Appendix 1 - Revenue Outturn Report 2022/23

Financial Executive Summary

- The Council overspent against its budget for 2022/23 by c£4.5m, during a year where inflation and economic turmoil were prominent. The main drivers of the overspend are the pay award being higher than budgeted (7% actual vs 3% budgeted), pressures on Children's safeguarding, Home to School Transport demand and price pressures, and lower than budgeted parking income driven by changes to commuter behaviour post pandemic. These pressures were partly offset by an overachievement of investment income and underspends across the Core.
- The overspend has increased by c£1m since the last report to Executive at Period 9. This is predominantly due to increased costs in Adult's (£1.9m) and Children's Services (£1.6m) mostly relating to demand in the final quarter, partly offset by improvements in the other directorates.
- Workforce budgets show an overall mainstream underspend of £7.4m, this is net of agency costs of over £22.3m.
- Approved Directorate savings for 2022/23 totalled £7.837m, all savings were either achieved as planned or mitigated in year. Any ongoing implications have been reflected in the 2023/24 budget.

Overall MCC Financial Position

Integrated Monitoring report Period 12 total variance £4.546m

Summary P12	Original Revenue Budget	Revised Revenue Budget	Outturn	Variance from Revised Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000	£'000
Total Available Resources	**(690,599)**	**(706,031)**	**(707,971)**	**(1,939)**	**(429)**
Total Corporate Budgets	140,652	108,650	113,911	5,261	70
Children's Services	129,020	130,060	132,266	2,206	1,619
Adult Social Care	227,094	189,588	189,714	127	1,939
Public Health		42,685	42,685	0	0
Neighbourhoods	91,704	101,454	103,588	2,135	(380)
Homelessness	27,346	28,475	28,426	(48)	(48)
Growth and Development	(9,752)	(8,772)	(10,288)	(1,517)	(892)
Corporate Core	84,535	113,892	112,214	(1,678)	(870)
Total Directorate Budgets	**549,947**	**597,381**	**598,606**	**1,224**	**1,367**

Total Use of Resources	**690,599**	**706,031**	**712,516**	**6,485**	**1,437**
Total overspend	**0**	**0**	**4,546**	**4,546**	**1,008**

Corporate Resources

Corporate Resources £1.939m over-achievement

Resources Available	Annual Revenue Budget	Outturn	Variance from Budget	Movement since Last Report (P9)
	£'000	£'000	£'000	£'000
Retained Business Rates	(158,337)	(159,834)	(1,497)	2
Business Rates Grants	(77,216)	(77,216)	0	0
Council Tax	(208,965)	(208,965)	0	0
Other Specific Grants	(119,591)	(119,608)	(17)	23
Use of Reserves	(141,922)	(141,922)	0	0
Fortuitous Income	0	(426)	(426)	(455)
Total Corporate Resources	**(706,031)**	**(707,971)**	**(1,939)**	**(429)**

Corporate Resources - Financial Headlines

- Retained Business Rates - Each year the Government completes a reconciliation of total business rates collected and retained centrally. Under the existing national retention scheme high growth authorities are levied up to 50% on growth achieved. This levy is passed to Government and designed to fund the Safety Net scheme which supports authorities who are not realising their business rates baseline. However, the national levy fund was in surplus. Under regulation business rates is used solely to fund local government and as such any national surplus is distributed in line with the national RSG formula. The Council's share of this was £1.497m which was notified in 2022-23 after the budget was set.
- Performance of the Business Rates Collection for the year is 97.29% (excluding account credits) which represents a return to pre covid levels and is an improvement on 94.79% in 2021/22, 87.91% in 2020/21 and 97.58% in 2019/20.
- Business Rates Grants reflect reimbursement of lost rates income due to enhanced and new relief schemes which have been introduced by Government after 2013. These reliefs were not built into the business rate system's baseline and must be funded so authorities are placed in the same financial position. This includes indexation grant where the Government has fixed, capped or amended the inflation measure applied to the multiplier.
- Council Tax in year collection rate at end of March is 89.17% which compares to 89.81% in 2021/22, 90.15% in 2020/21 and 92.73% in 2019/20. The reduced collection could relate to the Cost-of-Living Crisis and financial difficulties faces, this will be closely monitored. Council tax arrears continue to be pursued after the end of the financial year with the forecast long-term collection rate being 95.5% for liabilities relating to 2022/23.
- Other specific grants mainly pertain to; Improved Better Care Fund Grant (c£32m), Childrens and Adults Social Care Grant (c£32m), Services Grant (c£12m), Household Support Fund (c£13m) and New Homes

