

Appendix 1 – Financial position - Period 6 2021/22

Integrated Monitoring and Corporate Plan Report: Period 6

Financial Executive Summary

- After the first six months of the year, the Council is projecting a £1.161m underspend for the year, with a significant underspend at this stage of the year on Adults Services of £2.969m, in part offset by a projected overspend in Neighbourhoods Directorate of £3.403m and smaller underspends or break-even positions in the remaining areas.
- Adults, Children’s and Homelessness all have significant risk of increasing demand leading to additional costs.
- Lower than forecast commercial income, mainly from on and off street parking, is the main driver of the Neighbourhoods overspend projection.
- £1.841m (4.5%) of approved savings are considered high risk and a further £4.365m (10.7%) are medium rated, out of total £40.717m, whilst the impact has been mitigated during the year, work is on going to find alternative savings where original plans have not been achieved.
- A series of targeted investments were made as part of the 2021/22 budget setting process to support the delivery of savings, covid costs and demographic pressures, appear at this stage to be adequate to meet service need this financial year. In order to manage the overall risk to the organisation all growth budgets have been reviewed in greater detail as part of this monitor and as part of the 2022/23 budget process, with any resource that remains unused being returned to corporate contingencies.
- There remain significant uncertainties and risks to the position as COVID 19 restrictions ease and services return to normal.

1. Overall MCC Financials

Integrated Monitoring report Period 6 Total Forecast Variance

Summary	Original Budget	Revised Budget	Forecast Outturn	Variance	Movement from P4
	£000	£000	£000	£000	£000
Total Available Resources	(637,304)	(659,330)	(658,864)	466	574
Total Corporate Budgets	97,931	106,588	106,322	(267)	(10)
Children's Services	118,761	120,983	120,273	(710)	(430)
Adult Social Care	223,767	222,618	219,649	(2,969)	139
Neighbourhood Services	93,267	100,777	104,180	3,403	2,093
Homelessness	27,495	27,644	27,644	0	0
Growth and Development	10,580	(8,516)	(9,118)	(602)	(602)
Corporate Core	65,503	89,236	88,753	(483)	(368)
Total Directorate Budgets	539,373	552,742	551,381	(1,361)	832
Total Use of Resources	637,304	659,330	657,703	(1,628)	822
Total forecast over/(under) spend	0	0	(1,161)	(1,161)	1,396

**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 £466k underachievement

	Annual Budget	Projected Outturn	Projected Variance	Movement since P4
	£000	£000	£000	£000
Resources Available	£000	£000	£000	£000
Retained Business Rates	(130,562)	(130,562)	0	0
Council Tax	(176,857)	(176,857)	0	0
Other Specific Grants	(139,920)	(139,454)	466	574
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
Total Corporate Resources	(659,330)	(658,864)	466	574

Corporate Resources - Financial Headlines

- Variance: The Covid Sales Fees and Charges compensation grant claim is £0.885m lower than originally budgeted. This reflects higher than expected income achievement within the Directorate service lines, meaning that our losses are lower than expected, mainly around Planning, Licensing, Comms and Parklife. Offset by increased New Burdens income of £311k and the £108k of grants overachievement relating to the Local Council Tax Support Admin Subsidy, resulting in an overall grant underachievement of £466k.
- 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 September is 48% which compares to 41% by this point last year and 55% 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 September is 48%, compared to 47% by this point last year and 49% 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 90% compared to a target of 95%. This compares to 80% in September 2020 and 91% in September 2019. This is due to a combination of suppliers not sending invoices direct to the Shared Service Centre and the number of duplicate invoices being received. New working arrangements and processes are being reviewed to make improvements and reduce volumes.
- £4.2m (19.3%) of pursuable debt was over a year old and still to be recovered by the Council. The Council is prioritising NHS invoices and other large Adult Social Care invoices. Progress is being made in resolving outstanding disputes which are preventing payment.

