

## Appendix 1 – Financial position 2021/22 P4

# Integrated Monitoring and Corporate Plan Report: Period 4

### Financial Executive Summary

- After the first four months of the year, the Council is projecting a £2.558m underspend for the year, with a significant underspend at this stage of the year on Adults Services (£3.108m), in part offset by a projected overspend in Neighbourhoods (£1.310m) and smaller underspends or break-even in the remaining areas.
- Significant investments were made as part of the 2021/22 budget setting process into Adults, Children's and Homelessness Services, which appear to have been more than adequate to meet service need so far this financial year. This investment continues to be monitored and reviewed as we progress through the year.
- There remain significant uncertainties and risks to the position as COVID-19 restrictions ease and services return to normal.
- Adults, Children's and Homelessness all have significant risk of increasing demand leading to additional costs
- Lower than forecast commercial income is the main driver of the Neighbourhoods overspend projection
- £2.9m (7.1%) of savings required are red-rated and a further £1.6m (3.9%) are amber-rated, out of total £40.7m

## 1. Overall MCC Financials

### Integrated Monitoring report Period 4

#### Total Forecast Variance

Summary P4	Original Budget	Revised Budget	Forecast Outturn	Variance	Movement from P2
	£000	£000	£000	£000	£000
<b>Total Available Resources</b>	<b>(637,304)</b>	<b>(656,429)</b>	<b>(656,537)</b>	<b>(108)</b>	<b>0</b>
Total Corporate Budgets	97,931	104,472	104,215	(257)	(54)
Children's Services	118,761	121,937	121,657	(280)	439
Adult Social Care	223,767	223,790	220,682	(3,108)	(993)
Neighbourhoods Directorate	93,267	99,460	100,770	1,310	(403)
Homelessness	27,495	27,495	27,495	0	0
Growth and Development	10,580	(8,593)	(8,593)	0	0
Corporate Core	65,503	87,868	87,753	(115)	(188)
<b>Total Directorate Budgets</b>	<b>539,373</b>	<b>551,957</b>	<b>549,764</b>	<b>(2,193)</b>	<b>(1,145)</b>
<b>Total Use of Resources</b>	<b>637,304</b>	<b>656,429</b>	<b>653,979</b>	<b>(2,450)</b>	<b>(1,199)</b>
<b>Total forecast over/(under) spend</b>	<b>0</b>	<b>0</b>	<b>(2,558)</b>	<b>(2,558)</b>	<b>(1,199)</b>

\*The large change in the net budgets of G&D and Core reflect that Facilities Management (£9.4m) and Operational Property (£6.5m) are now managed and reported under the Corporate Core.

### Corporate Resources £108k overachievement

	Annual Budget	Projected Outturn	Projected Variance	Movement since P2
	£000	£000	£000	£000
<b>Resources Available</b>				
Retained Business Rates	(130,562)	(130,562)	0	0
Council Tax	(176,857)	(176,857)	0	0
Other Specific Grants	(137,018)	(137,126)	(108)	0
Business Rates Grants	(25,854)	(25,854)	0	0
Dividends	(4,913)	(4,913)	0	0

Use of Reserves	(181,224)	(181,224)	0	0
<b>Total Corporate Resources</b>	<b>(656,429)</b>	<b>(656,537)</b>	<b>(108)</b>	<b>0</b>

### Corporate Resources - Financial Headlines

- Variance: £108k grants overachievement mainly relates to the Local Council Tax Support Admin Subsidy.
- The use of reserves of £181m reflects the timing of the Business Rates S31 grant for extended Retail Relief which was received in 2020/21 but is applied to offset the 2021/22 Collection Fund Deficit.
- Business Rates Collection as at the end of July is 32.6% which compares to 31.8% by this point last year and 38.3% in 2019. Note just over a third of Manchester businesses were in receipt of 100% relief until the end of June; the reliefs have now reduced to 66% (national caps apply).
- Council Tax Collection at the end of July is 30.2%, compared to 26.4% by this point last year and 33.4% in 2019/20.
- It is forecast that both Council Tax and Business rates will overachieve against the budgeted income in 2020/21. This is not reflected in the reported position because accounting regulations dictate that any under or over collection of Council Tax or Business Rates is realised a year in arrears, to ensure stability of funding. Any surplus income will be reported in the budget papers and used to support the 2022/23 budget.
- Invoices paid within 30 days is 83.36% compared to a target of 95%. This compares to 80.0% in July 2020 and 90.0% in July 2019.

