

Manchester City Council Report for Resolution

Report to: Executive – 22 July 2022

Subject: Revenue Monitoring to the end of May 2022

Report of: Deputy Chief Executive and City Treasurer

Purpose of the Report

The report outlines the projected outturn position for 2022/23, based on expenditure and income activity as at the end of May 2022 and future projections.

Recommendations

The Executive is requested to:

- (1) Note the global revenue monitoring report and forecast outturn position which is showing a £4.523m overspend.
 - (2) Approve budget virements to be reflected in the budget (para. 2.5)
 - (3) Approve additional COVID-19 grants to be reflected in the budget (para. 2.6).
 - (4) Approve the use of unbudgeted external grant funding (non COVID-19) (para. 2.7).
 - (5) Approve the use of budgets to be allocated, (para. 2.8).
 - (6) Approve the use of reserves (para 2.9)
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Our Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	The effective use of resources underpins the Council's activities in support of its strategic priorities.
A highly skilled city: world class and home grown talent sustaining the city's economic success.	

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.	
A liveable and low carbon city: a destination of choice to live, visit and work.	
A connected city: world class infrastructure and connectivity to drive growth.	

Implications for:

- **Equal Opportunities Policy** – there are no specific Equal Opportunities implications contained within this report.
- **Risk Management** – as detailed in the report.
- **Legal Considerations** – there are no specific legal considerations contained within the report.

Financial Consequences – Revenue

The report identifies a forecast overspend of £4.523m for 2022/23, based on activity to date and projected trends in income and expenditure, and includes the financial implications of COVID-19, government funding confirmed to date and other changes.

This report focuses on 2022/23, however it is anticipated the implications of COVID-19 will have a significant impact on the Council's finances for a number of years. With the scale of funding pressures and future resource constraints, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year.

Financial Consequences – Capital

There are no capital consequences arising specifically from this report.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Revenue Budget Report - Executive Meeting February 2022

1 Introduction

- 1.1. This report provides an overview of the Council's current financial position for 2022/23. The forecast overall position for 2022/23 is an overspend of £4.523m.
- 1.2. There remains a significant budget shortfall for 2023/24 plus will be brought back to the Executive in the Autumn to consider the longer-term position and proposed mitigations.

2. Financial position 2022/23

- 2.1. The current budget monitoring forecast is an overspend of £4.523m. There are considerable risks to the position with the impact of rising inflation, especially that caused by increases to utility costs, and loss of income particularly within Neighbourhood Services.
- 2.2. The overspend predominately relates to a corporate £1.6m pressure on inflation requirements, a £3.7m shortfall in income in the Neighbourhoods directorate, driven by income shortfalls in off street parking and Christmas market revenue, offset by a £0.744m underspend in Children's Services and full details can be found in the appendix.
- 2.3. In relation to the delivery of the £7.837m of savings identified as part of the budget process, £3.390m are on track for delivery and £4.447m of these are risk rated amber in terms of the likelihood of delivery. Officers are working to address these to ensure all savings are achieved or mitigated.
- 2.4. Full details about the key budget forecasts and variances by Directorate are provided at Appendix 1. The forecast position includes the recommended budget increases for additional funding and the allocation of inflation funding set out below for the consideration and approval of Executive.

Virements

- 2.5. The following virements are proposed:
 - £2.6m budget for the Children's Legal Service is being transferred from Children Services to Corporate Core to reflect the ongoing restructure of Children's legal service and its alignment to the Council's Legal Services.
 - Within Adult Social Care, long term care budgets have been reset aligned to clients in receipt of care as at 31st March. At the same time, income budgets have also been updated to reflect the level of income being received.

Grants

- 2.6. The COVID Local Support Grant, £6.453m has been notified and added to the budget since the budget was set. The grant is to provide support to households who would otherwise struggle to meet essential living or housing costs in exceptional cases of genuine emergency.

