
Pocket Parks	15	0	To improve accessibility of Fletcher Moss park and help support social subscribing for those with mild depression, social isolation or health problems.
Use of reserves	2020/21	2021/22	Description
	£000	£000	
Adult Social Care Reserve	1,000	0	A drawdown request has been made to utilise £550k from the ASC reserve to support the demand from increased placement costs within the Learning Disability Service. In addition, a further request is made to drawdown £300k to support the immediate implementation of a Brokerage function to embed new commissioning arrangements resulting from the implementation of Liquidlogic. Finally, there is a request to drawdown £150k due to the demand diagnostics work which will support the future funding work for ASC in 2021/22.
Virements	2020/21	2021/22	Description
	£000	£000	
Operations and Commissioning - Neighbourhoods Services to Communications - Chief Executives	300	300	This relates to income the Council receives for the advertising sites across the city from Media Co Outdoor Limited.
Adult Social Care	600	0	This is uncommitted inflation funding which will support wider care pressures across the service.

Corporate Budgets £14.457m overspend

	Gross position including COVID impact		
	Annual Budget	Projected Outturn	Projected Variance from Budget
Resources Available	£000	£000	£000
Retained Business Rates	(309,692)	(310,710)	(1,018)
Council Tax	(174,465)	(174,465)	0
Other Specific Grants	(83,292)	(83,251)	41
Business Rates Grants	(168,333)	(168,333)	0
Dividends	(62,890)	(47,080)	15,810
Use of Reserves	(22,581)	(22,581)	0
Fortuitous Income	0	0	0
Total Corporate Resources	(821,252)	(806,419)	14,833
Planned Use of Resources	£000	£000	£000
Other Corporate Items	203,251	203,251	0
Contingency	860	860	0
Budgets to be Allocated	9,888	9,649	(239)
Levies	41,277	41,291	14
Historic Pension Costs	9,580	9,428	(152)
Total Corporate Budgets	264,855	264,479	(377)
Total	(556,397)	(541,940)	14,457

Memo: Breakdown of variance	
COVID related pressures	Savings, mitigations and other changes
£000	£000
0	(1,018)
0	0
0	41
0	0
15,810	0
0	0
0	0
15,810	(977)
£000	£000
0	0
0	0
0	(239)
0	14
0	(152)
0	(377)
15,811	(1,354)

COVID related Pressures (£15.8m):

- £15.810m of dividend income from Manchester Airport Group and National Care Parks, and Piccadilly Triangle's rental income share is unlikely to be received due to the impact of COVID 19. (Note a significant element of the Airport Dividend is used a year in arrears so the income is included)

Savings, mitigations and other changes (£1.4m)

- There is an increase of £1.018m on the Retained Business Rates budget due to the late announcement of Public Health allocation for 2020/21 which increased the Council's Baseline Funding Level and reduced the Tariff payment due to Government.
- Council Tax is forecast to budget as changes in the level of collection impact on the following year.
- Business Rates Grants reflect £138.477m section 31 grant to reimburse the council for loss of Business Rates income due to Extended Retail Relief. This will be held in a reserve to offset the associated collection fund deficit in 2021/22.
- Other Specific Grants include lower than budgeted allocations for Council Tax Subsidy Grant of £7k and Care Act Grant of £34k.
- Budgets to be Allocated have a surplus of £309k due to the Pension Contribution rate reducing by 0.2% more than expected, partly offset by the apprenticeship levy which is expected to be £70k higher than budgeted.
- The overspend of £14k on levies is due to the Flood Levy and the Port Health Levy being £7k higher than expected.
- Historic pension costs are currently forecast to underspend by £152k due to reduced recipients.

Children's and Education Services - £6.679m overspend

Children's and Education Services	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
LAC Placements	47,151	2,697	49,753	2,431
Permanence and Leaving Care	18,488	2,672	17,766	(550)
Children Safeguarding Service Areas	43,150	4,829	43,626	476
Children's Safeguarding	108,789	10,199	111,146	2,357
Education Services	6,610	962	7,473	863
Home to School Transport	9,810	358	13,268	3,459
Targeted Youth Support Service	807	66	807	0
Education	17,226	1,387	21,548	4,322
Children's Strategic Management and Business Support	4,471	726	4,471	0
Total Children's and Education Services	130,485	12,311	137,164	6,679

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
3,771	(1,340)
209	(759)
758	(282)
4,737	(2,380)
564	299
3,167	292
0	0
3,730	592
0	0
8,467	(1,788)

Children's and Education Services: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?				
				Target	Last Period	Last Year		
Number of Looked after children (snapshot at month end)	Low	May-20	1,397	1,452	✓	6	⚠	81
Number of External Fostering Placements (snapshot at month end)	Low	May-20	440	n/a		-1	⚠	32
Number of Internal Fostering Placements (snapshot at month end)	High	May-20	296	n/a		4	⚠	4
Number of External Residential Placements (snapshot at month end)	Low	May-20	103	n/a		-1	⚠	9
Number of Internal Residential Placements (snapshot at month end)	Low	May-20	8	n/a		0	⚠	1
Number of Special Guardianship Orders (projected year end)	High	May-20	66	70	✗	-42	✗	6
Number of active Special Guardianship Order Allowances	Low	May-20	592	n/a		-1	⚠	61
Number of Adoptions (projected year end)	High	May-20	6	60	✗	6	✓	-36
Number of active Adoption Allowances	Low	May-20	143	n/a		-2	⚠	-36
Number of active Child Arrangement Order / Residence Order Allowances	Low	May-20	54	n/a		0	⚠	-10
Number of Referrals per month (total per month)	Low	May-20	503	919	✓	69	✗	-108
% of Re-Referrals (year to date)	Low	Apr 20 - May 20	19.4%	22.1%	✓	-0.6%points	✓	-15%points
Number of Children in Need (snapshot at month end - now includes care leavers)	Low	May-20	5,072	4,847	✗	-25	⚠	-63
Number of Child Protection Plans (snapshot at month end)	Low	May-20	685	728	✓	-46	✓	-51
% of children starting a CPP for a 2nd or subsequent time (year to date)	Low	Apr 20 - May 20	21.4%	22.0%	✓	-7.7%points	✓	-3.8%points
% of children ceasing a Child Protection Plan, subject to that plan for 2+ years (YTD)	Low	May-20	2.3%	4.0%	✓	-0.4%points	✓	-1.5%points
Number of Education, Health and Care Plans	n/a	May-20	5,040	n/a		74	⚠	642

