Appendix 1 – Financial position 2022/23 P7

Revenue Budget Monitoring Report: 2022/23 Period 7

Financial Executive Summary

- The Council is forecasting to overspend against its budget for 2022/23 by c£7.6m. The main drivers of the overspend remain the pay award, utility increases, contractual uplifts and commercial activities. This is an improvement of £12.5m from Period 4, which was the last report to Executive The previous forecast was just following an unexpected high pay offer from the employers, and during an extremely volatile period of energy prices. The agreed pay award has now been settled and worked through and is the largest driver of the overspend, as it was £7.3m more than budgeted.
- The improvement in the position is predominantly due to reduced utilities forecasts, the reversal of the NI increase – both linked to changes in government policy and support for energy. Action has been taken to mitigate price inflation wherever possible, vacancies are higher than initially predicted, reducing the pay award cost this year. These amount to a £8.4m reduction in the inflation overspend, however the majority of improvements have a one-year impact only.
- There has been a £0.9m improvement in Adult Social Care mostly due to demand management, £0.5m in Neighbourhoods, £1m in Corporate Core relating to additional income and lower than budget employee costs, and £1.2m in Growth and Development due to better than budgeted performance of the Investment Estate.
- Whilst workforce budgets are forecast to be underspent, they include the deployment of an increasing amount of agency resource (currently running at £1.6m per month).
- Approved Directorate savings for 2022/23 total £7.837m. Of these £1.346m (17%) are medium risk and £6.491m (83%) are low risk in that they are on track to be achieved. Work is ongoing to find alternative savings where original plans may not be achieved.

Overall MCC Financial Position

Integrated Monitoring report Period 7 total variance

Summary P7	Original Budget	Revised Budget	Forecast Outturn	Variance	Movement since last report (P4)
	£000	£000	£000	£000	£000
Total Available Resources	**(690,599)**	(706,031)	**(706,071)**	(40)	26
Total Corporate Budgets	140,652	137,821	145,636	7,815	(8,967)
Children's Services	129,020	125,457	125,404	(53)	(6)
Adult Social Care	184,516	185,751	184,030	(1,721)	(935)
Public Health	42,578	42,578	42,578	0	0
Neighbourhoods Directorate	91,704	92,388	95,563	3,175	(501)
Homelessness	27,346	27,331	27,331	0	0
Growth and Development	(9,752)	(9,268)	(9,792)	(524)	(1,155)
Corporate Core	84,535	103,973	102,968	(1,005)	(955)
Total Directorate Budgets	**549,947**	**568,210**	**568,082**	**(128)**	**(3,552)**

Total Use of Resources	**690,599**	**706,031**	**713,718**	**7,687**	**(12,519)**
Total forecast over / (under) spend	**0**	**0**	**7,647**	**7,647**	**(12,493)**

Corporate Budgets

Corporate Budgets £7.815m overspend

Planned Use of Resources	Annual Budget £000	Projected Outturn £000	Projected Variance from Budget £000	Movement from Last Report £000
Other Corporate Items	66,149	66,037	(112)	(53)
Contingency	1,060	1,060	0	0
Inflationary Budgets and Budgets to be Allocated	22,352	30,746	8,394	(8,542)
Apprentice Levy	1,029	1,029	0	0
Levies	37,915	37,902	(13)	(18)
Historic Pension Costs	7,316	6,862	(454)	(354)
Transfer to Budget Smoothing Reserve	2,000	2,000	0	0
Total Corporate Budgets	137,821	145,636	7,815	(8,967)

Corporate Budgets - Financial Headlines

The forecast £7.8m overspend is due to:

- Inflationary budgets are expected to overspend by £8.5m as follows:
  - The employer's pay award offer for 2022/23 has now been agreed at a flat £1,925 on all NJC pay points 1 and above, an overall average increase of 7%, costing £13.6m in total. The budget was based on a 3% increase (£6.4m). This has resulted in a forecast pressure of £7.3m for 2022/23, a reduction of £2.2m from the initial high level estimate previously reported due to a higher level of vacancies, and the charging of some pay costs being funded by external charges and capital schemes where applicable.
  - The budget allowed for £11.5m of anticipated utility cost increases. Following the government's Energy Bill Relief Scheme, announced 21 September the latest forecast is £12.4m, an overspend of £0.9m. This has reduced by £3m since P4 as wholesale prices were on an upwards trajectory at that point, and it was unclear if there would be any government support for Local Authorities.
  - Price inflation budgets were set at £4.5m, the latest estimate is £5.4m, a £0.9m overspend. This has reduced by £2.7m since period 4 mainly due to the cost of paying the Real Living Wage to care providers being less than budgeted and £0.6m of uplifts being managed within directorate budgets.
  - £0.627m reduction due to the reversal of the 1.25% NI rise announced by the Government in October, effective November 22.
- Historic Pension Costs: £354k favourable movement on historic pension costs – these are now forecast to underspend by £454k (6.2%) due to a reducing number of recipients.

- The Bad Debt provision for Council wide debt pre-2009 has an underspend of £112k due to payment plan arrangements being secured, this has improved by £53k since the last report.
- The Consumer Prices Index (CPI) rose to 11.1% in the 12 months to October 2022, up by 1.0% from 10.1% in September.