2. Corporate Budgets

Corporate Budgets £267k underspend

	Annual Budget	Projected Outturn	Projected Variance	Movement since P4
Planned Use of Resources	£000	£000	£000	£000
Other Corporate Items	43,068	43,078	10	10
Contingency	3,465	3,465	0	0
Budgets to be Allocated	2,531	2,532	0	0
Levies	37,849	37,859	10	0
Historic Pension Costs	9,066	8,779	(287)	(20)
Transfer to Budget Smoothing Reserve	10,069	10,069	0	0
Total Corporate Budgets	106,588	106,322	(267)	(10)

Corporate Budgets - Financial Headlines

- Budgets are largely on track at this stage of the financial year, with the exception being historic pension costs, which are forecast to underspend by £287k (3.2%) 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 £10k overspend against Other Corporate Items is due to an increase in the bad debt provision following a review of the position.
- 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 clawed back and credited to a smoothing reserve to support next year's position.
- A reduction in budget of £6.170m was approved by Executive at Period 2. Further virements of £0.602m were approved at P4 and these resources have been transferred to the smoothing reserve to support the budget going forwards.
- A further review of growth budgets provided for the COVID 19 recovery, means that £2.183m can be released in 2021/22 and £1.2m recurrently in 2022/23 from Children's Services budgets. This due to the preventative actions and investments targeted on the front door, edge of care and approach to permanency having a positive impact in reducing demand. This position will be reviewed and refreshed as part of the ongoing budget monitoring to ensure that budgets remain sufficient and realistic. COVID 19 virements are also proposed for Period 6 relating to Adults (£2m), Elections (£113k) and Communications (£20k).
- In addition, adjustments relating to carried forward budgets of £300k (Elections) and £350k (HROD) are proposed for Period 6 as these are no longer required. These will also be credited to the budget smoothing reserve.
- Market increases in the wholesale price of electricity have resulted in a significant increase (87%) in what the Council pays for its electricity, which distorts the overall budget. It is therefore proposed that a budget increase of £3.283m to Directorates is funded from the budget smoothing reserve to cover the in year costs of the electricity contract for 2021/22, with, £1.917m to Neighbourhoods, £1.104m to Corporate Core, £149k to Homelessness, £77k to Growth and Development and £36k to Adults. The ongoing costs will be addressed as part of the 2022/23 budget process.
- This brings the smoothing reserve to £11.609m which has been reflected in the Council's budget model.

3. Children's Services

Children's and Education Services - £0.710m underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P4
	£000	£000	£000	£000	£000
LAC Placement	38,903	16,295	37,254	(1,649)	(278)
LAC Placement Services	6,535	2,810	6,632	97	87
Permanence and Leaving Care	14,640	7,004	14,186	(454)	(256)
Children Safeguarding Service Areas	36,382	19,453	37,151	769	(310)
Children's Safeguarding	96,460	45,562	95,222	(1,237)	(757)
Education Services	8,716	6,638	9,369	653	341
Home to School Transport	10,047	2,521	9,947	(100)	(100)
Targeted Youth Support Service	324	804	324	0	0
Education	19,087	9,962	19,640	553	241
Children's Strategic Management and Business Support	5,437	2,347	5,410	(26)	86
Total Young People (Children's and Education Services)	120,983	57,872	120,273	(710)	(430)

Children's and Education Services - Financial Headlines

The overall forecast position as at Period 6 is an underspend of £0.710m, which is made up of:

- £1.649m Looked After Children (LAC) placement underspend mainly due to placements being 89 below what the budget was based on, reflecting the early help and preventative work undertaken by the Directorate.
- £97k LAC placement services pressures, National House Project initiative costs are offset by underspend in the Fostering Team.
- £454k Permanence and Leaving Care underspends are attributed to efficient use of the Unaccompanied Asylum Seeking Children Grant. The underspend is offsetting Supported Accommodation pressures.
- £0.769m overspend in Children Safeguarding areas, with £0.666m related to Legal, £0.400m Early Years pressure which is offset by £297k underspends in Supervised Contact, Commissioning Services and Emergency Duty Service. It is anticipated that the learning from a review of Legal services will help to mitigate the current pressure.
- £0.553m Education services pressures mainly relates to shortfall in attendance penalties being lower than expected due to COVID 19 as well pressures in short breaks.

- £26k underspend in Strategic Management helps off-set some of the pressures outlined above.

There has been a £430k improvement since the period 4. The movement is mainly due to:
Favourable movement

- Reduction in permanence and LAC placements costs (£0.534m movement);
- Children’s Safeguarding now reflects grant funding support provided to Unaccompanied Asylum Seeking Children (£310k movement); and
- Home to School Transport improvement of £100k.