## 2. Corporate Budgets

### Corporate Budgets £257k underspend

	Annual Budget	Projected Outturn	Projected Variance	Movement since P2
Planned Use of Resources	£000	£000	£000	£000
Other Corporate Items	43,068	43,068	0	0
Contingency	4,719	4,719	0	0
Budgets to be Allocated	2,998	2,998	0	0
Levies	37,849	37,859	10	7
Historic Pension Costs	9,066	8,799	(267)	(54)
Transfer to Budget Smoothing Reserve	6,772	6,772	0	0
<b>Total Corporate Budgets</b>	<b>104,472</b>	<b>104,215</b>	<b>(257)</b>	<b>(54)</b>

### Corporate Budgets - Financial Headlines

- Budgets are largely on track at this early stage of the financial year, with the exception being in relation to historic pension costs, which are currently forecast to underspend by £267k (2.9%) due to a reducing number of recipients. There is a £10k overspend on Levies due to the Probation Loan and Port Health Levy being higher than initially estimated.
- The approved budget included estimated pressures arising from COVID-19 costs and income shortfalls. The COVID-19 related spend/income forecasts are being reviewed monthly. It has been agreed that where the forecast requirement is less than the budget provided these budgets will be taken back and credited to a smoothing reserve to support next year's position.
- An adjustment of £6.170m was approved by Executive at P2. Further virements of £0.602m are proposed for P4 relating to Capital Programmes (£185k) and Neighbourhoods - Parklife (£375k) and Registrars (£42k).
- This brings the smoothing reserve to £6.772m which has been reflected in the 2022/23 budget model.

### 3. Children's Services

#### Children's and Education Services - £281k underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P2
	£000	£000	£000	£000	£000
LAC Placement	41,555	10,209	40,183	(1,371)	791
LAC Placement Services	6,551	2,869	6,562	10	10
Permanence and Leaving Care	14,361	4,816	14,163	(198)	(1,023)
Children Safeguarding Service Areas	35,761	13,195	36,840	1,079	635
Children's Safeguarding	98,227	30,880	97,748	(480)	413
Education Services	8,716	5,625	9,028	312	139
Home to School Transport	10,047	1,839	10,047	0	0
Targeted Youth Support Service	324	804	324	0	0
Education	19,087	8,266	19,399	312	139
Children's Strategic Management and Business Support	4,623	1,437	4,510	(113)	(113)
<b>Total Young People (Children's and Education Services)</b>	<b>121,937</b>	<b>39,794</b>	<b>121,657</b>	<b>(281)</b>	<b>439</b>

#### Children's and Education Services - Financial Headlines

The overall forecast position as at Period 4 is an underspend of £281k, which is made up of:

- £1.371m LAC placement underspend mainly due to placements being 71 below what the budget was based on.
- £10k LAC placement services, House Project costs are off-set by underspend in the Fostering Team.
- £198k Permanence and Leaving Care underspends mainly due to Unaccompanied Asylum Seeking Children grant being higher than spend.
- £1.079m overspend in Children Safeguarding areas related to £405k pressures in Localities and Permanence budgets, £0.6m in legal services, on average proceedings are taking 14 weeks longer than it did pre-pandemic and £0.5m Early Years pressure due to a shortfall of lease income and Children Centre which is off-set by underspends in Supervised Contact and Commissioning Services.
- £312k Education services pressures mainly relates to shortfall in attendance penalties being lower than expected due to Covid and pressures in short breaks
- £113k underspend in Strategic Management helps off-sets some of the pressures outlined above.

There has been a £439k adverse movement since the last report to Executive. The movement is mainly due to: increase in social work spend, increase in residential placements expenditure and legal costs which has been partially off-set by an increase in projected Unaccompanied Asylum Seeking Children grant and reduction in supported accommodation placement costs.

Whilst demand for Children's Services has increased as lockdown measures are relaxed. 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 and result in an increase in external residential placements. Given this it has been assumed the contingency £2.6m budget for managing additional demand will be fully utilised by year-end.