Corporate Resources £40k over-achievement

Resources Available	Annual Budget £000	Projected Outturn £000	Projected Variance from Budget £000	Movement from Last Report (p4) £000
Retained Business Rates	(158,337)	(158,337)	0	0
Council Tax	(208,965)	(208,965)	0	0
Other Specific Grants	(119,591)	(119,631)	(40)	26
Business Rates Grants	(77,216)	(77,216)	0	0
Dividends	0	0	0	0
Use of Reserves	(141,922)	(141,922)	0	0
Total Corporate Resources	(706,031)	(706,071)	(40)	26

Corporate Resources - Financial Headlines

- Other specific grants – at P4 there was £66k over-achievement on the Council Tax Subsidy which was confirmed at a higher level than budgeted for. In P7 there has been movement of £26k as follows: £24k favourable movement due to Covid Test and Trace Support grant income relating to 2021/22 being higher than accrued, less £50k under-achievement on the Education Services Grant following confirmation of the final grant allocation as less than budgeted.
- Business Rates Collection as at the end of October is 64.76% (excluding account credits) which represents a return to pre covid levels and is an improvement on 55.91% in 2021/22, 48.74% in 2020/21 and 62.7% in 2019/20.
- Council Tax Collection at end of October is 54.79% which compares to 55.55% in 2021/22, 55.62% in 2020/21 and 56.95% in 2019/20.
- £110m of the Use of Reserves budget reflects the timing of the Business Rates S31 grants for Extended Retail Relief which was received in 2021/22 but is applied to offset the 2022/23 Collection Fund Deficit.
- Invoices paid within 30 days is 95.96%.
- £4.9m (7.4%) of pursuable debt is over a year old and still to be recovered by the Council. Progress is being made in resolving outstanding disputes which are preventing payment, this excludes council tax and business rate arrears.

Children's Services

3a. Children's and Education Services - £53k underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement since Last Report
	£000	£000	£000	£000	£000
LAC Placements	45,359	20,500	42,834	(2,525)	725
LAC Placements Service	7,248	4,975	7,445	197	132
Permanence and Leaving Care	13,153	8,677	13,313	160	(194)
Children Safeguarding Service Areas	35,711	24,183	36,487	776	651
Children's Safeguarding	101,471	58,335	100,079	(1,392)	1,314
Education Services	6,873	4,534	7,376	503	(109)
Home to School Transport	10,520	3,679	11,374	854	(1,224)
Targeted Youth Support Service	841	806	841	0	0
Education	18,234	9,019	19,591	1,357	(1,333)
Children's Strategic Management and Business Support	5,752	3,195	5,734	(18)	13
Total Young People (Children's and Education Services)	125,457	70,549	125,404	(53)	(6)

Children's and Education Services - Financial Headlines

Children's Services returned £2m of their initial budget to support the overall in year pressures and contribution to their 2023/24 savings as part of the Period 2 monitoring. This forecast outturn position is therefore against the lower revised budget of £125.459m.

The overall position as at Period 7 is forecasting a year end underspend of £53k, which is made up of:

- £2.525m LAC placement underspend mainly due to placements being 127 below budgeted figure including a significant net reduction of 29 placements in External Fostering since reporting period 4. Whilst there is an overall underspend there are 6 open unregistered arrangements, cost of which are projected to cost £3.824m post Health contributions. The service has developed a proposal for SMT consideration investment (£0.652m) into specialist provision and in turn increase in provision (reopening of Olaniyan, by December and 4 additional placements by February 2023) this alongside capacity to accelerate those providers seeking Ofsted registration is expected to see a reduction in the need for making unregistered arrangements and associated financial spend.
- £196k LAC placement services overspend is due to pressures on non-staffing budgets on Leaving Care Service (i.e. travel and premises) and Fostering Service vacancies being filled by agency which is required to support a growing workforce cohort to ensure Caseworker caseloads remain at a safe and manageable level.
- £161k Permanence and Leaving Care overspends mainly due to an overspend against the Section 17 preventative budgets, this is partially offset by No Recourse to Public Funds and Unaccompanied Asylum Seeker Children's grant.

- £0.776m Children Safeguarding overspends mainly relate to agency covering 10% of the Locality workforce at an average cost of over £1k per week. This has added to the previously reported overspend on Permanence. Concerns have been escalated regarding level of agency to Deputy DCS and work is ongoing with Heads of Locality to reduce dependence whilst further promoting recruitment.
- £1.357m Education services pressures mainly relates to increased pressures in Home to Schools Transport (£0.854m) and short breaks (£321k). Home to School Transport costs have increased due to a combination increased eligible children and a shortage in provision in the market pushing prices up. Both services are currently being reviewed. This work will help to shape and inform service transformation. It is expected that the review's recommendations will enable the service to manage down the current overspends in both areas. A comprehensive review of 'short-break' offer is being undertaken to strengthen decision making and review arrangements.

The forecast inflationary pressures facing the Children's and Education Services Directorate total £1.177m at period 7 made up, of Home to School Transport (£1m), External Residential (£158k) and Short Breaks (£19k) placements. The forecasts above assume the £1.177m is funded through Corporate inflationary budgets, which is subject to Executive approval.
The £0.794m adverse movement since period 4 relates to:

- £0.725m additional LAC placement costs, there has been a 5 placement increase in external residential and additional unregistered placement costs of £487k.
- £132k adverse movement in LAC placement services in relation to additional agency costs.
- £194k favourable movement in Permanence and Leaving Care there has been a reduction in Supported Accommodation units cost due to increased use of the Foyer.
- £0.651m adverse movement in Children's Safeguarding Areas due to increased agency spend.
- £1.333m favourable movement in Education Services due to reduction in Short Breaks and Home to School Transport pressures through deep-dive reviews.

Outstanding debt for External residential and External Fostering in Controcc, totals £1.130m at the end of October and is included in the forecast. There has a reduction in the aged debt over 3 months old whereby 70% of the debt is less than three months old. The position is expected to continue to improve, reflecting the hard work of the Commissioning Team.