Adverse movement

- Increase in specialist short break costs (£341k movement), in some cases this Edge of Care intervention is preventing permanent LAC placement;
- Increase in Fostering Service forecast based on latest recruitment assumptions (£87k movement); and
- Reduction in Strategic Management reduction in the underspend (£86k movement) following review of budget assumptions

As anticipated in December 2020 contacts and referrals for a Children’s Social Care service have increased; attributed to increased vulnerabilities in the community such as family poverty, domestic violence and detrimental impact on mental health and associated with the impact of COVID 19. In order to manage the increased need of children and their families for services it continued investment in targeted, ‘front door’, edge of care services and approach to permanency have had a positive impact on managing increased pressures. This coupled with an ongoing high performing Early Help service indicates that the service is resilient to meet need. As a result of these preventative measures the service has not yet utilised £2.1m of the additional growth monies allocated to the Directorate at 21/22 budget setting, this has been reallocated back to the corporate budget smoothing reserve.

Outstanding payments to providers (External residential and External Fostering) total £1.3m at the end of August, which is included in the forecast. An external consultation will work on data cleansing and reducing on hold payments in Controcc.

3 a. Children’s Services – Dedicated Schools Grant

Dedicated School Grant (DSG) - £64k overspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from budget	Movement since P4
	£000	£000	£000	£000	£000
Schools Block	196,052	93,909	196,120	68	88
Central Services Block	3,902	1,312	3,954	52	5

High Needs Block	89,222	41,924	89,468	246	264
Early Years Block	41,942	16,236	41,188	(754)	(756)
Recovery Plan	1,500	0	1,954	454	(1,304)
Total	332,619	153,381	332,684	66	(1,703)

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 transfer directly to Academy schools.
- The DSG overall position is projecting to overspend by £66k at Period 6. The DSG position has had an improvement of £1.703m since Period 4, this is mainly due to the reduced demands on special educational needs (SEN) support, early years projections update with summer actuals and the clawback of excessive school balances mechanism.
- The biggest movement since p4 since that Out of City placements are lower £1m than previously anticipated. £304k excessive balances were claw-backed schools, it was agreed at Schools Forum in October that this will set against DSG recovery. £399k net movements in the DSG block and is mainly due to Early Years activity.
- DSG received 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 2020/21 DSG deficit. As a result of Period 6 update an additional £454k has been allocated to the DSG recovery which means recovery is in advance of the plan, which was expected 2022/23.
- 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 - £2.969m underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P4
	£000	£000	£000	£000	£000
Provider Services	28,863	12,729	29,823	960	(1,056)
Hospital Teams, Front door and TEC	2,998	1,800	2,773	(225)	(26)
Integrated Neighbourhood teams	45,139	9,185	40,072	(5,067)	264
Complex Services (LD, MH, Transition)	88,972	36,538	92,504	3,532	174

Commissioning MLCO	4,184	1,326	3,779	(406)	230
Back office, citywide support & growth	7,869	1,791	6,170	(1,699)	(184)
Total ASC Aligned Budget MLCO	178,025	63,369	175,121	(2,905)	(598)
MCC – Out of scope Population Health	42,465	12,643	42,465	0	747
MCC – Out of scope other	2,128	630	2,063	(64)	(10)
Total ASC and Population Health	222,618	76,642	219,649	(2,969)	139

Adult Social Care and Population Health - Financial Headlines

Overview of main variances (£2.969m underspend)

Significant uncertainty remains across Adult Social Care (ASC) budgets as wider society adjusts to living with COVID 19. Client numbers supported across services remain below pre-pandemic levels which has allowed flexibility in the budget for ASC to support the wider council pressures forecast for future years. The budget has been reduced (to support wider Council priorities) by £2m based on the forecast year end position. Whilst client numbers have been relative stable, any risk of volatility can be managed through the one-off use of the ASC reserve. In addition to the ASC budget change, work is ongoing with leaders across Population Health to ensure the appropriate spending of the council's COMF allocation for 2021/22 and provide support for expected on-going Test and Trace requirements in 2022/23. Details to support the figures in the table above are as follows:

Provider Services

- There is a pressure on provider services budgets of £0.960m, mainly driven by In-house Supported Accommodation (£1.722m), offset by underspends on Reablement (£467k), Day Centres (£177k) and Short Breaks (£50k) and other minor underspends.
- As previously reported, £0.6m of the overspend is in relation to fire safety which requires additional staffing levels until mitigating capital works are scheduled. Surveys of the properties have started but no estimated start date for the remedial work to take place has yet been scheduled. This is being pursued as a priority. The service is filling its expanded capacity and is now supporting 184 clients. A review is being scoped to assess the number of units required into the future. This will include a review of 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 4 of more than £1m, with £0.742m of the movement on the In-house Supported accommodation budgets. A deep dive into the recording of agency hours in individual properties has now concluded and the reduction in the forecast is a more accurate reflection of the agency hours used by the service.
- The remainder of the improvement from period 4 is due to delay and challenges in recruitment plans in Reablement of £163k, and MEAP of £113k on MEAP and other minor variations.