Performance Analysis

- The number of LAC has increased slightly and remains higher than at this point last year.
- There has been a slight decrease in the number of External Fostering placements this month and a concurrent increase in Internal Fostering placements. External fostering is however still higher than last year.
- The number of children placed in External Residential placements has decreased slightly but remains higher than last year. Internal Residential placements are lower than last year.
- The number of Special Guardianship Orders is slightly below target but higher than at this point last year. The large decrease compared to last month is due to a large number of SGOs granted in April which was then extrapolated over the full year. As it was only one data point however this resulted in an overly high projection for April.
- Adoptions are significantly lower than target and last year.
- The number of active SGO Allowances decreased slightly from last month but remains significantly higher than last year, at least partly due to a higher number of SGOs granted last year than in previous years. Active financial assistance for adoptions has reduced slightly from last month but significantly compared to last year and active Child Arrangement Orders/Residence Orders have also decreased.
- The number of referrals has increased compared to last month but remains much lower than at this point last year. Re-Referrals are now below target and have reduced considerably compared to last year.
- The number of Children in Need decreased slightly this month and is now slightly lower than at this point last year.
- The number of Child Protection Plans has decreased significantly again this month and remains significantly lower than at this point last year. The percentage of repeat Child Protection Plans has decreased significantly this month and last year and is now below target, and the percentage of Child Protection Plans ending where the child was on a Plan for more than two years has decreased and is significantly below target.
- The number of active Education, Health and Care Plans continues to increase.

Children's and Education Services Financial Headlines

Children's Services revenue budget totals £130.485m

The overall forecast position as at Period 2 is an overspend of £6.679m, this is made up of;

- Covid-19 pressures through increased costs and reduced income - £7.961m;
- Partly offset by savings, mitigations and other changes of net £1.788m underspend.

COVID related Pressures (£7.661m):

This includes COVID-19 pressures of £7.961m and shortfalls in income of £0.506m relating primarily to additional spend which expected for Children in Care. Currently there is an underlying underspend in safeguarding but due Covid-19 and lockdown measures demand for services has been suppressed, it is expected that there will be a spike in referrals when school open fully in September. It is also expected that demand for services will increase as there are multiple factors influencing demand and activity for Children's Services such as deprivation, domestic abuse, substance misuse and adult mental health have been heightened due to the pandemic. It is also currently expected that additional Home to School transport will be incurred as more children go back to school in September and social distancing measures continue to be in place.

COVID-19 spend and income loss figures are reviewed regularly as more information and costs are finalised.

Savings, mitigations and other changes (£1.788m)

This includes the following:

- An underspend of £2.3m on safeguarding due to £2.1m of potential in-year savings through delaying restructures, vacancies, renegotiation of partner contribution and efficiencies. Alongside the savings there are a number of existing pressures relating to legal charges, short breaks, leaving care allowances and supervised contact totalling £0.785m which after taking this into account is a net saving totalling £1.322m - detailed on next slide.
- Unaccompanied Asylum Grant increase in rate per child/young person particularly for those over 18. The Service is now expected to be completely funded by the grant. This increase in rate has recently been announced and was not known at the time of setting the 2020/21 budget.

The Dedicated Schools Grant (DSG) is projected to overspend by £292k, the overspend is due to the high needs block, which supports children with special education needs and special school places. DSG received additional high needs funding (after recoupment) in 2020/21 of £11.71m, of which £9.88m was allocated to meet demands in growth, and £1.83m was to be used towards mitigating the 2019/20 DSG deficit of £4.2m. Due to increased growth pressures within high needs at this point no funds have been allocated towards reducing the 2020/21 DSG deficit, work is ongoing in reviewing the areas of pressure.

Children's and Education Services Financial Headlines

Other non COVID-19 related pressures:

- Education Services - overspend £0.592m mainly due to Home to School Transport pressures and Attendance team pressures.
- Legal Services - £239k overspend based on last year's activity and increased use of external legal services due to staff turnover of the Council's in house legal support.
- Supervised Contact and Safeguarding - £184k overspend mainly due to use agency staff.

Savings/underspends and other mitigations:

- No Recourse for Public Funds - £0.789m based on current levels of activity, a large part of this underspend has been offered up as an efficiency saving
- Early Help - £0.501m following a delay in restructure.
- Unaccompanied Asylum Seeking Children - £0.567m. Home Office grant has increased per child, particularly for those over 18, the service is now expected this to have a positive impact and is seeking to ensure that sufficient support is provided to UASC as long term support is not currently covered by the grant.
- Adoption - underspend of £203k following reduction in the regional adoption agency recharge.
- Children in Care and Children Leaving Care - underspend of £0.743m based on current placements and support provided to date.