Children's Services – Dedicated Schools Grant

3b. Dedicated School Grant (DSG) - £2.412m forecast overspend

	Annual Budget £000	Actual to Date £000	Projected Outturn £000	Variance £000	Movement since last report
Schools Block	197,772	113,875	197,884	112	112
Central Services Block	3,868	1,503	4,050	182	182
High Needs Block	103,197	56,894	103,089	(108)	(932)
Early Years Block	39,972	20,471	39,690	(283)	(283)
Total in-year	**344,810**	**192,743**	**344,713**	**(97)**	**(920)**

Deficit b/fwd (£2.702m less school clawback £193k)				**2,509**	**(193)**
Overall DSG position	**344,810**	**192,743**	**344,713**	**2,412**	**(1,113)**

Dedicated Schools Grant (DSG) in 2022/23 totals £633m, of which £289m is top sliced by the Department for Education (DfE) to pay for academy budgets. This includes additional supplementary grant funding for 2022/23 provided for the high needs block of £4.034m.

The DSG in year position is showing a small underspend against the budget, an improvement of £0.92m since the last report reflecting the progress that has been made in relation to the High Needs budget recovery programme. The overall position shows a £2.412m deficit, an improvement of £1.113m since period 4, following a clawback from schools deemed to be holding excess balances of £193k. The primary reason for the overall DSG deficit is the brought forward deficit from 2021/22, driven by overspend against the high need block (HNB). The service is working through a three-year HNB recovery plan, focusing on managing demand and identifying efficiencies to help combat these pressures.

The Local Authority is cognisant that if they are unable to manage down the deficit it will be required to take part in the DfE sponsored Safety Valve project. Under this project savings targets and recovery plan would need to be agreed with the DfE.

Adult Social Care / Manchester Local Care Organisation

Adult Social Care - £1.722m forecast underspend

	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000
Long Term Care:					
Older People/Physical Disability	45,650	23,822	46,704	1,054	993
Learning Disability	56,465	27,025	56,776	309	282
Mental Health	24,689	9,411	24,109	(580)	(173)
Disability Supported Accommodation Service	14,289	9,806	16,487	2,198	287
Investment funding	2,203	(99)	687	(1,516)	(1,516)
Subtotal	143,296	69,965	144,763	1,465	(127)
Short Term Care:					-

Reablement/Short Term Intervention Team	6,302	2,753	5,714	(587)	(71)
Short Breaks/Respite/Day Centres/Neighbourhood Apartments	5,234	2,283	5,007	(227)	(22)
Equipment & Adaptations (inc TEC)	4,211	3,411	4,226	15	(29)
Carers/Voluntary Sector	3,200	1,857	3,143	(57)	(92)
Subtotal	18,947	10,304	18,090	(856)	(214)
Infrastructure and Back Office:					-
Social Work Teams	16,333	8,053	15,448	(885)	(74)
Safeguarding/Emergency Duty	3,073	1,882	3,316	243	46
Brokerage/Care Home Teams	1,400	834	1,402	2	(8)
Management and support	2,702	1,360	1,011	(1,691)	(559)
Subtotal	23,508	12,129	21,177	(2,331)	(595)
Total ASC	185,751	92,398	184,030	(1,722)	(936)

Overview

The forecast is an underspend of £1.722m, an increased underspend of £0.936m from Period 4. The above table has been reconfigured to show spend against Long Term Care (LTC), Short Term Care (STC) and Infrastructure and Back Office costs.

The Adults financial forecast remains positive despite the pressures across hospital services which are increasing. Detailed winter planning arrangements are progressing, including plans to deploy £1.8m allocated at risk to Manchester locality from the GM ICS allocation (now confirmed at £19m) of the £500m national funding. In addition, the Council will receive £2.2m of direct funding to support the expected increase in care packages over the winter period and it is assumed this will be fully deployed.

The combination of cashable savings and cost avoidance indicates that the BOBL programme is helping citizens to achieve independence and better outcomes, whilst preventing, reducing and delaying demand into adult social care. These achievements have been supported by operating a strengths-based approach and implementing an improved short-term offer, operating model and improved commissioning practices.

Key considerations within the forecast include:

- The forecast includes the full delivery of the £4m savings target through expected income levels and the delivery of effective demand management;

- Staffing budgets are forecast to have minimal recruitment between now and the end of the year, unless confirmed start dates are agreed with service managers. NB: there are currently 64 (headcount) undergoing pre-employment checks
- There is up to 80% deployment of £12m funding for the annual uplift to the costs of care, including for the Real Living Wage (RLW) increases (£8.577m to date), with £2m of corporate price inflation released in 2022/23; and
- Through effective demand management, 7/12 of the demographics budget has been released into the reported position.

The key financial risks are:

- The financial position on Disability Services Accommodation Service DSAS (£2.2m forecast overspend). Whilst mitigated in the 2023/24 budget assumptions, there is £0.8m risk in relation to waking nights costs;
- Uptick on activity over the remainder of the financial year might impact on 2023/24 budget assumptions, notably the release of demographic funding. Winter discharge arrangements may impact the position; and
- There is significant work required on the savings delivery programme ahead of 2023/24.

Long Term Care

Overall, the forecast on long term care is a £1.465m overspend (minor decrease of £127k from Period 4). The key pressures are within DSAS (£2.198m overspend) and Older People/Physical Disability (£1.054m) and there is a smaller overspend within Learning Disability (£0.309m). This is offset through releasing demographics funding of (£1.516m) and an underspend on Mental Health (£0.580m).

The number of clients supported in residential and nursing provision (all ages) has decreased by 11 since Period 4 to 829, a decrease of 132 from the start of the year. A significant number of nursing packages commissioned during Covid19 arrangements and transferred back to the Council are above normal care package rates and there is a forecast overspend in older people nursing of £0.646m. Practice are reviewing all cases and package arrangements.