Hospital Teams

- The £225k underspend on the Hospital Social Worker budgets is due to difficulties in the recruitment of qualified social workers resulting in vacancies being more than anticipated.

Integrated Neighbourhood Teams

- The £5.067m underspend across the Integrated Neighbourhood Teams budgets is due in the main to underspends on the residential and nursing budgets of £3.906m, homecare budgets of £0.702m, other care budgets of £254k and staffing of £142k.
- The number of clients in residential and nursing provision remains significantly lower than pre-COVID levels. (829 at end of September 2021, 998 at March 2020). Provision for clients <65 has remained relatively stable throughout the pandemic (109 at March 2020 and 107 now). It is >65s residential provision which has seen the most significant drop from 627 down to 518. The Better Outcomes, Better Lives (BOBL) programme (better strengths based assessments) and the discharge to assess model are expected to have contributed to these underspends. Across July and August there was an increase in clients for the first time in this financial year but this has now stalled. There has also been a significant decrease in the number of clients held on the CCG Broadcare system. These now total £3.097m (down from £3.5m) and this reduced figure reflects increased activity to assess clients for fully funded nursing care placements, which will remain as a cost to the CCG, rather than transferring to the Council.
- In the last report it was expected that Hospital Discharge Programme funding that has supported clients for their first 4-6 weeks after hospital discharge would finish at the end of September, however central government have now confirmed that it will continue until the end of the financial year. In light of this announcement and the reduction in numbers it is now forecast that ASC will be able to offer £2m of Council supported covid funding applied through the 2021/22 budget process to support pressures in future years.
- The number of homecare hours and the number of clients supported has been steadily reducing across the first six months of the year. They were at a peak 12 months ago at 2,086 clients but are now 1,980. The number of hours commissioned has also reduced in the same period from, 32,005 a week to 30,254 at Period 6.
- There are pressures within the homecare market as some providers are struggling to recruit and retain staff, which is constraining their ability to take on additional packages. This challenge is being off-set by our safety net of providers at present, albeit recruitment challenges persist and may be exacerbated if mandatory vaccinations are extended to the whole care sector (limited to care homes only from 11th November). However, the market challenges are not thought to be driving the reductions referred to above. Further work continues 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 £3.532m overspend across the complex services budgets, which breaks down as
 - an overspend of £2.306m on external learning disability packages,
 - An underspend of £169k on specialist learning disability social workers,
 - £1.869m overspend on direct payments
 - offset by underspends of £493k on mental health and other service overspends of £19k.
- There has been an increase in the forecast overspend of £174k since Period 4. This is due to increased spend on direct payments (£274k) and externally commissioned learning disability packages (£71k) offset by reduced spend on mental health packages (£48k) and learning disability staffing (£104k). Client numbers across learning disability services are broadly stable at 1,137 which is positive, but progress on the accelerated work on strength-based reviews through BOBL is not moving as quickly as intended partly due to challenges in recruiting qualified social workers. A work programme has been developed to look at appropriate cases with support to deliver and further progress is expected in the coming months.

- There has been a net increase of 16 clients in receipt of a direct payment since the start of the year. The average weekly cost of a package has also increased from £666 at the end of March to £757 at Period 6. Work is ongoing to look for any correlation with budgets which are underspending, with a view to re-aligning budget provision.
- The pressures above are off-set by an underspend on mental health packages. Mental Health client numbers have fluctuated across the year but are now at their highest level post pandemic. Numbers were 643 at March 2020, dropping to 629 at March 2021, increasing to 683 at Period 6. (This is for residential, nursing and supported accommodation placements). The mix of placements also demonstrates a move away from residential and nursing and into supported accommodation placements, with an associated reduction in weekly cost. It is anticipated that there will be further increases in client numbers over the coming months as operational managers report increasing pressures for services.

Commissioning

- The commissioning of Extra Care provision now has an underspend of £406k, which is a decrease of £230k from Period 4.
- The underspend reflects both to the delay to the opening of the new schemes at Oaklands and Gorton Mill and also the speed with which places are being taken up in the new provision. In light of this, £300k has been offered up in year to support the wider council pressures. Once these facilities are fully operational it is expected that savings will be made elsewhere in the service, most likely in relation to residential placements.