Adult Social Care and Population Health - £8.365m overspend

Adult Social Care and Population Health	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
Provider Services (incl Infection Control)	30,728	4,460	31,115	387
Hospital Teams, Front door and TEC	2,052	687	2,032	(20)
Integrated Neighbourhood teams	43,086	6,591	51,524	8,438
Complex Services (LD, MH, Transition)	80,513	3,845	81,233	720
Population Health (incl Track and Trace services)	41,632	5,168	42,032	400
Commissioning MLCO	4,211	565	3,868	(343)
Budget growth and back office	10,073	316	9,041	(1,032)
MHCC	12,514	1,829	12,294	(220)
Total ASC Pooled Budget	224,809	23,461	223,139	8,330
MCC – ASC outside of Pool	4,404	485	4,439	35
Total ASC and Population Health	229,213	23,946	229,399	8,365

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
697	(310)
270	(290)
8,364	74
574	146
533	(133)
0	(343)
55	(1,087)
52	(272)
10,515	(2,215)
0	35
10,545	(2,180)

Adult Social Care: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?			
				Target	Last Period	Last Year	
Average Daily DTOC per 100,000 of the 18+ population	Low	Feb-20	38.3	Under Review	4.5	21.4	
Total number of people in Residential Care (65+) at the end of the month	Low	May-20	707	TBC	-13	-70	
Total number of people in Nursing Care (65+) at the end of the month	Low	May-20	295	TBC	-10	-49	
Weekly Homecare hours (snapshot at end of month)	Low	Jun-19	26,826	TBC	51	-121	
% of Adults receiving a Long term service awaiting a review (Annual Review backlog as a % of people receiving long term services)	Low	Jul-19	34.60%	TBC	-0.9%points	2.2%points	
% people receiving a reduction in care following a review	High	Jun-18	8.89%	TBC	3.6%points	3.1%points	
% people leaving Reablement with no ongoing care commitments	High	May-20	39.00%	54.00%	-6.6%points	-15.6%point	
The number of carers receiving carers-specific services (per 10,000 popn)	High	Jun-19	11.1	TBC	-32	-5	

Performance Analysis

Delayed Transfers of Care

Official figures on this stopped being produced nationally because of Covid-19. Local monitoring has been taking place on a daily basis from the Control Room and updated directly via the Covid Dashboard each Tuesday and Thursday to SMT. This reporting cannot be directly aligned to national reporting but it is a good indication of delayed activity on a daily basis across the city. This reporting to SMT commenced in June therefore local figures for delayed transfers in P1 and P2 are unavailable. Given the priority of managing capacity in hospitals because of Covid-19 it is expected that when official figures are released delayed transfers will show a marked reduction during this time.

Total in Residential/Nursing Care

Similarly to delayed transfers reporting for people who were admitted into residential/nursing care changed as a result of the pandemic because of the pressing need to manage capacity in hospitals. Discharge to Assess is the preferred route as per government guidance with costs associated not currently impacting. The result of this is that current figures on the total number in care show a reduction in April and May. This position may change in future months.

Outcomes following Reablement

The percentage of citizens requiring no further care following reablement fell by 6.6%points from 45.6% in April to 39.0% in May. This is lower than the 2019/20 average of 52%, and the 2018/19 average of 51%. The vast majority of Reablement clients are currently in the Red and Amber categories in order to manage the service's resources (those in the green category were discharged during March and early April). This means they require considerable support which they are likely to need for the foreseeable future which has directly impacted in out-turn for this metric. The percentage of people leaving with same or more care has increased to 41% from 28% last month which evidences that the level of need of those leaving has increased.

Adult Social Care and Population Health Financial Headlines (1 of 2)

The Adult Social Care budget totals £229.213m of which £224.809m is part of the Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2020/21.

The overall forecast position as at Period 2 is an overspend of £8.363m, this is made up of;

- Covid-19 pressures through increased costs - £10.545m;
- Partly offset by savings, mitigations and other changes of net £2.180m underspend.

The budget includes grant allocations of £3.342m for the Infection Control Fund and £4.837m for Track and Trace, provided by Government. The remaining £4.4m is outside of the scope of the pool.

COVID related Pressures (£10.545m)

In line with the national picture across councils, the ASC financial position for 2020/21 and beyond is very uncertain and includes significant financial risk. The pressures created across the care sector from the impact of COVID-19 are significant and unparalleled. The assumptions in the reported position are based on the current expectation and may fluctuate as the year progresses.

The ASC projected costs relating to COVID-19 and funded by the Council are £10.545m and relate to paying homecare providers for hours commissioned rather than actual delivery, additional demand on homecare and residential placements following hospital discharge, PPE supplied to homes across the city, additional staffing to support providers where needed with a further £6.868m which will be set against health COVID-19 funding. This figures are reviewed regularly as more information and costs are finalised. The Pool already includes funding for the first tranche of COVID-19 funding which has been approved for transfer to the MHCC Pooled Budget (£3.834m).

Savings, mitigations and other changes (£2.180m)

The position at Period 2 is a reported forecast underspend of £2.180m, of which there is an underspend of £2.215m on the Pool and an overspend of £35k relates to services outside of the scope of the Pool.

£2.180m of non-recurrent in-year savings and other mitigations which are included in the forecast which relate primarily to realistic assumptions on the recruitment to vacant posts, a revised implementation for the social worker career pathway scheme, revised assumptions on the opening of the new extra care facilities and an expected uncommitted balance on the inflation budget.

Care pressures in Learning Disability (£1.2m) are proposed to be funded from demographics and an in-year virements from the unallocated budgets National Living Wage and Price Inflation

Adult Social Care & Population Health (2 of 2)

The savings, mitigations and other changes (£2.180m) are due to:

- MLCO Provider Services - underspend of £310k against budget due in the main to pressures on the in-house supported accommodation of £857k, offset by underspends on day centres of £373k, reablement of £627k, equipment of £54k and other underspends totalling £113k.
- MLCO Hospital Teams, Front Door and TEC - £290k underspend, predominantly due to the timing of recruitment.
- MLCO Integrated Neighbourhood Teams - £74k overspend due to an overspend on the residential & nursing budgets of £1.050m, offset by an underspend on the homecare of £0.698m and carers of £162k and other care of £116k.
- MLCO Complex services (LD, MH, Transition) - £146k overspend on cash personal budgets of £257k offset by underspends on LD social worker staffing budgets. LD care pressures (£1.2m) are proposed to be funded from demographics and repurposing funding from NLW unallocated and available unallocated price inflation.
- MLCO Population Health – £133k underspend due to renegotiations on the sexual health contracts.
- MLCO Commissioning - £344k underspend due to a delay in the new extra care schemes.
- MLCO Budget growth and back office - £1.087m underspend due to slippage on the investment programme of £420k, slippage against the National Living Wage and inflation budget of £0.550m both of which will be utilised to support the Learning and Disability care pressures and £117k on staffing across business support.
- MHCC - £271k underspend due to Population Health staffing of £173k and senior manager budgets of £98k
- MCC – £35k overspend relates in the main to an overspend on externally commissioned assessors undertaking Deprivation of Liberty (DoLs) assessments.