The Resilient Discharge Pathway 3 D2A beds now clearly interfaces with the budget for residential and nursing care. Currently there are 114 patients being monitored on a 4 week D2A funded pathway. For packages started after the 1st April 2022, 8 clients have gone home independent after the D2A intervention and 26 with a package of care. A significant proportion of the forecast overspend on this block is accounted for by a projected pressure on D2A beds of £0.765m due to continued use of higher cost spot purchased beds in addition to the block booked beds. This overspend may increase further as the hospitals come under increased pressure to discharge patients into a care setting.

At period 7 there is a 53 net increase in client numbers supported through homecare packages from period 4. The weekly number of homecare hours commissioned at period 7 is 30,792 which is 445 hours a week higher than period 4 and overall is 2,403 hours a week higher than the start of the year (8.46%). The forecast financial position is an underspend of £0.250m reflecting forecasting practice to adjust to reflect that on average up to 20% of commissioned hours are not drawn down and this maybe increasing.

The commissioning of Extra Care provision has a projected year end underspend of £169k which reflects homecare hours within the Extracare settings. There are now 707 rental based extracare units and occupancy is approximately 85% (latest June). Extracare provision is a key component of the BOBL cost avoidance strategy.

Within complex care, there has been a net reduction of 8 Learning Disability clients at period 7 from period 4 to 1,130 which has decreased from 1,156 since the start of the year. The introduction of new more complex placements explains the forecast overspend of £0.384m. On Mental Health, client numbers have reduced by 2 from period 4 to 674, and 27 since the start of the year with a corresponding forecast underspend of £0.580m. However there has been substantial change in the mental health cohort supported. There have been 54 leavers in residential and nursing and 46 starters with a net additional gross cost of £1.710m. This is being offset from joint funding of (£1.391m) and client income of (£307k) with other minor variations (£72k) leaving a variation of £84k overspend. In addition, within supported accommodation, 54 leavers and 36 starters with a net additional gross cost of £0.563m. This is being offset from joint funding of (£0.794m) and client income of (£64k), with other minor variations (£113k) leaving a variation of £408k underspend. There are other minor variations resulting in the overall £0.580m forecast underspend. A further reset of mental health LTC budgets will be progressed in period 8.

Client numbers within In-house Supported Accommodation are 174 and there are currently 14 voids. The overspend forecast is £2.198m. It is estimated that £0.830m of the overspend is accounted for by agency usage on waking nights due to fire safety considerations. The agency spend forecast to the end of the year is now £7.3m (was £5.8m at outturn). Capital works have commenced in some properties and should lead to reduced agency support in the longer term. The frontline posts in Disability Supported Accommodation Services, along with Day Services, are currently held as part of the wider Provider Services Review. This means that there will be a relatively small shift in terms of new recruits into the service, and as a result of natural turnover, overall agency usage is likely to increase.

Short Term Care

Overall the forecast on short term care is an underspend of £0.856m. This mainly reflects the vacancy position on Reablement (£0.587m) and forecast underspend within Short Breaks/Respite/Day Centres/Neighbourhood Apartments (£0.227m) with other minor net underspend variations (£0.042m). Overall an increase in forecast underspend of £0.214m from period 4.

There is a forecast underspend within Short Breaks/Respite/Day Centres/Neighbourhood Apartments (£0.227m). There is also a small forecast overspend on equipment and adaptations (£0.015m).

There is a small forecast underspend on carers/voluntary sector (£0.057m).

Infrastructure and Back Office

Overall the forecast underspend is £2.331m an increase of £0.595m from period 4.

The forecast underspend on social work teams is (£0.885m) comprising £0.250m on the hospital teams, £0.420m on INT teams and £0.215m on specialist learning disability teams. Overall this equates to 64.2 FTE, of which 26.5 FTE have been appointed to and are going through pre-employment checks, or are being held for Social Work apprentices. All remaining vacancies are out to recruitment. The majority are covered by agency in the interim.

The forecast overspend on safeguarding (£0.242m) relates to the pressure on best interest assessments in relation to Deprivation of Liberty Standards. The 2023/24 proposed budget assumption include addressing the budget gap.

Management and support is forecast to underspend by £1.691m which includes:

- £1.180m investment funding and £348k of BOBL investment in Complex Reablement, as investment plans are predicated on recruitment (challenges as outlined above); and
- Staffing underspends on Business Support of £280k due to challenges across the recruitment market. To mitigate this, all vacancies are now being pooled and will be advertised together in a campaign to attract more candidates.

Public Health

4b. Public Health – Balanced Budget

	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Public Health Core Staffing	1,928	1,459	1,737	-191	-189
Public Health - Children's Services	4,222	2,005	4,222	0	0
Early years - Health Visitors	10,676	5,338	10,676	0	0
Drugs and Alcohol	8,989	4,302	8,935	-54	-54
Sexual Health	8,292	3,526	8,166	-126	-126
Wellbeing (includes ZEST)	4,658	1,765	4,702	44	44
Other	3,813	-346	3,825	12	12
Contribution to Reserves	0	0	0	316	314
Total	42,579	18,048	42,263	0	0

Public Health

- Public Health are projecting to balance, with a planned contribution to the Public Health reserve of £316k for investment in future years. There are underspends on the staffing budgets of £191k due to vacant posts, and other areas due to reductions in activity-based contract costs. A re-prioritisation of preventative schemes across Public Health is underway and the Director of Public Health has confirmed that spend will be maximised in 2022/23. This is reported in the 'other' line above. Any slippage in this area will result in a request to carry the projected underspend forward into 2023/24 to support with new initiatives, particularly where these relate to delivering the Marmot objectives.
- The Marmot task group are currently considering the arrangements for 'kick-starter' schemes for priority areas with the potential for invest to save measures funding from a £2m investment fund.