Back Office

- Back office budgets are projected to underspend by £1.699m made up of
- £0.724m of BOBL investment yet to be deployed,
- £0.643m of BCF yet to be deployed,
- Staffing underspends on Business Support of £101k due to recruitment delays,
- Commissioning and back office budgets of £231k due to underspends on staffing (recruitment delays) and training budgets.
- The movement from Period 4 is due to delays in recruitment.

Population Health

- Population Health budgets now have a balanced budget where previously there were underspends on both the staffing and external activity based contracts. The underspends will be carried forward in accordance with the grant conditions and will allow for expected staffing pressures on Test and Trace activities in 2022/23 to be addressed.
- Significant numbers of staff continue to support all aspects of the city council's covid response. Government have supported this through grant funding which has been applied to cover these costs. This month £300k of costs have been funded through government covid grants.
- The other out of scope services have an underspend of £64k and reflect an underspend on the voluntary sector contracts due to a revised offer and recruitment slippage on Asylum budgets.

5. Neighbourhoods

5a. Neighbourhoods overall - £3.403m overspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P4
	£000	£000	£000	£000	£000
Neighbourhood Management & Support	1,230	526	1,230	0	0
Operations and Commissioning	43,556	43,255	48,088	4,532	2,580
Parks, Leisure, Events and Youth	9,417	5,283	9,417	0	58
Compliance and Community Safety	16,152	5,854	15,580	(572)	(205)
Libraries, Galleries and Culture	9,670	4,995	9,407	(263)	(263)
Neighbourhood Area Teams	2,782	1,188	2,636	(146)	(38)
Other Neighbourhood Services	345	516	306	(39)	(39)
SUB TOTAL	83,152	61,617	86,664	3,512	2,093
Highways	17,625	2,790	17,516	(109)	0
SUMMARY TOTAL	100,777	64,407	104,180	3,403	2,093

Neighbourhoods Financial Headlines

Overview of main variances (£3.403m overspend)

Operations and Commissioning

- Whilst Albert Square continues to be unavailable to house the 2021 Christmas markets, work has been undertaken to make best use of other sites, including Piccadilly Gardens, which will be bigger than previous year's and be the main city centre site. Despite the larger site there is still a reduced number of stalls across the City and a net under achievement of c£1m is forecast. This is due to a combination of a reduced number of stalls and lower rental rates than can be charged for Albert Square.
- School Catering provision transferred to schools from September 2021, with staff TUPE transferring over – due to timing of schools leaving before the end of the July summer term with resulting trading losses of £150k plus the contract buy out cost of £140k, along with some residual payroll costs of £18k and an unexpected compensation claim of £31k resulting in an overall pressure of £339k, this is net of £0.626m drawdown from the catering reserve. This figure does not include any of the outstanding debt that is attributable to schools for which discussions are ongoing.
- £272k reduced markets income and increased costs due to lower numbers of traders at New Smithfield and rent-free periods granted. There is also lower than anticipated income at both the Sunday Market Car Boot and Longsight market. New Smithfield Market and Longsight market have both had an increased rates valuation with a combined impact of £111k.
- Grounds Maintenance – staffing underspends are partially offset by the increased cost of sub-contractors leaving a net underspend of £100k.
- Due to continuing increased tonnages for residual waste it is forecast that waste levy costs will be c£1m higher than the original budget, although higher tonnages were anticipated due to Covid and £1m contingency was included as part of the budget and this will be drawn down to mitigate the increased costs.

- CCTV – Following bringing the off street car parks back in house the CCTV monitoring contract costs have increased by a net £385k, work is ongoing to review the requirements to identify opportunities for reducing the contract costs.
- £2.167m forecast reduced off street car parking income, this is due to a combination of reduced season ticket sales, as people work flexibly from home and reduced usage generally across the car parks. There was an expectation that car park usage would return to pre-COVID levels by September, unfortunately, this has not been the case and September was around £250k lower than originally forecast, it is unclear whether this is an emerging trend that will continue because of increased numbers working from home, or whether it will recover. The forecast does now assume ongoing lower usage through to March 2022, and this will be retained under review. The surrender of the lease on the Deansgate Car Park has led to a £242k net loss of income for January to March.
- Parks, Leisure, Events and Youth – Due to a better than anticipated recovery in the number of leisure centre users GLL have reduced their claim for in year financial support. The original forecast level of support that was allowed as part of the budget was c£2.5m, this is now forecast to be around £1.9m.
- There is additional income of £50k for Bereavement Services and £26k for Fleet Services.
- Neighbourhood Teams is forecast to be £146k underspent on staffing.
- Compliance and Community Safety is forecast to be £0.572m underspent. This is due to staffing underspends of £0.881m for revised recruitment assumptions, staff being deployed on Covid related activities and net running cost being £120k lower than expected mainly due to a reduction in the forecast for landfill costs. These are partially offset by lower income recovery due to the pandemic and increased contract costs within the Domestic Violence Service.
- Libraries, Galleries and Culture – Libraries net position is an underspend of £263k which is mainly due to staffing underspends offset by income losses due to the pandemic.
- Other Neighbourhoods Services is forecasting a £39k underspend due to reduction in the City Co contribution.
- Highways £109k underspend is due to £138k additional income from permits, reduced slightly by £29k overspend on Accidents and Trips.