Homelessness - £7.144m overspend

Homelessness	Gross position including COVID impact				Memo: Breakdown of variance	
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	COVID related impact	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000
Singles Accommodation	1,691	602	1,762	71	0	71
B&B's (Room only)	2,901	1,075	3,155	254	0	254
Families Specialist Accommodation	299	102	311	12	0	12
Accommodation Total	4,891	1,779	5,228	337	0	337
Floating Support Service/HMT	1,422	361	1,348	(74)	34	(108)
Dispersed & TAMF	3,328	356	4,874	1,546	1,546	0
Dispersed Accommodation Total	4,750	717	6,222	1,472	1,580	(108)
Homeless Management	668	96	653	(15)	0	(15)
Homeless Assessment & Caseworkers	2,328	382	2,239	(89)	0	(89)
Homelessness PRS & Move On	793	(309)	754	(39)	0	(39)
Rough Sleepers Outreach	397	(218)	329	(68)	0	(68)
Tenancy Compliance	201	30	183	(18)	0	(18)
Homelessness Support Total	4,387	(19)	4,158	(229)	0	(229)
Commissioned Services	1,210	(278)	1,210	0	0	0
Commissioned Services Total	1,210	(278)	1,210	0	0	0
COVID-19 Response Rough Sleepers	0	1,669	5,564	5,564	5,564	0
Emergency Support for Rough Sleepers	68	0	68	0	0	0
COVID-19 Response Total	0	1,669	5,632	5,564	5,496	68
Total Homelessness	15,306	3,868	22,450	7,144	7,144	0

Homelessness: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?			
				Target	Last Period	Last Year	
Number placed in Bed and Breakfast Accommodation: Single person	Low	May-20	211	TBC	20	68	☒
Number placed in Bed and Breakfast Accommodation: Families	Low	May-20	20	TBC	-30	-50	☑
Number of dispersed accommodation placements: Single person	Low	May-20	174	TBC	13	38	☒
Number of dispersed accommodation placements: Families	Low	May-20	1,614	TBC	41	242	☒

Performance Analysis

The number of single people placed in Bed and Breakfast (B&Bs) has increased. This is due to covid-19 and difficulties in moving people on, into accommodation that they can socially distance in. Family placements have decreased, this is because staff have still managed to move people on to dispersed accommodation throughout this period. The increase overall is strongly linked to welfare reform, for example the freezing of Local Housing Allowance (the Government increase to LHA in April 2020 has not impacted on the rate which can be claimed by Councils), the 'bedroom tax', the benefit cap, the application of the shared room rate to single households under 35 years, the stricter sanction regimes and universal credit itself. Singles numbers will continue to increase over the next few months due to Covid-19, as sofa surfers and insecure lodgers are asked to leave their accommodation. The Section 21 (landlord evictions) team continues to prevent significant demand and many landlords have taken government guidance and are not evicting people during the pandemic. It is anticipated there will be a significant demand for services once the pandemic is over.

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. The Government has announced that the freeze on LHA rates will end and they will increase in line with CPI. This, whilst welcome, is not sufficient to cover the increase in rents in Manchester, and will actually penalise some families, bringing them into the benefit cap. Work is being undertaken to help people access the PRS in affordable locations, and schemes such as a landlords insurance are being developed to make the offer more attractive.

As we come out of lockdown, more households are being moved out of B&B and into dispersed accommodation, as well as people being moved into permanent accommodation. Inspections are beginning to start again with landlords to improve standards. Work with RPs has allowed us to give backdates to homeless people as we try to create vacancies to accommodate singles from Covid-19 hotels.

The transformation programme is currently on hold during COVID-19 as the service focuses upon accommodating people who sleep rough to mitigate the public health risk, and providing a service with reduced staffing. Service changes due to Covid-19, such as remote working, will feed into service transformation going forward as it has proven to be successful.

Homelessness Financial Headlines

The Homelessness budget for 2020/21 is £15.306m

The overall forecast position as at Period 2 is an overspend of £7.144m, this is made up of;

- Covid-19 pressures through increased costs and income shortfalls - £7.144m;
- Non COVID - balanced budget

The Homelessness budget includes Emergency Support for Rough Sleepers grant of £68k.

COVID related Pressures (£7.144m):

The COVID-19 response to Government's 'Everyone In' policy is providing accommodation for 280 people sleeping rough in the City. Indicative annual cost of £6.110m, £320k staffing related expenditure up to 31 July 2020 (this does not reflect the cost of staff who have been redeployed, whose costs are covered by budgets linked to substantive roles), £5.244m accommodation, food and security to provide accommodation for those who would otherwise be sleeping rough linked to the Governments Everyone In and the exit strategy.

Dispersed temporary accommodation placements have increased by 125 since March 2020 to 1,788 in May 2020 (an increase of 54 since last month). £0.546m of costs have been assigned as COVID 19 costs. The Flexible Housing Support grant (£2.1m) is being fully applied to meet the cost.

In addition to the increased expenditure, there is a forecast lost income of £34k linked to Legal Services provided to Registered Providers.