Neighbourhoods

5a. Neighbourhoods overall - £3.175m overspend

	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Neighbourhood Management & Support	1,140	717	1,140	0	0
Operations and Commissioning	41,488	27,993	44,711	3,223	(682)
Parks, Leisure, Events and Youth	7,658	6,973	8,331	673	428
Compliance and Community Safety	11,231	4,645	10,506	(725)	(359)
Libraries, Galleries and Culture	9,353	6,094	9,412	59	167
Neighbourhood Area Teams	3,503	1,491	3,503	0	0
Other Neighbourhood Services	266	(42)	266	0	0
SUB TOTAL	**74,639**	**47,871**	**77,869**	**3,230**	**(446)**
Highways	17,749	4,183	17,694	(55)	(55)
SUMMARY TOTAL	**92,388**	**52,054**	**95,563**	**3,175**	**(501)**

Neighbourhoods - Financial Headlines

Neighbourhood Services - £3.175m forecast overspend and the main variances are set out below:

- Operations and Commissioning - £3.223m overspend – largely due to income shortfalls in off street car parking and markets.
- Off St Parking - £2.087m reduced off street car parking income, which is an improvement of £0.848m from period 4, this is due to a combination of increased car park usage in the last three months (Aug-Oct), business rates rebate and additional bailiff income on PCN's. Whilst the overall income is less than budget, there has been an increase in car park usage in the three months of August – October, and the forecast is based on the average figures for the seven months to date. If the recent increase in usage continues through to March 2023 the overall position will improve by a further c£300k. As part of looking to mitigate the reduced income, new tariffs are due to be implemented before Christmas, to better reflect the new parking behaviours and the shift away from season tickets sales, this includes revised early bird options, particularly around times that enables commuters more flexibility, the impact of the revised rates is not yet reflected in the income figures. Work has also commenced to review the Councils on street and off street car parking, as well as review revenues from enforcement activities including the bus lane enforcement and reserves forecasts. The review will include assessing the impact of the moving traffic offences enforcement, proposed new bus lane enforcement and a review of both on street and off-street parking charges to ensure they are aligned

to each other. All enforcement income must be reinvested into improving transport infrastructure and costs of delivering the service.

- £1.0m shortfall in Christmas Markets revenue is due to the ongoing closure of Albert Square and reduced scale of markets across the City Centre whilst the Town Hall is renovated. The losses due to closure are time limited and should provide opportunities for increased income generation opportunities once the enlarged space is reopened.
- £416k underachievement of £299k income due to the following markets not achieving the forecast income because of ongoing lower footfalls, Sunday Market Car Boot (£179k), Longsight (£50k) and Gorton (£70k). Both the Arndale Market and Church St are experiencing a higher number of vacant stalls, and this results in a £133k income shortfall, although this is partially mitigated because Piccadilly Market continues to benefit from permanent stalls and is forecasted to overachieve income by £16k.
- Bereavement Services are projecting £200k higher than budget income this is due to the ongoing high demand for Manchester facilities and increased income from memorialisation.
- Pest Control is forecasting a net £24k overachievement of income, although this £26k lower than last period due to the pay award costs which are funded from the trading activity rather than corporately.
- Fleet Services is anticipated to be £56k above budget due to a combination of increased vehicle hires, salary savings and a reduction in workshop rents.

<u>Parks, Leisure Events and Youth</u> - £0.673m overspend

- The overspend is made up £0.508m Leisure overspend and £165k overspend on Youth Services. The leisure overspend is due to income losses at the Manchester Aquatic Centre (MAC) car park and Abraham Moss, along with additional repair costs of £43k and £85k of financial support to the operators of Broadway Leisure Centre. The loss of income was attributed to the closure of facilities whilst undergoing refurbishment at both the MAC and Abraham Moss it is expected that the shortfall is time limited and is forecast to recover once the facilities re open in 2023/24. This is offset by use of one off non utilisation of (£0.6m) set aside to support Covid recovery in the current financial year.
- Youth Services is forecasted to overspend by £165k. This is due to additional costs of support for Wythenshawe Active Lifestyle Centre £165k.

<u>Compliance and Community Safety</u> - £0.725m underspend

- This is due to net forecasted staffing underspends.

<u>Libraries, Galleries and Culture</u> - £59k overspend

- Libraries are reporting a net overspend of £59k which is due to £217k which is made up of a combination of additional running costs and reduced income, this is partially mitigated by £158k staff savings due to ongoing vacant posts and time taken to recruit.

<u>Highways</u> - £55k underspend

- Highways have overachieved on the income budgets by £2.256m, and this is due to £0.811m over achievement of income for street permits and other income in Network Management and £1.445m higher than forecast fee income from works undertaken to design and support capital projects. This is offset by a £2m transfer to capital to support future Highways investment and £201k overspend on Accident and Trips due to a higher than forecast number of claims.