5b. Homelessness

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from P4
Homelessness	£000	£'000	£000	£000	£000
Singles Accommodation	1,694	2,380	1,702	8	(63)
B&B's (Room only)	4,094	3,441	5,532	1,438	37
Families Specialist Accommodation	314	314	269	(45)	(16)
Accommodation Total	6,102	6,135	7,503	1,401	(42)
Floating Support Service	1,808	1,121	1,744	(64)	(93)
Dispersed & Temporary Accom. Management Fee	3,380	2,961	4,462	1,082	20
Dispersed Accommodation Total	5,188	4,082	6,206	1,018	(73)
Homeless Management	900	482	948	48	(12)
Homeless Assessment & Caseworkers	2,373	1,130	2,289	(84)	85

Homelessness PRS & Move On	1,580	582	1,580	0	0
Rough Sleepers Outreach	487	240	487	0	5
Tenancy Compliance	158	76	135	(23)	36
Homelessness Support Total	5,498	2,510	5,439	(59)	114
Commissioned Services	7,616	2,276	7,616	0	0
Commissioned Services Total	7,616	2,276	7,616	0	0
COVID 19 Response	3,240	400	880	(2,360)	1
COVID 19 Response Total	3,240	400	880	(2,360)	1
Total	27,644	15,403	27,644	0	0

Homelessness Financial Headlines

Homelessness remains a high risk area, with uncertainty in relation to 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 6 is a balanced budget, however if activity levels remained in line with activity for September, the year end position would be an underspend of £329k, this is a reduction in the uncommitted funding reported in Period 4 of £150k as described below. Plans are currently being finalised for winter provision across the City with the Council, Dept for Levelling Up, Housing and Communities (DLUHC) and Partners and it is likely that this uncommitted resource will be required to deliver this provision.

Overview of main variances:

-
- Bed and Breakfast (B&B). Forecast overspend of £1.438m based on current numbers, average placements per night were 248 for singles and 100 families in September. This is in line with the reported position in July, with a small increase in the forecast of £37k. The current net cost of B&B provision is £114k per week.
- Dispersed accommodation and temporary accommodation management fee. Forecast overspend of £1.082m based on current numbers, with a small increase in the forecast from July of £20k. The current housing subsidy loss to the Council is £149k per week (£7.7m p.a.). Placements at the end of September were 1,780, compared with 1,831 in July, a reduction of 51. This is a reduction of 189 from March 2021 with 232 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 6, a budget virement of £0.830m 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 £2.360m 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 £329k uncommitted although this is likely to be required to deliver part of the cold weather offer in the coming months, plans for which are just being finalised with partners and DLUHC.

Future demand assumptions are being reviewed as part of the 2022/23 budget process with a few that the service takes positive preventative action to contain and then reduce demand.

5c. Housing delivery and HRA - £6.727m underspend

	Annual Budget	Net Actual Expenditure/ (Income)	Projected Outturn	Projected Variance from Budget	Movement since P4
	£000	£000	£000	£000	£000
Housing Rents	(61,617)	(25,852)	(61,617)	0	0
Heating Income	(533)	(160)	(533)	0	0
PFI Credit	(23,374)	(5,843)	(23,374)	0	0
Other Income	(1,131)	(375)	(1,140)	(9)	0
Funding From Investment Reserve	(237)	0	(130)	107	0
Funding from General/MRR Reserves	(16,694)	0	(16,694)	0	0
Total Income	(103,586)	-32,230	(103,488)	98	0
Northwards R&M & Management Fee	25,415	6,534	26,343	928	1,204
PFI Contractor Payments	32,476	11,500	32,476	0	0
Communal Heating	532	98	532	0	0
Supervision and Management	5,489	2,123	5,550	61	75
Contribution to Bad Debts	930	-185	930	0	0
Depreciation	18,435	0	18,435	0	0
Other Expenditure	1,305	270	1,300	(5)	0
RCCO	16,241	0	8,432	(7,809)	(1,831)
Interest Payable and similar	2,763	0	2,763	0	0
Total Expenditure	103,586	17,228	96,761	(6,825)	(552)
Total HRA	0	(11,890)	(6,727)	(6,727)	(552)