Further to this as a result of COVID-19 will be savings of £1.0m unachieved, with delays in procurement as a result of Senior Management involvement in COVID 19 response. Work is ongoing with Legal and Procurement Services to revise timelines.

Non COVID - balanced budget:

The position reported reflects the allocation of £0.979m investment due to increased need for Dispersed Accommodation, £1m of funding to enable a permanent staffing structure to be implemented and £373k of funding to offset the loss of GMCA income at the Longford Centre as per the Council's 2020/21 budget process.

Additional one off funding in 2020/21

- Rough Sleeper Initiative (RSI) funding of £0.724m 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. This funding included the provision of Rapid Rehousing Pathway programme of £215k for 4 Navigators and 1 Team Leader. These are attached to the Council's Outreach Team and the Navigators will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation
- The new burdens funding of £461k is being utilised to provide capacity to reduce demand.
- Funding of £1.6m has been awarded by GMCA to fund 142 beds spaces in Phase 3 of A Bed Every Night which has been extended to cover the period July 2020 to March 2021, indicative costs are £2.4m. Revenue and Benefits are currently reviewing the proposals at each of the properties to confirm the level of Housing Benefit which can be claimed to help offset the costs.

Homelessness Period 2 Activity

Table 1. Presentations at Front Door	2016/17	2017/18	2018/19	2019/20	2020/21
Quarter 1	1,329	1,644	1,692	2,388	TBC
Quarter 2	1,400	1,626	2,174	2,525	
Quarter 3	1,331	1,453	1,978	2,393	
Quarter 4	1,619	1,545	2,303	2,534	
Total	5,679	6,268	8,147	9,840	

Total number of B&B cases booked in and out in the month		Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Totals
Families	Booked In	78	110	86	95	110	83	90	100	71	81	39	51	994
	Booked Out	93	108	94	68	91	76	81	84	91	102	97	69	1,054
	Change	-15	2	-8	27	19	7	9	16	-20	-21	-58	-18	-60

Single Person	Booked In	73	101	118	116	125	109	99	104	101	133	118	126	1,323
	Booked Out	82	114	102	81	125	106	89	121	86	121	107	117	1,251
	Change	-9	-13	16	35	0	3	10	-17	15	12	11	9	72

B&B average placements in month	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Single person	136	125	125	153	161	166	167	169	176	179	191	211
Families	61	50	53	67	81	102	105	112	113	101	50	20
Total	197	175	178	220	242	268	272	281	289	280	241	231

Dispersed Accommodation placements at the end of the month	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Families	1,379	1,404	1,433	1,428	1,447	1,455	1,472	1,489	1,498	1,505	1,573	1,614
Singles	143	144	149	148	150	155	156	159	157	158	161	174
Total	1,478	1,508	1,522	1,548	1,582	1,576	1,597	1,610	1,655	1,663	1,734	1,788

Corporate Core - £3.218m overspend (1 of 2)

Corporate Core	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
Chief Executives	£000	£000	£000	£000
Coroners and Registrars	2,281	169	2,543	262
Elections	1,061	1,876	961	(100)
Legal Services	6,755	2,139	7,099	344
Communications	3,295	437	3,694	399
Executive	967	119	933	(34)
Legal, Comms, Democratic and Statutory Sub Total	14,359	4,740	15,230	871
Corporate Items	545	(60)	895	350
Chief Executives Total	14,904	4,680	16,125	1,221

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
262	0
0	(100)
344	0
451	(52)
0	(34)
1,057	(186)
350	0
1,407	(186)

Corporate Core - £3.218m overspend (2 of 2)

Corporate Core	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
Corporate Services	£000	£000	£000	£000
Policy, Performance and Reform	15,367	2,033	15,078	(289)
Procurement & Commissioning	1,371	254	1,300	(71)
Revenue and Benefits	13,894	(3,379)	14,137	243
Discretionary Housing Payments and Welfare Provision	2,600	276	2,600	0
Financial Management	5,374	1,113	5,167	(207)
ICT	13,520	6,690	14,685	1,165
Human Resources/ Organisational Development (HR/OD).	4,003	1,133	3,907	(96)
Audit, Risk and Resilience	1,427	962	1,350	(77)
Shared Service Centre	1,045	417	920	(125)
Capital Programmes	(163)	566	1,837	2,000
CS Corporate Items (non business plan)	226	376	(24)	(250)
Customer Services	4,083	715	3,810	(273)
Commercial Governance	250	139	227	(23)
Decriminalised Parking Enforcement	(649)	8,055	(649)	0
Bus Lane Enforcement	(334)	6,870	(334)	0
Corporate Services Total	62,014	26,220	64,011	1,997
Total Corporate Core	76,918	30,900	80,136	3,218

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	(289)
0	(71)
322	(79)
0	0
0	(207)
1,317	(152)
0	(96)
0	(77)
0	(125)
2,000	0
0	(250)
0	(273)
0	(23)
0	0
0	0
3,639	(1,642)
5,046	(1,828)

Corporate Core: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Availability of 11 critical ICT Services and Applications (year to date)	High	May-20	99.8%	98.5%	✓	0%points	⚠	0.4%points	⚠
Average Number of ICT Major Incidents in a month (year to date)	Low	Apr 20 - May 20	5.50	n/a		0.50	✗	-2.00	✓
% of transactions delivered face to face (year to date)	Low	Apr 20 - May 20	0.0%	n/a		0%points	✗	-3.9%points	✓
% of transactions delivered by telephone (year to date)	Low	Apr 20 - May 20	16.2%	n/a		-0.4%points	✓	-33%points	✓
% of transactions delivered online (year to date)	High	Apr 20 - May 20	83.8%	n/a		0.4%points	⚠	36.9%points	✓
% of annual due Council Tax collected (year to date)	High	Apr 20 - May 20	16.6%	94%	n/a	7.4%points	n/a	-1.5%points	✗
% of annual due Business Rates collected (year to date)	High	Apr 20 - May 20	13.7%	97%	n/a	7.9%points	n/a	-8.1%points	✗
% invoices paid within 10 days (average monthly result YTD)	High	Apr 20 - May 20	56.6%	65%	✗	-3.6%points	✗	5%points	✓
% invoices paid within 30 days (average monthly result YTD)	High	Apr 20 - May 20	87.9%	90%	✗	2.8%points	✓	0.5%points	⚠
% of pursuable miscellaneous debt over 1 year old (excluding C'tax and B'rates)	Low	May-20	13.8%	5%	✗	6.9%points	✗	8.3%points	✗