Bonus (c£10m), all in line with budget. The net £17k overachievement relates to minor differences in several smaller grants – Council Tax Subsidy, Social Care in Prisons Grant and Education Services Grant.

- The Use of Reserves has been drawn down as planned, £110m of which, 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.
- Fortuitous income of £426k follows the implementation of a new income collection system and represents the unallocated income balances of the former system which had been received but not allocated to services. Following the closure of the legacy system, these balances have been allocated to support the corporate position.

Corporate Budgets

Corporate Budgets £5.261m overspend

Planned Use of Resources	Annual Revenue Budget	Outturn	Variance from Budget	Movement since Last Report (P9)
	£'000	£'000	£'000	£'000
Other Corporate Items	66,149	66,033	(116)	(4)
Contingency	293	0	(293)	0
Inflationary Budgets and Budgets to be Allocated	(6,052)	0	6,052	0
Apprentice Levy	1,029	1,113	84	84
Transport and other small Levies	37,915	37,900	(15)	(2)
Historic Pension Costs	7,316	6,865	(451)	(8)
Transfer to Budget Smoothing Reserve	2,000	2,000	0	0
Total Corporate Budgets	**108,650**	**113,911**	**5,261**	**70**

Corporate Budgets - Financial Headlines

The higher than budgeted pay award is the main driver of the corporate budgets overspend. In order to more accurately track and monitor staffing budgets, the full budget to cover the pay award was transferred to Directorates, leaving a shortfall on the corporate budget line of £5.261m. The breakdown of the corporate variance is set out below:

- Other Corporate Items relates to Council wide costs as follows;
  - The Council's Capital Financing and Insurance budgets both of which are in line with the 2022/23 budget.
  - Bad Debt provision for Council wide debt pre-2009. This has an underspend of £116k due to payment plan arrangements being secured.
  - Corporate transfers to reserves as planned.
- There was £0.6m set aside in corporate contingency for unexpected costs which arise in year. Approval to release £307k relating to ICT system security was obtained at period 7. The remaining balance of £293k was released to support the 2022/23 position.

- Inflationary budgets are the main driver of the overspend, exceeding the budget by £6.1m made up of:
    - The employer's pay award offer for 2022/23 was agreed as 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), in line with the inflation expectations when the budget was set. This has resulted in a pressure of £7.2m which was partly offset by a £0.6m reduced budget requirement due to the reversal of the April 1.25% NI rise in November, resulting in an overall pay related overspend of £6.6m.
    - Utility cost increases resulted in budget allocations to directorates totalling £11.7m, the budget allowed for £11.5m of additional costs resulting in an overspend of £200k.
    - Budget requests relating to general price inflation were £3.7m against a budget of £4.5m resulting in an underspend of £0.8m.
- Historic Pension Costs have underspent by £451k (6.57%) due to a reducing number of recipients, this is reflected as a saving in the 2023/24 budget.
- The Consumer Prices Index (CPI) peaked in October 2022 and ended the year at 10.1% in March 2023, 0.3% less then February, and averaged over 10% in 2022/23 against the Bank of England target of 2%.

Children's Services

3a. Children's and Education Services - £2.206m overspend

Children's Services	Annual Revenue Budget	Outturn	Variance From Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Looked After Children (LAC) Placements	45,751	46,285	534	1,923
LAC Placement Services	7,533	7,735	202	(53)
Permanence & Leaving Care	13,165	13,386	221	(243)
Safeguarding Service Areas	37,781	37,813	32	11
Children's Safeguarding	104,229	105,219	990	1,638
Education Services	7,056	7,368	311	(27)
Home to School Transport	11,891	12,575	684	(119)
Targeted Youth Support Service	841	840	(1)	(1)
Education	19,788	20,782	994	(147)
Strategic Mgmt. & Business Support	6,043	6,265	222	128
Total Children's & Education Services	**130,060**	**132,266**	**2,206**	**1,619**

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 outturn position is therefore against the lower revised budget of £130.060m.