Workforce underspends due to vacant positions (mainly within Localities) are largely offset by agency costs to cover those vacancies leading to a small mainstream underspend on staffing of -£125k that is reflected within the overall

projected variance noted above. The Localities and Permanence pressures outlined above mainly relate to non-staffing budget overspends.

Outstanding payments to providers (External residential and External Fostering) total £1.25m at the end of July, which is included in the forecast.

### 3a. Children's Services – Dedicated Schools Grant

#### Dedicated School Grant (DSG) - £11k overspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from budget	Movement since p2
	£000	£000	£000	£000	£000
Schools Block	202,728	66,571	202,707	-21	(110)
Central Services Block	3,902	1,044	3,949	47	5
High Needs Block	89,222	25,649	89,204	-19	(192)
Early Years Block	41,942	11,410	41,945	4	4
	<b>339,294</b>	<b>104,674</b>	<b>339,305</b>	<b>11</b>	<b>(293)</b>

#### Dedicated Schools Grant - Financial Headlines

Dedicated Schools Grant (DSG) in 2021/22 totals £603m, of which £263m is top sliced by the Department for Education (DfE) to pay for academy budgets.

The DSG is projected to overspend by £11k, this is reduction of £293k from period 2 due to lower recharge as a result of less demand for joint funded placements within Children's Social Care. There continues to be pressures within the high needs block, which supports children with special education needs and special school places. Particular pressures which are being reviewed, are in out of area placements, Education Health and Care Plans (EHCPs) Post 16, and alternative provision for excluded pupils.

DSG benefited from additional high needs funding (after recoupment) in 2021/22 of £11.456m, of which £9.956m was allocated to meet demands in growth, and £1.500m is planned to be used towards mitigating the cumulative DSG deficit. A recovery plan was presented to School Forum, reviewing the areas of pressure within high needs to support a recovery by the end of 2022/23. At P4 we are forecasting the cumulative year end DSG deficit to be £1.769m.

The early years block is funded to the local authorities on estimated pupil numbers and an adjustment is made to reflect any increases/decreases between January censuses (January 2020 and 2021). The early years funding methodology has changed temporarily in 2020/21 due to the pandemic impacts on attendance and school's census. The final 2020/21 early years block allocation will be based on January 2021 and May 2021 censuses, notified in November. The LA has included approximated accruals for the expected adjustments to the allocation on the basis of the January 2021 census data.

## 4. Adult social care / Manchester Local Care Organisation

### Adult Social Care and Population Health - £3.107m underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P2
	£000	£000	£000	£000	£000
Provider Services	28,644	7,891	30,660	2,016	(998)
Hospital Teams, Front door and TEC	2,998	858	2,799	(199)	(65)
Integrated Neighbourhood teams	46,245	4,254	40,914	(5,331)	(106)
Complex Services (LD, MH, Transition)	86,922	19,901	90,280	3,358	(691)
Commissioning MLCO	4,684	1,337	4,049	(635)	(226)
Back office, citywide support & growth	10,644	333	9,129	(1,515)	1,276
Total ASC Aligned Budget MLCO	180,137	34,574	177,831	(2,305)	(810)
MCC – Out of scope Population Health	41,525	9,639	40,778	(747)	(166)
MCC – Out of scope other	2,128	611	2,073	(55)	(17)
<b>Total ASC and Population Health</b>	<b>223,790</b>	<b>44,824</b>	<b>220,682</b>	<b>(3,107)</b>	<b>(993)</b>

#### Overview of main variances (£3.107m underspend)

Significant uncertainty remains across Adult Social Care budgets as clients and their families adjust to the ongoing impact of COVID

#### Provider Services

- There is a pressure on provider services budgets of £2m, driven by In-house Supported Accommodation (£2.464m), offset by underspends on Reablement (£304k), Day Centres (£125k) and Short Breaks (71k) and other minor overspends.
- £0.6m of the overspend is in relation to fire safety which requires additional staffing levels until mitigating capital works are scheduled. In addition the service has expanded capacity by up to 40 units following an investment programme, with older properties currently being retained. A review is being scoped to assess the number of units required and the type of clients who can be supported to bring the capacity into line with the available budget.
- This position is an improvement on that from Period 2, with £0.569m of the movement on the In-house Supported accommodation budgets where a deep dive into individual properties has highlighted an over provision of agency hours recorded by the service.
- Based on the sample of properties to date, £0.600m has been removed from the agency projection which has been driving the overspend. It is anticipated that once further properties are reviewed in detail, a further reduction in the projection will follow. The remainder of the improvement from period 2 is due to slippage on recruitment plans in Reablement of £175k, £124k on MEAP, again, due to slippage on recruitment plans and other variations of £130k.