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	81,115	(16,694)	64,421	6,727	71,148

HRA Financial Headlines

Overview of main variances (£6.727m underspend)

Underspends of £7.823m:

- Reduced contribution towards capital expenditure of £7.809m. This is mainly due to a revision in the Capital Programme budget which occurred after the Business Plan/budget was agreed by Members.
- Increase in Other Income of £9k. Two providers have reported small VAT Shelter amounts due back to the Council.
- Reduction in Other Expenditure of £5k.

Offset by overspends of £1.096m:

- Increase in the Repairs and Maintenance (R&M) and Management Fee (formerly paid to Northwards) of £0.928m. This is due to backlog R&M costs identified at the change of supplier for the contract of £0.540m, increased council tax charges for void and empty properties of £300k, increased electricity costs of £288k, and a projected in year deficit in Northwards original budget of £250k, offset by staffing savings of c£450k.
- Increase in Supervision and Management of £61k. Overspends relating to the YES scheme of £80k and electricity costs of £75k offset by staffing savings totalling £94k.

Any surplus/deficit in year has to be transferred to/from the HRA reserve. At Period 6 it is forecast that £9.967m will be transferred from reserves at year end (budget of £16.694m less underspend of £6.727m). This would leave a balance of £71.148m in the HRA General Reserve at year end.

6. Growth and Development – £0.602m underspend

Growth & Development	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance Budget	Movement since P4
	£000	£000	£000	£000	£000
Investment Estate	(12,553)	(5,443)	(13,296)	(743)	(743)
Manchester Creative Digital Assets (MCDA)	250	696	441	191	191
Growth & Development	164	257	164	0	0
City Centre Regeneration	1,275	1,139	1,275	0	0
Housing & Residential Growth	1,155	809	1,155	0	0
Planning, Building Control & Licensing	(680)	(667)	(680)	0	0
Work & Skills	1,873	788	1,823	(50)	(50)
Manchester Adult Education Service (MAES)	0	(505)	0	0	0
Our Town Hall Project	0	1,126	0	0	0
Total Growth & Development (G & D)	(8,516)	1,800	(9,118)	(602)	(602)

Growth and Development - Financial Headlines

Overview of main variances (£0.602m underspend)

Currently Growth & Development is forecasting to underspend by £0.602m. The main reasons for this are as follows:

- Investment Estate – underspend of £0.743m, with the main variances being additional accrued rental income from Heron House of £0.587m and staffing savings of £143k;
- Work and Skills – underspend of £50k, with staffing underspends of £140k offset by additional project costs of £90k;
- Manchester Creative & Digital Assets – overspend of £191k due to a reduction in income offset by staffing savings

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 £0.500m, mainly reflected by an increased requirement for bad debt provision.
- 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 £0.569m are offsetting additional costs or income losses, with the main areas as follows:

- Investment Estate - £308k of income shortfall
- Housing and Residential Growth - £100k of additional costs and loss of external income
- Work & Skills - £90k additional project work

Planning income is currently around £320k lower than budget, and this is largely due to a reduced number of large planning applications in the current year. Planning fees do not follow any particular profile, and there may be an increase in large applications in the second half of the year. This will be retained under review throughout the rest of the year and if it does not recover 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 which have performance elements embedded into the lease payments the council receives.