The overall position as at Period 12 is a year-end overspend of £2.206m, after taking account of the corporate contribution. The Directorate position is made up of:

- £0.534m LAC placement overspend is mainly due to increased numbers of children in External Residential placements. The service is progressing with a proposal regarding investment (£0.8m) into specialist provision and increase in-house provision (reopening of Olaniyan, and 4 additional placements by Spring 2023) this alongside capacity to accelerate those providers seeking Ofsted registration, is expected to lead to a reduction in the use of External Residential placements.
- £202k LAC placement services overspend is on non-staffing budgets in the Leaving Care Service (i.e. travel and premises) and Fostering Service vacancies being filled by agency staff to maintain caseloads at safe and sustainable levels.
- £221k Permanence and Leaving Care overspends are mainly caused by Section 17 payments which prevent children from having to come into care. This is partially offset by No Recourse to Public Funds and Unaccompanied Asylum Seeker Children’s grants.
- £32k Safeguarding Service overspend has been mainly driven by social work agency pressures in localities. The Deputy DCS and Heads of Localities are reducing dependence on agency whilst further promoting recruitment.
- £0.994m Education Services pressures mainly relate to increased pressures in Home to School Transport (£0.684m) and providing short breaks to carers (£310k). Home to School Transport costs have increased due to a combination of fuel prices, 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 recommendations will enable the service to manage down the pressures in both areas. A comprehensive review of ‘short-breaks’ offer is being undertaken to strengthen decision making and review arrangements.
- £222k Strategic Management and Business Support overspends. Key pressures being international recruitment costs and archiving costs.

The £1.619m movement since the last reporting relates to:

- £1.923m additional LAC placement costs brought about mainly by a net increase of 4 External Residential (£0.680m), an increase in external residential unit costs (£50k), increase in External Fostering unit costs of placements (£251k) and Community Support costs (£291k). Internal Fostering placements expenditure grew due to an increase in average weekly cost of 2.63% due to foster carers qualifying for higher skill fees under policy changes (£221k). Internal Residential running costs were confirmed in the last quarter of the year and were (£430k) higher than previously anticipated.
- £53k improvement in LAC placement services in relation to reduced Adoption agency fees and in project membership costs related to the Fostering (Mockingbird) network.

- £243k favourable movement in Permanence and Leaving Care due to a reduction in overall expenditure in the No Recourse to Public Funds service and growth in UASC placements being covered by additional grant funding.
- £11k adverse movement in Children's Safeguarding Areas increase workforce spends within Localities and Cared for Children team offset by increases legal court fees underspends.
- £146k favourable movement in Education Services due to reduction in Home to School Transport expenditure linked to reduction in activity (linked to strike action).
- £128k adverse movement in Directorate Core and Back Office Services mainly relating to the Unicef launch as part of the Our Year Programme.

To mitigate this the Council is investing and expanding preventative services in managing LAC placements and Home to School Transport. The recurrent impact of the current cohort of placements point to a financial gap of around £6m in 2023/24, if no action is taken. The investment programme implemented is expected to impact on this figure and bring within budget.

Children's Services – Dedicated Schools Grant

3b. Dedicated School Grant (DSG) - £1.092m in –year underspend

Dedicated School Grant (DSG)	Annual Budget	Outturn	Variance from Budget	Movement since last report (P9)
	£000	£000	£000	£000
Schools Block	196,938	195,13	(1,803)	(1,748)
Central Services Block	3,868	3,976	108	46
High Needs Block	103,155	105,295	2,141	2,400
Early Years Block	39,972	38,435	(1,537)	(1,029)
Total in-year	**343,933**	**342,841**	**(1,092)**	**(331)**
Deficit b/fwd (£2.702m less school clawback £193k)			**2,509**	
Overall DSG position	**343,933**	**342,841**	**1,417**	**(331)**

Dedicated School Grant (DSG) - Financial Headlines

The Dedicated Schools Grant (DSG) in 2022/23 was £633m, of which £289m is top sliced by the Department for Education (DfE) to fund 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 underspent by £1.092m. This reflects some progress that has been made in relation to the high needs budget recovery programme. The overall position, the cumulative deficit **shows a £1.417m deficit**, an improvement of £331k since period 9.