#### Hospital Teams

- The underspend on the Hospital Social Worker budgets is due to slippage on recruitment plans to recruit qualified social workers in a timely manner with vacancies being more than anticipated.

#### Integrated Neighbourhood Teams

- The £5.331m underspend across the Integrated Neighbourhood Teams budgets is due in the main to underspends on the residential and nursing budgets of £4.627m, homecare budgets of £371k and other care budgets of £244k.
- The number of clients in residential and nursing provision remains significantly lower than pre-Covid levels. (794 at July 2021, 998 at March 2020). The reduction is a combination of reduced demand due to excess deaths, reluctance of families placing relatives into care homes and the capacity created by furlough to allow more family based care at home.
- The BOBL programme (better strengths based assessments) and the discharge to assess model are also expected to have contributed to these underspends.
- During July there has been a net increase of 13 clients, which is the first increase for some time. This increase is also reflected in a decrease in the number of clients and their associated package costs which remain on the CCG Broadcare system.
- £3.510m of estimated costs remain with the CCG, until those clients have had a full Care Act assessment and funded nursing assessment. It is expected that Hospital Discharge Programme funding that has supported clients

for their first 4-6 weeks after hospital discharge will finish at the end of September. Work is underway on a model for Manchester to maximise outcomes in the most cost effective way. Early calculations are that this will have an additional impact of c.£1m on ASC budgets for the second half of the year which isn't yet reflected in the forecast.

- The number of homecare hours and the number of clients supported has fluctuated across the first four months of the year, but remains broadly stable at c.31,000 per week.
- The number of low value packages has increased in period 4, and further work is now underway to ascertain if this is due to the embedding of the strengths based reviews as part of the BOBL programme.
- There are continuing underspends on external day care and supported accommodation as the numbers attending the provision remain lower than before the pandemic.

#### **Complex Services**

- There is a £3.358m overspend across the complex services budgets, which breaks down as
  - an overspend of £2.235m on external learning disability packages,
  - £1.595m on direct payments
  - offset by underspends of £429k on mental health and other services of £43k.
- There has been a reduction in the forecast overspend of £691k since period 2, made up of a £879k improvement in relation to external learning disability packages and reflects in the main a reallocation of BOBL investment following a workshop with senior managers to agree a realistic programme of strength based reviews between now and the end of the financial year to deliver the BOBL savings.
- This reduction in LD is offset by an increased pressure on direct payments of £124k and £64k on other services. Work is underway to look in detail at direct payments to establish whether there is any correlation with reductions in homecare packages, as individuals make an affirmative choice to choose their own carers.

#### **Commissioning**

- The commissioning of Extra Care provision now has an underspend of £635k, which is an increase of £226k from period 2.
- This reflects that both Oaklands and Gorton Mill have slipped from a planned July opening until September. Once these facilities are on stream it is expected that savings will be made elsewhere in the service in relation to residential placements.

#### **Back Office**

- Back office budgets are projected to underspend by £1,515m made up of
- £724k of BOBL investment yet to be deployed,
- £643k of BCF yet to be deployed and staffing underspends on commissioning and back office budgets.
- The movement from period 2 is due to £1.276m of BOBL investment being allocated to service budget lines, with £927k to LD, £100k to Older people's services and £200k to under 65s provision as part of the roll out plan.

#### **Population Health**

- Population Health budgets have an underspend of £747k
- £259k of this being due to slippage on staff recruitment and
- £488k on external activity based contracts.
- Significant numbers of staff continue to support all aspects of the city council's covid response, meaning future staff recruitment plans are delayed.
- At this stage in the year, plans for new contract developments are behind schedule and this is reflected in the £488k underspend.
- The movement from period 2 reflects the slippage on the new contract developments.