Performance Analysis

- 84% of the transactions undertaken up to the end of May were delivered online which was significantly higher than the 47% seen at the same time last year. The % of transactions delivered on the telephone reduced to 16% from 49% over the same period. These positive trends in channel shift can be largely attributed to how the service has responded to the impacts of the pandemic with all transactions expected to take place face to face and many of those expected to take place via telephone shifting to take place online. The service has not delivered any face to face transactions in 2020/21 and all phone services except Social Care and Emergency Control, plus the newly set up COVID Hub, were shut down since 24 March. The average number of transactions delivered face to face and via telephone in a month over 2019/20 was 4,367 and 57,738 respectively and at the end of May 2020 these were zero and 16,559 respectively.
- The percentage of council tax due for 2020/21 which had been collected at the end of May (16.58%) was below that collected at the same point last year (18.10%), and at £32.84m, was over £3.84m less than that collected at the same point last year. This clearly reflects the impact of Covid 19 and the lockdown on people's ability to pay.
- Total collectible Business Rates has reduced from £376m to £241.6m, partly due to Extended Retail Relief which will be funded by Government. The percentage of business rates due for 2020/21 which had been collected at the end of May (13.69%) was over 8% points lower than that collected at the same point last year (21.82%) and at £33.1m was nearly £49m less than that collected last year. This decrease has been exacerbated by the need to suspend direct debit payments while grants and retail relief have been administered. These restarted from 21 May 2020 with payment plans reprofiled over ten or eleven months.
- At 56.6% at the end of May, the percentage of invoices paid within 10 days was below the average for 2019/20 (63.84%) and at 87.9%, the percentage of invoices paid within 30 days was also just below the average for 2019/20 (90.49%).
- The percentage of pursuable miscellaneous debt over a year old has increased to 13.8% at the end of May. The current economic climate and the suspension of recovery in March has contributed to this.
- The average number of major ICT incidents in a month at the end of May was 5.5, which was 2 fewer incidents than at the end of May last year and equal to the average for the 2019/20 financial year.
- The average percentage of critical ICT services and applications which were 'available' in a month was 99.8% at the end of May, which was above the 98.5% target and above the average for 2019/20.

Corporate Core Financial Headlines (1 of 2)

Corporate Core revenue budget totals £76.918m

The overall forecast position as at Period 2 is an overspend of £3.218m, this is made up of:

- Covid-19 pressures through increased costs and reduced income - £5.046m;
- Partly offset by savings, mitigations and other changes of net £1.828m underspend.

The Corporate Core annual budget includes the following additional Covid-19 grant funding allocations

- Council Tax Hardship - £1.3m
- Local Authority Discretionary Fund Grant - £5.432m
- New Burdens funding for the administration of Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund - £225k.

It is forecast that all the additional grants will be fully utilised in year.

The Core budget is net of £3.449m savings that were approved as part of the 2020/21 budget setting process

COVID related Pressures (£5.046m)

These are due to:

- £1.485m increased expenditure largely relating to ICT costs of mobilising staff to work more flexibly and additional licensing costs
- £3.561m shortfalls in income due to reduced capital programme fee income due to the slow down of capital schemes, reduced income in registrars, legal services and Communications and a lower than forecast take up of the annual leave purchase scheme.

Corporate Core Financial Headlines (2 of 2)

Savings, mitigations and other changes (£1.828m)

These are made up of Chief Executives £186k and Corporate Services of £1.642m and further detail is provided below.

The Chief Executives £186k underspend is due to the following:

- Elections underspend of £100k due to cancelled 20/21 election year;
- Communications and Executive office underspend of £86k due to savings on employee budgets and running costs

The Corporate Services forecast underspend of £1.642m is due to:

- £1.498m employee savings in Reform and Innovation, Policy and Partnerships, Performance Research and Intelligence, Procurement, Revenue and Benefits, Financial Management, ICT, HR/OD, Audit, Customer Services and Commercial Governance Team;
- Corporate items £250k underspend due to pensions savings from upfront funding of contributions (3 years); and
- The above are offset by a £106k overspend in the Shared Service Centre due to reduced income.

As part of the work undertaken to identify in year mitigation for the above costs a review of vacant posts has been undertaken and an assumed recruitment date of October 2020 has been included.

Neighbourhoods Directorate - £8.496m overspend

Neighbourhoods Directorate	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
Neighbourhoods Management & Directorate Support	1,135	75	1,175	40
Operations and Commissioning	48,602	10,203	52,203	3,601
Parks, Leisure, Events and Youth	7,510	2,216	9,671	2,161
Compliance and Community Safety	10,524	1,035	10,330	(194)
Libraries, Galleries and Culture	9,091	1,950	9,081	(10)
Neighbourhood Area Teams	2,635	394	2,598	(37)
Other Neighbourhoods Service (incl Covid pressures)	352	2,712	2,904	2,552
Neighbourhood Service	79,849	18,585	87,962	8,113
Highways	14,457	(1,018)	14,840	383
Total Neighbourhoods Directorate	94,306	17,567	102,802	8,496

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	40
3,572	29
2,259	(98)
500	(694)
581	(591)
0	(37)
2,552	0
9,464	(1,351)
914	(531)
10,378	(1,882)