7. Corporate Core – £483k underspend

Chief Executives	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P4
	£000	£'000	£000	£000	£000
Coroners and Registrars	2,281	783	2,256	(25)	(15)
Elections	1,079	3,005	1,064	(15)	(15)
Legal Services	7,081	4,464	6,812	(269)	(99)
Communications	3,129	1,417	3,129	0	0

Executive	972	416	972	0	0
Legal, Comms, Democratic Statutory Sub Total	14,542	10,085	14,233	(309)	(129)
Corporate Items	605	1,512	705	100	(58)
Chief Executives Total	15,147	11,597	14,938	(209)	(187)

Corporate Services	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since P4
	£000	£000	£000	£000	£000
Policy, Performance and Reform	13,916	8,393	13,839	(77)	(7)
Finance, Procurement, Commercial Govce	7,563	5,235	7,504	(59)	11
Customer Services and Transactions	17,497	21,608	17,174	(323)	(30)
ICT	13,044	9,983	12,846	(198)	0
Human Resources & OD	3,717	1,661	3,717	0	0
Audit, Risk and Resilience	1,365	559	1,280	(85)	0
Capital Progs, Operational Property, Facilities	16,987	8,857	17,455	468	(155)
Corporate Services Total	74,089	56,296	73,815	(274)	(181)
Total Corporate Core	89,236	67,898	88,753	(483)	(368)

Corporate Core - Financial Headlines

Corporate Core are forecasting a net £483k 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 £269k higher than budget.
- Corporate Items – the numbers of staff requesting to purchase additional annual leave continues to be low despite improving since Period 4, the forecast is that the income from the annual leave scheme will be £100k lower than budget. This is expected to improve next year as international travel restrictions ease.
- Finance, Procurement and Commercial Governance £59k underspend and includes the Finance shared Service Centre which transferred on the 1 August. There is £258k underspend on employee budgets due to timing and recruitment to vacancies. This is offset by £139k for the contribution to consultants' costs for work reviewing Manchester Airport Group pension fees for contracted works and £60k in for bad debts and bank charges.
- Customer Services and Transactions - £323k underspend due to savings on employee budgets due to timing and recruitment to vacancies £154k and underspends across supplies and services £169k.
- ICT - £198k underspend due to savings on employee budgets due to the timing and recruitment to vacancies £468k partly reduced by £288k of reduced income charged to projects
- Capital Programmes - £468k overspend due to £0.610m 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 of £64k and facilities management of £127k and a further £155k income achieved in capital programmes.

There has been an increase of £368k in the underspend since last reported to Executive in P4. This is mainly due to improved income in legal services £99k, the annual leave purchase scheme £58k and capital programmes £155k.

8. Savings Achievement - £1.841m high risk

	Savings Target 2021/22			
	Green	Amber	Red	Total
	£000	£000	£000	£000
Children's Services	10,779	0	1,580	12,359
Adult Social Care	10,597	1,000	0	11,597
Neighbourhoods Directorate	4,241	2,181	261	6,683
Homelessness	2,335	0	0	2,335
Growth and Development	840	268	0	1,108
Corporate Core	5,719	916	0	6,635
Total Budget Savings	34,511	4,365	1,841	40,717

Savings - Headlines

£40.717m approved savings, £1.841m (4.5%) are considered high risk as follows:

- Children's Services - £1.580m. Made up of £1.003m which relates to leaving care due to a delay in registered provider's provision and is expected to be achieved once provision is delivered; £0.577m relates to multi agency agreement caps and achievement of this is dependent on the number of placements being agreed through this mechanism. The underachievement is mitigated by underspends in the current financial year.
- Neighbourhoods - £261k. £261k high risk savings relate to car parking income for the off street car parking due to the impact of COVID, and particularly annual season ticket income. It is unclear if these will return to pre-COVID levels, however, work is ongoing to explore options to attract more non commuter users.

£4.365m of savings (10.7%) are considered medium risk as follows:

- Adults - £1.000m – There is a concern that delays to recruitment have impacted on the start of the BOBL programme. This delay has meant that £300k of savings have been verified to date from the number of clients packages which have been reviewed. Further work is underway to reprofile when future savings will be achieved.
- Neighbourhoods – £2.181m. This includes £275k advertising income for new sites which are still subject to planning permissions and will be delayed until 2022/23 and £1.906m in relation to off street car parking income, and ongoing reduced usage, which has been affected by COVID.
- Growth and Development - £268k. £75k from Investment Estate income from surveyor fees delayed due to the pandemic, and £193k from a delayed service redesign in the Building and Planning service. Both savings are expected to be achieved in 2022/23.
- Corporate Core - £0.916m. A net savings target of £0.610m was set in respect of reduced office costs as part of reviewing the estate requirements linked to the Town Hall redevelopment. The initial £0.610m saving for 2021/22 has not been achieved due to delays in exiting buildings and will be achieved as planned in 2022/23. In addition, £306k medium risk savings relate to staffing reductions in HR/OD. The service is continuing to work through their restructure to identify the specific posts to be deleted to achieve the savings. It is expected this saving will be achieved in 2022/23 once the new structure is implemented.