The other out of scope services have an underspend of £55k and reflect an underspend on the voluntary sector contracts due to a revised offer and recruitment slippage on Asylum budgets.

## 5. Neighbourhoods

### 5 a. Neighbourhoods overall

#### Neighbourhoods - £1.310m overspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since last reported
	£000	£000	£000	£000	£000
Neighbourhood Management & Support	1,230	278	1,230	0	0
Operations and Commissioning	42,881	39,043	44,833	1,952	63
Parks, Leisure, Events and Youth	8,834	3,953	8,776	(58)	(93)
Compliance and Community Safety	16,152	4,039	15,785	(367)	(264)
Libraries, Galleries and Culture	9,670	3,599	9,670	0	0
Neighbourhood Area Teams	2,782	718	2,674	(108)	0
Other Neighbourhood Services	345	137	345	0	0
<b>SUB TOTAL</b>	<b>81,894</b>	<b>51,767</b>	<b>83,313</b>	<b>1,419</b>	<b>(294)</b>
Highways	17,566	832	17,457	(109)	(109)
<b>SUMMARY TOTAL</b>	<b>99,460</b>	<b>52,599</b>	<b>100,770</b>	<b>1,310</b>	<b>(403)</b>

#### Neighbourhoods Financial Headlines

##### Overview of main variances (£1.310m overspend)

- Albert Square is not available to house the 2021 Christmas markets and if no alternative market sites are able to be identified the reduced number of stalls is forecast to provide a net under achievement of c£1m.
- School Catering provision transfers to schools from September 2021, with staff TUPE transferring over – due to timing and some residual costs of staff a pressure of £87k is forecast, this is net of £0.626m drawdown from the catering reserve.
- £82k reduced markets income due to lower numbers of traders at New Smithfield, Sunday Market Car Boot and Longsight market. Stallholders have reduced because of the pandemic and once the economy has re-opened work will be undertaken to try and attract new traders to the markets.
- Grounds Maintenance – staffing underspends are offset by the increased cost of sub-contractors.
- Due to continuing increased tonnages for residual waste it is forecast that waste levy costs will be c£1m higher than the original budget. This was identified as a risk at budget setting and a waste contingency identified. The position assumes the £1m will be offset by the contingency budget, which is subject to approval.
- CCTV – Following the bringing the off street car parks back in house the CCTV monitoring contract costs have increased by £402k, work is ongoing to review the requirements to identify opportunities for reducing the contract costs.
- £312k forecast reduced off street car parking income, mainly driven by reduced season ticket sales, as people work flexibly from home. The forecast for pay on the day is anticipated to return to budget as City Centre footfall returns.
- Neighbourhood Teams is forecast to be £108k underspent on staffing.
- Libraries, Galleries and Culture – Underspends on staffing are offset by income losses in libraries and galleries due to buildings being closed and reduced opening hours.
- Compliance & Community Safety is forecast to be £367k underspent. This is due to £140k lower than expected landfill costs relating to the Barlow and Cringle sites. The balance of the underspend is due to staffing vacancies and COMF funding applied within the Compliance Service offset by a budget pressure within the Domestic Violence Service.
- Highways underspend due to £138k additional income from permits, reduced slightly by £29k overspend on Accidents and Trips

## 5 b. Homelessness

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from P2
Homelessness	£000	£'000	£000	£000	£000
Singles Accommodation	1,657	1,509	1,728	71	39
B&B's (Room only)	4,004	1,946	5,405	1,401	309
Families Specialist Accommodation	314	188	285	(29)	(9)
Accommodation Total	5,975	3,643	7,418	1,443	339
Floating Support Service	1,445	645	1,474	29	(55)
Dispersed & Temporary Accom. Management Fee	3,380	140	4,442	1,062	(270)
Dispersed Accommodation Total	4,825	785	5,916	1,091	(325)
Homeless Management	567	299	627	60	14
Homeless Assessment & Caseworkers	2,610	782	2,441	(169)	(38)
Homelessness PRS & Move On	1,376	243	1,376	0	(40)
Rough Sleepers Outreach	413	(404)	408	(5)	76
Tenancy Compliance	207	51	148	(59)	(41)
Homelessness Support Total	5,173	971	5,000	(173)	(29)
Commissioned Services	7,745	451	7,745	0	29
Commissioned Services Total	7,745	451	7,745	0	29
Covid-19 Response	3,777	772	1,416	(2,361)	(14)
Covid-19 Response Total	3,777	772	1,416	(2,361)	(14)
<b>Total</b>	<b>27,495</b>	<b>6,622</b>	<b>27,495</b>	<b>0</b>	<b>0</b>