2.7. Since the 2022 budget was approved there have been additional non COVID-19 grant notifications which are now reflected in the revised budget as follows:

- Local authority domestic abuse duty - £1.657m. To provide vital support services to victims of domestic abuse, funding healthcare, social workers and benefits, interpreters, immigration advice and other specialist services.
- Council Tax Energy Rebate Core scheme - £32.488m. In March 2022 the Government announced a £150 grant would be paid households in Council Tax Bands A-D to assist with the increase in energy bills from April 2022. To 14 July £17.619m has been paid to 117,459 households via BACs to residents who pay their council tax by direct debits and a further 75,846 vouchers have been redeemed worth £11.378m, resulting in a total award of £28.997m, or 89.4% of the allocation. 19,231 vouchers worth £2.885m are still to be redeemed by households and the Council is sending a reminder mail shot shortly. Government will fund any allocations in excess of this amount with any unallocated funding returned. The local authority allocation was based on an estimated number of eligible households.
- Council Tax Energy Rebate Discretionary scheme - £1.626m. Alongside the core scheme, Government allocated £144m to authorities to design a discretionary scheme to provide additional support to our most vulnerable households. The scheme opened in June and the first payments were made on 20 June 2022. To 14 July £1.120m worth of voucher have been redeemed by 7,464 households, 68.9% of the allocation. 1,437 vouchers worth £216k are still to be redeemed by households. This scheme will remain open until 30 November 2022 and the Council will not receive any additional funding and will return any unallocated when the scheme closes.
- Council Tax Energy Rebate New Burdens initial payment - £295k. This funding is to cover the initial administration costs, including software and staffing, for the early stages of delivering the Council Tax Rebate schemes. Additional New Burdens funding is expected following further Government assessment.
- TfGM Active Travel Complimentary Measures Revenue Fund (School streets) - £50k. The funding will be used to implement the Traffic Regulation Orders and provide road signs, barriers and moveable planters to support its operation. The spend aims to reduce traffic and parking pressures outside the schools, whilst encouraging more sustainable and active forms of travel to schools.
- Establishing Welcome Points for Ukrainian Refugees - £140k. This is to set up Welcome Points at Manchester Airport.
- Rough Sleeper initiative £2.963m. Manchester has successfully bid for £7.8m from 2022-2025. This funding will continue to support a range of existing accommodation and support services as well as expand provision for young people and women with complex needs. It will also increase access to the private rented sector for people who are ready for their own tenancy with resettlement support.
- Homes for Ukraine - £1.743m. The main purpose of the sponsor thank you grant is to support local authorities to make monthly thank you payments of £350 direct to sponsoring households within the scheme for 12 months. These payments are optional for the sponsoring household. The grant will

be paid in arrears based on the number of legitimate payments made by local authorities. It will be made every quarter for one year.

- The DLUHC are supporting councils to work with Afghan families who are in bridging hotels to identify essential and longer-term needs, engaging with Voluntary sector to meet those needs. Ensuring the specific needs of women and girls are factored into the design and delivery of services to ensure participation/access. In addition to this there is additional funding to develop individual move on plans for families to find and secure accommodation in the private sector. This is to help increase the pace of settling Afghan families into homes and manage the risk of unplanned homelessness approaches to councils. Funding is claimed retrospectively so the level of funding is unclear until there are move on plans for all those in Bridging Hotels.

2.8. Inflation budgets for pay and non pay costs are being held corporately. The 2021/22 pay award was agreed and paid right at the end of the financial year and after the budget for 2022/23 was set. The £4.549m cost, which includes the National Insurance increase, has been allocated to Directorate budgets.

2.9. Funding requests have also been received for non-pay inflation. Those received to date are currently being considered but the funding will not be allocated until the Autumn when there has been a chance to more fully assess the impact of inflation on the revenue budget.

Reserves

2.10. The following requests are for use of reserves

- Development of burial land (Bereavement Services) - £58k. This is for the feasibility studies required to access and survey burial land at Gorton and Blackley Cemeteries for potential development.
- Review of City Centre Controlled Parking Zone and on street tariffs (Parking Reserve) - £100k. This is for a feasibility study to review the current city centre controlled parking zones and on-street tariffs to ensure that they are properly aligned with MCC transport strategies, and for consultation, advertising/signage and reconfiguration of equipment.
- Domestic Abuse New Burdens 'safe accommodation' funding underspend - £0.866m. Due to the timescales to implementation of the New Burdens the full allocation could not be spent and resulted in an underspend for 2021/22 of approximately £0.866m which was carried forward in a reserve and will be drawn down in 2022/23. This is a one-off occurrence, as the contracts will be aligned to the financing in the future. This will be spent on activities for child victims of DA, a victim/survivor liaison role, respite rooms expansion, IDVA maternity cover, personal budget for refuge moves and safe accommodation grant scheme.

3. Conclusion

3.1. Taking into account the inflationary pressures affecting fuel and utility costs, confirmed and anticipated government funding and any other known budget

changes the budget forecast is an overspend of £4.523m for 2022/23. It is very early in the financial year and vigilance is needed given there are significant uncertainties and risks to the position as cost of living pressures could increase.