5 b. **Homelessness – Breakeven**

Homelessness	Annual Budget	Net actual spend to date	Outturn	Variance	Movement since last report
	£000	£000	£000	£000	£000
Singles Accommodation	1,561	2,485	1,561	0	129
B&B's (Room only)	5,079	5,578	5,644	565	(63)
Families Specialist Accommodation	323	325	114	(209)	(166)
Accommodation Total	6,963	8,388	7,319	356	26
Floating Support Service	1,955	(3,526)	1,616	(379)	(303)
Dispersed & Temporary Accommodation Management Fee	4,900	2,830	5,353	453	54
Dispersed Accommodation Total	6,895	(426)	6,969	74	(249)
Homeless Management	905	636	1,138	233	263
Homeless Assessment & Caseworkers	2,625	2,560	2,338	(287)	(214)
Homelessness PRS & Move On	1,640	830	1,278	(362)	88
Rough Sleepers In reach/Outreach	444	(764)	444	0	0
Tenancy Compliance	161	87	120	(41)	13
Homelessness Support Total	5,775	3,349	5,318	(457)	150
Commissioned Services	7,635	4,855	7,662	27	73
Commissioned Services Total	7,635	4,855	7,662	27	73
Asylum	63	(181)	63	0	0
Asylum Total	63	(181)	63	0	0
Total	27,331	15,985	27,331	0	0

Homelessness - Financial Headlines

The reported position for Period 7 is a net breakeven position, despite this forecast position, the Homelessness budgets remain a high-risk area with significant demand pressures. The current position is based on current activity numbers. Work is progressing at pace to increase the numbers of people deemed to be homeless at home who can maintain their housing application without having to be placed in Temporary Accommodation. This is expected to impact positively on the numbers in B&B and Dispersed Accommodation and is a key component of reducing expenditure in homelessness in the coming months and into the next financial year as the focus on prevention ends the routine use of B&B. The experience of many other Local Authorities is that many people can continue to live with family or friends if there are reasonable prospects of longer-term re-housing. This is achieved by awarding the same level of priority for re-housing on the social housing register as that which would be awarded if the person was placed in temporary accommodation. The Manchester approach will be to award a Band 2 status for re-housing if the person is owed either the relief or main duty under homelessness legislation.

The assumptions within the breakeven reported forecast include;

- Numbers in Temporary Accommodation at the end of October remain consistent throughout the year and that any natural growth in demand will be offset by work undertaken in the Transformation Programme to increase prevention.
- Staff vacancies at present will not be filled until November unless start dates have been confirmed, where Agency spend is incurred to cover vacancies this has been assumed to continue at a cost of £447k. Workforce budgets in Homelessness are forecast to underspend by £322k.
- Current cost pressures in B&Bs remain until March 2023.

Overview of main cost drivers in Homelessness:

- Accommodation. At the end of October 2022, the number of families placed in B&Bs was 202 with a further 62 families in nightly paid accommodation. The flow and availability of dispersed temporary accommodation has decreased and is impacting on the number of families in B&B, the numbers of presentations remain high. The current net cost of B&B provision is £214k (£9.8m per annum). A key feature of the current transformation programme is focussing on supporting people in their current accommodation and avoiding the need for people to move into temporary accommodation unnecessarily
- Dispersed Accommodation. It had been anticipated that past increases in weekly rates would stimulate the supply of properties in this area to reduce the reliance on B&B accommodation. However, in recent months providers have withdrawn properties from the scheme to let on the open market as rents across Manchester continue to increase. The current housing subsidy loss to the Council is £137k per week (£7.1m p.a.), this is the shortfall in Housing Benefit income that the Council can claim when compared to the rents paid, the housing benefit income received is 90% of the 2011 Local Housing Allowance. The shortfall for a 1-bedroom property is £60 per week, £86 for a 2-bedroom property, £92 for a 3-bedroom property increasing to £94 per week for a 4-bedroom property. Placements at the end of October were 1,594. The District Homes Pilot is now fully operational with a further 400 properties transferred to District Homes management, the housing subsidy loss incurred by the Council would be £1m higher per annum if the 400 properties being managed by District Homes were managed by the Council. An evaluation of the pilot is currently being carried out by RedQuadrant as an extension to the Transformation work that was produced.

5c. **Housing delivery and HRA –**

Housing Revenue Account	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement since last report
	£000	£000	£000	£000	£000
Housing Rents	(63,713)	(37,574)	(62,787)	926	(181)
Heating Income	(681)	(237)	(681)	0	0
PFI (Private Finance Initiative) Credit	(23,374)	(11,687)	(23,374)	0	0

Other Income	(979)	(557)	(1,022)	(43)	(43)
Funding from General/MRR Reserves	(13,188)	0	(13,188)	0	0
Total Income	**(101,935)**	(50,055)	(101,052)	883	(224)
Operational Housing R&M & Management Costs	24,038	13,168	30,651	6,613	2,987
PFI Contractor Payments	31,942	17,776	32,591	649	0
Communal Heating	1,019	52	3,283	2,264	(538)
Supervision and Management	6,604	2,608	6,551	(53)	33
Contribution to Bad Debts	640	40	569	(71)	0
Depreciation	18,991	0	18,991	0	0
Other Expenditure	1,463	337	1,448	(15)	0
Revenue Contribution to Capital Outlay (RCCO)	14,508	0	8,752	(5,756)	0
Interest Payable and similar charges	2,730	0	2,730	0	0
Total Expenditure	**101,935**	**33,981**	**105,566**	**3,631**	**2,482**
Total HRA	**0**	**(16,074)**	**4,514**	**4,514**	**2,457**

Movement in General/MRR Reserves	**Opening Balance**	**Budgeted Adjustment**	**Forecast Closing Balance**	**Additional Adjustment**	**Forecast Closing Balance**
	78,052	(13,188)	64,864	(4,514)	60,350

Housing Revenue Account - Financial Headlines

The HRA expenditure budget for 2022/23 is c£102m and includes forecast capital investment of c£33m. As part of the approved budget a contribution from reserves of £13.188m was approved to contribute to the funding of this capital investment. The forecast outturn position shows that there is an overspend of £4.514m, which will be funded from reserves and is made up as follows:

Overspends of £10.452m:

- Rent collection - there is an adverse impact of £0.926m due to the current number of void properties (c2.0% year to date, against a budget of 1% void loss). An improvement plan is in place and is actively reducing the level of void properties, with a corresponding, positive increase in the number of lettings to residents and we expect this trend to continue. Right to Buys are reducing and are currently at 1.58% for the year to date against a budgeted 1.25%.
- The operational cost of the service presents a current financial pressure of £6.613m. This is due to £1.338m management costs, and c£4.2m Repairs and Maintenance costs due to a combination of inflation and an increase in the number of voids being processed. There is also a forecast £0.9m overspend due to legal disrepair claims.
- The significant increase in energy costs, estimated at £2.264m greater than the original budget of £1.019m. These are offset by heating charges, but for 2022-23 the increase in

charges was capped at 20%, with the plan being to smooth the impact over a number of years. However, actual costs have increased by in excess of 300% rather that the 80% forecast at the time. Consideration will need to be given to the recovery plan as part of the 2023-24 budget setting process.
- Increased PFI contractor payments £0.649m – Approximately £0.85m was paid to S4B in respect of Elizabeth Yarwood Court, and inflation on all three contracts has been higher than anticipated, which is not offset as the PFI credits remain unchanged. These costs are partly mitigated by c£450k arising from joint insurance savings at Brunswick. It is expected that the site will be sold as part of a future development, and at that time a receipt will come back into the HRA to offset this expenditure.

Offset by Underspends of £5.938m:

- Reduced RCCO costs £5.756m – based on the latest estimates of capital spend being lower than budgeted, and some funding switched to include the use of receipts.
- Reduced contribution to bad debts £71k
- Supervision and Management costs £53k
- Other Income £43k
- Reduced payments to Tenant Management Organisations (TMO) £15k

As part of the 2022/23 budget process the 30-year business plan was broadly in balance over the life of the plan, there are several issues that could potentially affect this if mitigating actions are not identified to offset potential increased costs, they include: -

- Current high inflation rates and impact on contract costs and rents failing to keep up with these costs
- Additional capital costs for integration of Northwards ICT, Woodward Court and carbon retrofit
- Any delay or reduction in delivery of planned savings.
- Final settlement of commercial details in respect of the repairs and maintenance contract

Given that the HRA is a ringfenced account and cannot be cross subsidised with the General Fund, the implications of the current high inflation rates will have an impact and will need to be covered through rents. There are several contracts which are uplifted annually in line with inflationary indices, this includes the repairs and maintenance contracts and PFI Contracts. The business plan does assume an inflationary uplift, but there is also an assumed inflationary uplift to the tenants' rents. Government have put in place a 7% cap on rent increases for 2023-24, and work is currently being undertaken to identify what the minimum rent increase would be to cover increased costs and ensure a sustainable HRA.

Looking forward there is likely to be additional asks of the HRA in respect of ensuring compliance with the Social Housing Bill and the Social Housing regulator, this will include building safety and decent homes 2. The impact is yet to be determined but it will require increased investment in the social housing stock.
Any surplus/deficit in year has to be transferred to/from the HRA reserve. At year end, it is forecast that £17.702m will be transferred from reserves at year end, leaving £60.350m in the HRA General Reserve at the end of the year.

Growth and Development

Growth & Development	Annual Budget £000	Net actual spend to date £000	Projected Outturn £000	Variance from budget £000	Movement since last report
Investment Estate	(12,856)	(9,424)	(13,808)	(952)	(1,632)
Manchester Creative Digital Assets (MCDA)	0	690	474	474	474
Growth & Development	160	192	160	0	0
City Centre Regeneration	1,041	606	941	(100)	(136)
Housing & Residential Growth	1,167	1,258	1,205	38	48
Planning, Building Control & Licensing	(674)	(1,457)	(658)	16	91
Work & Skills	1,894	1,023	1,894	0	0
Manchester Adult Education Service (MAES)	0	(819)	0	0	0
Our Town Hall Project	0	603	0	0	0
Total Growth & Development	**(9,268)**	**(7,328)**	**(9,792)**	**(524)**	**(1,155)**

Growth and Development - Financial Headlines

Overview of main variances – £0.524m Underspend

Growth & Development is forecasting a net underspend of £0.524m, and the main variances are as follows: -

- **Investment Estate - underspend of £0.952m**
  Additional income is forecast from a number of areas within the Investment Estate as follows:
  - Additional Income Wythenshawe Town Centre £470k - there has been a reduction in turnover rent (turnover based on previous years), but the recent agreement to purchase the property did include provision for payment of previous years rents.
  - The Arndale Centre –the latest notification indicates that income will be c£290k above budget, this is mainly due to a payment of £400k from 2020/21.

  There are also staffing savings of £120k, and net additional income from across the estate (including Industrial sites, Let land, Shops and Car Parks) of c£1.15m, largely following a series of rent reviews. However, this is offset by an increased need for bad debt provision of £0.86m.
  Finally there is a pressure of £215k at Barclays Computer as business rates and water charges are incurred but there is no income currently.
- **MCDA (Manchester Creative Digital Assets) – overspend of £474k –** due to a combination of reduced income and increased utility costs.
- **City Centre Regeneration – underspend of £100k** – anticipated underspend on project costs.
- **Housing & Major Regeneration – overspend of £38k –** Pressures of £126k, including a loss of £57k income funding posts, are offset by £88k of other staffing savings.

- **Planning, Licensing and Building Control – overspend £16k -** Planning and Building Control income is currently below target, but staffing underspends mean that the forecast drawdown from the Planning reserve is only £25k (budget £326k).
- **Manchester Adult Education Service (MAES) – breakeven -** The current forecast is that £197k will be required from the reserve, but this is subject to confirmation as to the level of Talk English funding.