### Homelessness Financial Headlines

Homelessness remains a high risk area, with significant unknowns around expected demand for services in the coming months. It is anticipated that current activity levels will increase during the year as financial support for individuals such as furlough ends, as well as the impact of the eviction ban ending is felt across the city. The reported position for Period 4 is breakeven, however if activity levels remained in line with activity for July the year end position would be an underspend of £479k, this is a reduction in the uncommitted funding reported in Period 2 of £758k as described below.

#### Overview of main variances:

- B&Bs. Forecast overspend of £1.401m based on current numbers, average placements per night were 275 for singles and 89 families in July. This is an increase in forecast spend of £309k since May due to an increase in the family numbers supported in B&B, in May the average number of families supported was 58. The current net cost of B&B provision is £92k per week.
- Dispersed accommodation and temporary accommodation management fee. Forecast overspend of £1.062m based on current numbers, with a reduction in forecast costs of £270k from May's report. The current housing subsidy loss to MCC is £146k per week. Placements at the end of July were 1,831, compared with 1,893 in May, a reduction of 62. This is a reduction of 138 from March 2021 with 169 properties transferring to the District Homes pilot, to date with District Homes due to take on the management of 400 properties. The number of dispersed properties increased by 306 in 2020/21.
- Homelessness Private Rented Sector and Move On. Although a balanced budget is reported in Period 4, a budget virement of £626k has been actioned from the budget allocated as part of the 2021/22 budget setting process from the Covid-19 response area to match the updated forecast spend. This updated forecast is based on an in depth review of spend to date over the first four months and updated forecasts for spend to year end based on the targets set for staff in post as well as those who have been appointed to vacant roles. Further work is being undertaken to review the current

incentives with a view to increase supply in the City. This increased spend should result in a reduction in the forecast spend for B&B and Dispersed as residents move in to the Private Rented Sector where move on from temporary accommodation is the outcome, however a large proportion of the spend is incurred by preventing current tenants from losing their tenancy and therefore requiring temporary accommodation in the first instance.

- The above pressures are offset by an underspend of £2.361m on Covid-19 allocation. Budget allocation has not been vired from Covid-19 underspend to cover pressures in B&B and Dispersed, as these are not viewed as the long term solutions to provide better outcomes for residents. Based on current activity levels there is resource of £479k uncommitted. This resource would fund approximately 227 additional properties in Dispersed Accommodation for a 6 month period or 73 additional B&B placements per night for the same period. Officers continue to work closely with both Private Rented Sector landlords and Registered Providers to minimise the impact of the eviction ban ending in Manchester.

## 5c. Housing delivery and HRA

### HRA - £6.175m underspend

	Annual Budget	Net Actual Expenditure / (Income)	Projected Outturn	Projected Variance from Budget	Movement since IP2
	£000	£000	£000	£000	£000
Housing Rents	61,617	19,761	61,617	0	0
Heating Income	(533)	(93)	(533)	0	0
PFI Credit	(23,374)	(5,843)	(23,374)	0	0
Other Income	(1,131)	(360)	(1,140)	(9)	(9)
Funding From Investment Reserve	(237)	0	(130)	107	40
Funding from General/MRR Reserves	(16,694)	0	(16,694)	0	0
<b>Total Income</b>	<b>(103,586)</b>	<b>(26,057)</b>	<b>(103,488)</b>	<b>98</b>	<b>31</b>
Northwards R&M & Mgmt Fee	25,415	6,526	25,139	(276)	0
PFI Contractor Payments	32,476	8,874	32,476	0	0
Communal Heating	532	67	532	0	0
Supervision and mgmt	5,489	1,717	5,475	(14)	(27)
Contribution to Bad Debts	930	(185)	930	0	0
Depreciation	18,435	0	18,435	0	0
Other Expenditure	1,305	229	1,300	(5)	(5)
RCCO	16,241	0	10,263	(5,978)	763
Interest Payable and similar	2,763	0	2,763	0	0
<b>Total Expenditure</b>	<b>103,586</b>	<b>17,228</b>	<b>97,313</b>	<b>(6,273)</b>	<b>731</b>
<b>Total HRA</b>	<b>0</b>	<b>(8,829)</b>	<b>(6,175)</b>	<b>(6,175)</b>	<b>762</b>