Neighbourhoods: Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target	Last Period		Last Year		
Neighbourhoods									
Total levy refuse tonnage	Low	Apr-20	7,523	5,685	☒	1051	☒	1453	☒
Total levy recycling tonnage	High	Apr-20	5,031	5,473	☒	n/a	n/a	-923	☒
Citywide recycling rate (provisional)	High	Q4 19/20	35.7%	n/a		n/a	n/a	-1.8%points	☒
Total number of Neighbourhood Compliance Team resolutions	High	Q4 19/20	1,353	n/a		47	n/a	-45	n/a
% of resolutions which were informal (remainder were formal resolutions)	n/a	Q4 19/20	85%	n/a		10.3%points	n/a	4.8%points	n/a
Number of burials (in the month)	n/a	May-20	180	Projection: 199 ↓		-18 ↓		42 ↑	
Number of cremations (in the month)	n/a	May-20	137	Projection: 108 ↑		3 ↑		50 ↑	
Connected City									
Road network beyond mid-life grading (A, B, C, U roads - excluding footways)	Low	Oct-19	19.2%	26.0%	☑	n/a		-7.9%points	☑

Performance Analysis

Lockdown has meant that residents are spending more time at home and as a result producing more domestic waste. This has contributed to the increase in refuse tonnages collected seen from March to May 2020, and an increase in recycling tonnages collected in the brown bin over the same period.

Garden and food waste collections were suspended during three weeks in April and are now being collected on a fortnightly basis. This led to the tonnages of garden and food waste collected in April being lower than the forecast. Such tonnages contribute to the total recycling tonnages figures.

There was a decrease of 1.8% points in the 2019/20 Quarter 4 recycling rate (35.7%) compared to Quarter 4 last year (37.5%). Despite this, the provisional figures for 2019/20 as a whole shows a record high recycling rate of 40.4%, up from 40.1% in 2018/19.

In addition to waste related requests for service, the Neighbourhood Compliance Teams proactively investigated 461 flytipping, commercial and domestic waste incidents. The Neighbourhood Project Team also proactively investigated 1,111 jobs and served 1,337 notices in relation to flytipping during this period.

Neighbourhoods Directorate Finance Headlines (1 of 2)

Neighbourhoods Directorate revenue budget totals £94.306m

The overall forecast position as at Period 2 is an overspend of £8.496m, this is made up of:

- Covid-19 pressures through increased costs and reduced income - £10.378m;
- Offset by identified in year mitigations of net £1.882m underspend.

COVID related Pressures (£10.378m)

This is made up of a combination of increased expenditure £3.995m, and forecast reductions in income of £6.383m. Further details are provided below:

£3.995m increased Covid-19 costs are made up as follows:

- Leisure services £0.872m support to leisure operator to fund the ongoing costs of maintaining City Council assets during closure.
- £49k in Parks for additional signage and markings.
- Highways Services - £0.522m increased costs of introducing social distancing measures
- £491k costs of funding contribution towards additional temporary mortuary and making adjustments in cemeteries and crematoria.
- £2.061m costs of providing the community hub to provide food support to vulnerable residents.

£6.383m reduced income is made up as follows:

- Reduced income of £3.572m in Operations and Commissioning Services, due to the £1.958m reduced Christmas offer income as a result of operating socially distanced Christmas Markets, £1.464m reduced income for Wholesale, Retail and City Centre Markets as a result of required closure and £150k reduced pest control income.
- Libraries & Galleries £0.581m due to reduced sales income and funding contribution because of closure and reduced footfall
- Leisure, Parks and Events - £1.338m due to reduced income because of closure, this includes £375k because of the cancelled Parklife concert and £281k loss of swimming lesson income.
- Highways reduced income from off street parking and sales of fees and permits £392k.
- £0.5m reduced income from penalty notices and licences in Community Safety and Enforcement.

Neighbourhoods Directorate Finance Headlines (2 of 2)

Savings, mitigations and other changes (£1.882m)

The Service has identified in year savings of £1.882m that have been offset against the Covid -19 cost pressures as part of undertaking this work it has been assumed that any vacant posts will not be filled through external recruitment before October 2020. The breakdown of the identified in year savings are provided below.

Community Safety and Compliance £0.694m savings due to;

- £0.636m employee savings due to revised recruitment assumptions and £58k saving on running costs. .

Libraries, Galleries and Culture £0.591m due to;

- £381k saving on employee costs in Libraries and Galleries;
- £110k saving on running costs in Galleries, and £100k saving on the libraries book fund.

Parks, Leisure, Youth and Events £98k savings due to;

- £110k employee savings due to revised recruitment assumptions, offset my small underspend on running costs.

Highways - £0.531m savings due to;

- Higher than forecast income from highways capital works that have been undertaken during the lockdown period.

Other Service areas - £32k overspend due to;

- Net minor overspend in operations and commission, and directorate support offset by staffing underspends Neighbourhood teams.

Growth and Development - £5.532m overspend

Growth and Development	Gross position including COVID impact			
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget
	£000	£000	£000	£000
Operational Property	8,203	3,369	8,395	192
Facilities Management	9,266	1,736	9,266	0
Property Rationalisation	0	921	0	0
Investment Estate	(11,969)	(2,328)	(8,221)	(3,748)
Growth and Development	156	758	548	392
City Centre Regeneration	518	159	588	70
Housing and Residential Growth	1,417	138	1,061	(356)
Planning, Building Control and Licensing	(609)	(112)	877	(1,486)
Work and Skills	1,741	514	1,741	0
Manchester Adult Education Service	0	424	0	0
Our Town Hall Project	0	514	0	0
Reopening High Streets Safely Fund	489	0	489	0
Local Welfare Assistance Fund	957	0	957	0
Total Growth and Development	10,169	6,193	15,701	5,532