Corporate Core – £1.005m underspend

Chief Executives	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Coroners and Registrars	2,253	979	1,977	(276)	0
Elections	1,482	2,060	1,482	0	0
Legal Services	9,684	7,583	9,414	(270)	0
Communications	3,298	1,800	3,278	(34)	(14)
Executive	955	518	955	0	0
Legal, Comms, Democratic Statutory Sub Total	17,672	12,940	17,106	(580)	(14)
Policy, Performance and Reform	14,173	10,160	14,173	(65)	(65)
Corporate Items	1,215	(112)	1,215	0	(30)
Chief Executives Total	**33,060**	**22,988**	**32,494**	**(645)**	**(109)**

Corporate Services	Annual Budget £000	Net actual spend to date £000	Outturn £000	Variance £000	Movement since last report £000
Finance, Procurement, Commercial Gov.	7,806	4,869	7,515	(255)	(130)
Customer Services and Transactions	26,963	11,430	26,611	(352)	(170)
ICT (Information & Communication Technology)	14,856	11,178	15,193	337	0
Human Resources & OD (Organisational Development)	4,239	2,062	4,239	0	0
Audit, Risk and Resilience	1,384	860	1,354	(30)	0
Capital Progs, Operational Property, Facilities	15,665	13,975	15,951	(60)	(546)
Corporate Services Total	**70,913**	**44,374**	**64,681**	**(360)**	**(846)**
Total Corporate Core	**103,973**	**67,362**	**97,175**	**(1,005)**	**(955)**

Corporate Core - Financial Headlines

Corporate Core £1.005m underspend and the key variances are: -

- Coroners and Registrars £276k underspend due to additional income of £200k, mainly in relation to increased numbers of weddings and citizenship ceremonies, and an £76k underspend on legal costs within Coroners.
- Legal Services £270k net underspend, mainly due to £470k underspends on employee budgets as the service has faced challenges recruiting to vacancies partly offset by reduced external income due to a reduced level of service provision to Salford Council. It also includes a forecast £1m overspend in relation to children's services which is being funded by a transfer from reserves in 2022/23 as approved by Executive on the 22 July 2022. The service has developed a plan around a recruitment drive to reduce external costs to mitigate this going forward.
- Policy, Performance and Reform £65k underspend - there is reduced income on project activity £190k as there has been a loss of European funding and access to other funding does not cover staffing costs at 100%. This is offset by employee underspends of £183k due to vacancies and an underspend on running costs of £72k.
- Finance, Procurement and Commercial Governance £255k underspend on employee budgets due to vacancies.
- Customer Services and Transactions £352k underspend due to and staffing underspend of £80k and from additional income from clamping vehicles across the city which are illegally parked £272k. This income does not fall under the Traffic Management Regulation Act and is therefore un-ringfenced income.
- ICT - £337k overspend due to additional security contracts, in light of the heightened cyber security risks and increased technical resources due to the increased requirements for support from the desktop and helpdesk services.
- Capital Programmes - £60k underspend due to additional income in capital programmes £0.740m from major projects, £100k in Facilities Management and £210k underspend on employees this is reduced by part year increased security costs for Wythenshawe Hall £141k, increased rates £54k, increased metered water charges £221k delayed Operational Property savings £391k, security and other costs across the estate £141k and running costs in Facilities Management £42k. Investment needs are currently being explored to assess if any of the underspend is to be utilised this financial year.

The £0.955m favourable movement since P4 relates to:

- Policy, Performance and Reform £65k underspend on employee budgets
- Finance, Procurement and Commercial Governance £130k underspend on employee budgets
- Customer Services and Transactions £120k additional clamping income from illegally parked cars and £50k underspend on employee budgets
- Capital Programmes, Operational Property and Facilities Management £0.546m from additional income on major projects

Directorate Savings Achievement - £1.3m medium risk (17%)

	Savings Target 2022/23					
	Gross Revenue Savings	Use of Reserve	Net Revenue Savings	Low Risk (delivered or expected to be delivered)	Medium Risk (delivery risk or mitigated)	High Risk (undelivered resulting in overspend)
	£000	£000	£000	£000	£000	£000
Children's Services						0

Adults and Social Care	9,386	(5,500)	**3,886**	3,886	0	0
Neighbourhoods	829	0	**829**	604	225	0
Homelessness	117	0	**117**	117	0	0
Growth and Development	59	0	**59**	59	0	0
Corporate Core	2,654	0	**2,654**	1,533	1,121	0
Total Budget Savings	**13,337**	**(5,500)**	**7,837**	**6,491**	**1,346**	**0**

Savings - Headlines

£7.837m approved savings:

- Adults - £9.386m gross savings. The detailed BOBL financial plan is operational, and the service are working to deliver the savings and cost reductions. Recurrent mitigation has been identified in-year from higher than budgeted income from means tested client contributions to care costs. In addition, the reported position allows for £5.5m reserves drawdown to smooth achievement of BOBL savings in line with the 2022/23 financial plan. All savings are now classed as Green. Through Better outcomes Better Lives demand management, the residual balance at P4 of £0.688m has now been allocated into the Older People Residential Care Budget.

£1.346m are considered medium risk as follows:

- Corporate Core - £1.121m. ICT £300k which has been mitigated this year across supplies and services. These will be delivered in 2023/24 as part of the printer and telephony rationalisation. Operational Property £0.821m mitigated this year through an approved draw down from the reserve. The operational property savings are time limited and 2023/24 is the final year before the savings come out in 2024/25 following the reopening of the Town Hall. A plan is being developed to ensure the delivery of the savings in 2023/2024
- Neighbourhoods - £225k – advertising income in relation to a proposed new advertising screen at Piccadilly Gardens is considered at moderate risk of being achieved this year. Discussions are ongoing with both the Events team and City Centre Regeneration around plans for the area and how a screen can potentially be integrated in the short term. Once agreed a planning application will be required, it is expected that this saving will be achieved in 2022/23.