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	81,115	(16,694)	64,421	6,175	70,596

### HRA Financial Headlines

#### Overview of main variances (£6.175m underspend)

Underspends of £6.282m:

- Reduced contribution towards capital expenditure of £5.978m. This is mainly due to a revision in the Capital Programme budget which occurred after the Business Plan/budget was agreed by Members.

- Reduction in Northwards R&M and Management Fee of £276k. This is mainly due to a change in the forecast R&M costs which occurred after the Business Plan/budget for agreed by Members.
- Reduction in Supervision & Management of £14k. Staff vacancies offset an overspend for relating to a contribution to the YES scheme.
- Increase in Other Income of £9k. Two providers have reported small VAT Shelter amounts due back to MCC.
- Reduction in Other Expenditure of £5k.

Offset by overspends of £40k:

- Funding from Investment Reserve - increase £40k. Two posts are currently vacant, reducing the draw down from reserves. This is offset with a reduction in Supervision & Management on the previous page.

Any surplus/deficit in year has to be transferred to/from the HRA reserve. At Period 4 it is forecast that £10.519m will be transferred from reserves at year end (budget of £16.694m less underspend of £6.175m). This would leave a balance of £70.596m in the HRA General Reserve at year end.

## 6. Growth and Development

### Growth and Development – break even

Growth & Development	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance Budget	Movement since P2
	£000	£000	£000	£000	£000
Investment Estate	(12,630)	(1,978)	(12,630)	0	45
Manchester Creative Digital Assets (MCDA)	250	(130)	250	0	0
Growth & Development	164	698	164	0	0
City Centre Regeneration	1,275	799	1,275	0	4
Housing & Residential Growth	1,155	341	1,158	0	(76)
Planning, Building Control & Licensing	(680)	(156)	(680)	0	27
Work & Skills	1,873	515	1,873	0	0
The Community Hub	0	(50)	0	0	0
Manchester Adult Education Service (MAES)	0	(91)	0	0	0
Our Town Hall Project	0	804	0	0	0
<b>Total Growth &amp; Development (G &amp; D)</b>	<b>(8,593)</b>	<b>752</b>	<b>(8,593)</b>	<b>0</b>	<b>0</b>

### Growth and Development - Financial Headlines

#### Overview of main variances (Break even)

Currently Growth & Development is forecasting to spend in line with budget overall. The main reason for this is that additional budget has been made available to offset income reductions in the following areas due to the effect of Covid-19:

- Investment Estate – the impact is currently forecast to be in the region of £500k, but as this be reflected by an increased requirement for bad debt provision, the total figure may not be known for some time yet.
- Building Control and Land charges
- Premises Licensing – a large element of this income is derived from the hospitality section

Mainstream funded staffing savings due to vacancies of £596k are offsetting additional costs or income losses, with the main areas as follows:

- Investment Estate - £308k of income shortfall
- Housing and Residential Growth - £101k of additional costs and loss of external income
- Work & Skills - £61k additional project work

Planning income is slightly lower than in budget (£826k v £923k) but does tend to fluctuate, and this can be made up by utilising the planning reserve if needed.

The main area of risk is the Investment Estate income, with the longer term effect of the pandemic on the estate unknown, and further details awaited of likely income from Heron House, Wythenshawe Town Centre, and the Arndale Centre.