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	192
250	(250)
0	0
(1,640)	(2,108)
450	(58)
0	70
0	(356)
(1,409)	(77)
0	0
0	0
0	0
0	0
0	0
7,065	(1,533)

Growth and Development : Period 2

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target	Last Period		Last Year		
Number of Planning Applications with fees of £10k - £50k	High	May-20	1	n/a	-5	☒	-1	☒	
Number of Planning Applications with fees of £50k +	High	May-20	1	n/a	-1	☒	0	⚠	
Planning Fee Income	High	May-20	£197,881	£210,555	☒	-£282,168	☒	-£4,881	☒
Net annual Business Rate charges payable (quarterly snapshot)	High	1-Apr-20	£378.45m	n/a	£10.24m	☑	£5.44m	⚠	
No. of properties for which business rates are payable (quarterly snapshot)	High	1-Apr-20	27,002	n/a	-13	⚠	461	⚠	
Hotel room occupancy rate	High	Feb-20		n/a	n/a		n/a		
No. of year end new homes built (excluding small developments)	High	Q4 19/20	4,201	n/a	n/a		1274	☑	
% of properties empty long-term	Low	2020/21	0.62%	n/a	n/a		0.09%points	☒	

Performance Analysis

Planning Fee income in May 2020 is £198k, and has reduced from the previous month of £480k, and from the 2019/20 monthly average of £296k. However, with an economic downturn likely, the expectation is that planning fee income will reduce further towards the end of the year. Whilst standard Planning Committee meetings have had to be cancelled in response to social distancing regulations, the planning system remains operational with arrangements in place for a reduced number of applications to be considered under delegated powers.

The Business Rate charges payable has dropped from the reported £378.45m in May to £241.6m in June is partly due to Extended Retail Relief being applied which will be funded by Government. There has been no reduction in the number of properties for which business rates are liable.

The Hotel Occupancy performance measure is currently suspended due to restrictions on the hospitality industry during lockdown.

Growth and Development Financial Headlines

Growth and Development revenue budget totals £10.169m

The overall forecast position as at Period 2 is an overspend of £5.532m, this is made up of:

- Covid-19 pressures through increased costs and reduced income - £7.065m;
- Offset by identified in year mitigations of net £1.533m underspend.

The net £10.169m budget includes Government grant allocations for Reopening High Streets Safely Fund of £489k and Local Welfare Assistance Fund of £0.957m.

The current overspend includes costs and loss of income due to COVID-19 of £7.065m, which is made up of COVID-19 cost pressures of £250k and shortfalls in income of £6.815m . This is offset by underspends through staffing and additional income of £1.533m across the service.

The overall directorate position is due to the following:

Underspends of £414k:

- Growth and Development - £58k underspends in staffing
- Housing and Residential Growth - £356k due to staff vacancies and increased rental income on the Ben Street scheme

Offset by overspends of £5.946m in:

- Operational Property - £192k is mainly due to utility costs across the Estate, offset by savings relating to staff vacancies
- Investment Estate - £3.748m, mainly as a result of anticipated COVID-19 income pressures. These are offset by staffing savings, and forecast additional income from other areas across the Investment Estate
- MCDA – a forecast £450k loss of income due to Covid-19.
- City Centre Regeneration - £70k mainly due to higher than forecast salary costs
- Planning, Building Control and Licensing - £1.486m due to a net reduction of income which is made up of £0.51m in Building Control, £338k in Planning, £171k in Land Charges, £314k shortfall in premises licensing, and £153k from taxi MOT/testing.

Housing Revenue Account

Housing Revenue Account	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement From Previous Period
	£000	£000	£000	£000	£000
Housing Rents	(60,881)	(581)	(61,056)	(175)	(175)
Heating Income	(600)	(25)	(600)	0	0
PFI Credit	(23,374)	0	(23,374)	0	0
Other Income	(1,281)	(93)	(1,165)	116	116
Funding from General/MRR Reserves	(18,632)	0	(18,632)	0	0
Total Income	(104,768)	(699)	(104,827)	(59)	(59)
Northwards R&M & Management Fee	20,694	3,428	20,705	11	11
PFI Contractor Payments	36,296	3,700	36,043	(253)	(253)
Communal Heating	584	19	584	0	0
Supervision and Management	5,213	548	5,268	55	55
Contribution to Bad Debts	613	0	1,160	547	547
Depreciation	17,378	0	17,378	0	0
Other Expenditure	1,370	118	1,398	28	28
RCCO	19,841	0	19,841	0	0
Interest Payable and similar charges	2,779	0	2,779	0	0
Total Expenditure	104,768	7,813	105,156	388	388
Total HRA	0	7,114	329	329	329
Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	76,012	(18,632)	57,380	(329)	57,051

Housing Revenue Account Financial Headlines

The Housing Revenue Account (HRA) is forecasting an adverse variance of £329k at Period 2, due to:

Overspends of £0.757m due to:

- Increased bad debt provision of £0.547m to reflect the expected increase in rent arrears due to COVID 19, this is a change in provision from 1% to 2%.
- Reduced other income of £116k due to 2 vacant shop units and a reduction in ground rent income.
- £94k increased costs against various other budgets.

Offset by underspends of £428k, made up of:

- £253k reduced PFI payments due a combination to lower than forecast inflationary increases and in year cost reductions due to the later than forecast completion date for the extra care scheme in Brunswick.
- Increased rental income of £175k due to higher than forecast stock numbers because of the reduced number of right to buys, the current forecast is 120 compared with the original 194 included in the business plan.

Due to Covid-19 the current years capital programme has been subject to some delays, and in particular when access to tenants homes is required. The current years programme is being reviewed, but it is expected that there will be further slippage in the HRA contribution required to fund capital expenditure.

Any surplus/deficit in year has to be transferred to/from the HRA reserve, at Period 2 it is forecast that £18.961m will be transferred from reserves to fund HRA costs, this will leave a balance of £57.051m in the HRA General Reserve at year end.