## 7. Corporate Core

### Corporate Core – £115k underspend

Chief Executives	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since last reported
	£000	£'000	£000	£000	£000
Coroners and Registrars	2,281	463	2,271	(10)	0
Elections	1,492	1,857	1,492	0	0
Legal Services	7,081	3,503	6,911	(170)	0
Communications	3,149	936	3,149	0	0
Executive	972	280	972	0	0
Legal, Comms, Democratic Statutory Sub Total	14,975	7,039	14,795	(180)	0
Corporate Items	605	(4)	763	158	(40)
<b>Chief Executives Total</b>	<b>15,580</b>	<b>7,035</b>	<b>15,558</b>	<b>(22)</b>	<b>(40)</b>

Corporate Services	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P2
	£000	£000	£000	£000	£000
Policy, Performance and Reform	13,916	5,558	13,846	(70)	(35)
Finance, Procurement, Commercial Govce	6,454	2,786	6,384	(70)	0
Customer Services and Transactions	17,352	18,764	17,059	(293)	(303)
ICT	13,044	8,166	12,846	(198)	0
Human Resources & OD	4,274	1,788	4,274	0	0
Audit, Risk and Resilience	1,365	298	1,280	(85)	(85)
Capital Progs, Operational Property, Facilities	15,883	8,514	16,506	623	275
<b>Corporate Services Total</b>	<b>72,288</b>	<b>45,874</b>	<b>72,195</b>	<b>(93)</b>	<b>(148)</b>
<b>Total Corporate Core</b>	<b>87,868</b>	<b>52,909</b>	<b>87,753</b>	<b>(115)</b>	<b>(188)</b>

### Corporate Core - Financial Headlines

**Corporate Core are forecasting a net £115k underspend, and the key variances are:--**

- Legal Services charge fees to both internal and external clients, and due to increased levels of activity the fee income is forecast to be c£170k higher than budget.
- Corporate Items – the numbers of staff requesting to purchase additional annual leave continues to be low despite improving since period 2, forecast that the income from the annual leave scheme will be £158k lower than budget.
- Customer Services and Transactions - £293k underspend due to savings on employee budgets due to timing and recruitment to vacancies £194k and underspends across supplies and services £99k.
- ICT - £198k underspend mainly due to savings on employee budgets due to the timing and recruitment to vacancies
- Capital Programmes - £0.623m overspend due to £0.61m unachieved operational property savings, Wythenshawe Hall additional security costs £117k, Abraham Moss reduced income £87k partly offset by £191k underspend on employee budgets in Operational Property (£64k) and facilities management (£127k).

- In addition to the above there is an ongoing risk that Council tax recovery from court summons may be up to £1m lower than budget. This is dependent on future court dates and the number of cases we can present. This will be retained under review and details confirmed once cases begin to go through the courts.

There has been an increase of £188k in the underspend since last reported to Executive in P2. This is due to underspends on both employee and non employee budgets in Customer Services and Transactions, People Reform and Innovation and Audit, Risk and Resilience partly reduced by additional insurance costs and reduced income in Operational Property.

## 8. Savings Achievement - £2.889m high risk

	Savings Target 2021/22			
	Green	Amber	Red	Total
	£000	£000	£000	£000
Children's Services	10,667	0	1,692	12,359
Adult Social Care	10,597	1,000	0	11,597
Neighbourhoods	5,808	288	587	6,683
Homelessness	2,335	0	0	2,335
Growth and Development	1,108	0	0	1,108
Corporate Core	5,719	306	610	6,635
<b>Total Budget Savings</b>	<b>36,234</b>	<b>1,594</b>	<b>2,889</b>	<b>40,717</b>

### Savings - Headlines

£40.717m approved savings, £2.889 (7%) are considered high risk as follows:

- Children's Services - £1.692m. – £1.115m relates to leaving care and £0.577m to multi agency agreements. The underachievement is mitigated by underspends in the current financial year.
- Neighbourhoods - £275k advertising income for new sites which are still subject to planning permissions and £312k car parking income for the off street car parking due to the impact of Covid, and particularly annual season ticket income.
- Corporate Core - £0.610m Reduce office costs through reduced estate – linked to delayed ending of property lease.

£1.594m of savings (4%) are considered medium risk as follows:

- Adults - £1.000m – There is a concern that slippage on the start of the BOBL programme cannot be recovered in year. Slippage is estimated based on £300k having been verified to date from the number of clients packages which have been reviewed to date. Further work is underway to reprofile when future savings will be achieved.
- Neighbourhoods – Further £288k in relation to off street car parking income, which has been affected by COVID-19.
- Corporate Core - £306k staff savings in Human Resources this is pending finalisation of the HR redesign