In the spring there was an adverse movement of £2.4m in high needs block due to increased demand for Education, Health and Care plans, more Out of City placements, additional special school in-year adjustments cost and increased post 16 spend. This increase as been mostly offset by underspends in the school's block. Manchester’s support to Afghan refugees led to several schools' expansions across the city. Government has recognised these additional costs and provided a £1.907m (Afghan) grant on 31st March, which has been applied to offset the in year cost of expansions, early years, and High Needs costs that had been incurred because of the support to Afghan refugees.

The underlying position shows a £1.417m cumulative deficit and includes the brought forward deficit from 2021/22, which related to the high need block (HNB) pressure. The 2022/23 HNB pressures were greater than anticipated, with the on-going impact of this needing to be addressed by the recovery plan.

The HNB on-going gap is estimated to be £5.690m in 2023/24 and £16.631m 2024/25 pre recovery plan and if no action is taken. The service is working through a three-year HNB recovery plan, focusing on managing demand and identifying efficiencies to help combat these pressures, which are affecting Councils across the country.

Adult Social Care / Manchester Local Care Organisation

Adult Social Care - £127k overspend

Adult Social Care	Annual Revenue Budget	Outturn	Variance from Budget	Movement from Last Report (P9)
	£'000	£'000	£'000	£'000
Long Term Care:				
Older People/Physical Disability	48,478	50,856	2,378	1,359
Learning Disability	56,451	56,783	332	1,035
Mental Health	24,843	24,609	(234)	279
Disability Supported Accommodation Service	15,607	17,812	2,205	164
Investment funding	1,912	(261)	(2,173)	(183)
Sub Total	**147,291**	**149,799**	**2,508**	**2,654**
Short Term Care:				
Reablement/Short Term Intervention Team	6,935	6,383	(552)	(3)
Short Breaks/Respite/Day Centres/Neighbourhood Apartments	5,659	5,028	(631)	(273)
Equipment & Adaptations	4,689	4,401	(288)	(40)
Carers/Voluntary Sector	3,329	3,282	(47)	(38)
Sub Total	**20,612**	**19,094**	**(1,518)**	**(354)**
Infrastructure and Back Office:				
Social Work teams	17,221	16,171	(1,050)	(100)
Safeguarding/Emergency Duty	3,332	3,520	188	22
Brokerage teams	1,477	1,427	(50)	(14)
Management and support	(345)	(296)	49	(269)
Sub Total	**21,685**	**20,822**	**(863)**	**(361)**
Total Adult Social Care	**189,588**	**189,714**	**127**	**1,939**

Adult Social Care - Financial Headlines

Adults Services overspent by £127k, an adverse movement of £1.939m since the last report. In the context of the national challenges facing health and social care, the outturn is positive. The budgeted savings have been managed, in addition to cost avoidance activity, indicate 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 care offer and improved commissioning practices. Progress remains impacted by recruitment constraints with work continuing to fill posts through tailored recruitment initiatives. In the final quarter of the year client numbers have increased across learning disability and mental health cohorts. However, for older people's residential care, the downward trend has continued, and early evidence suggests clients who go through the pathway 3 Discharge to Assess (D2A) process are less likely to remain in residential care. As reported at period 9, all the winter discharge fund (£2.2m direct to the Council and £3.8m through the GM ICS) has been fully utilised.

Key highlights include:

- Full delivery of the £4m savings target through the delivery of effective demand management;
- £2m of one-off funding returned to the council following an audit of unspent direct payments allowances covering several financial years;
- £4.5m of the £5.5m system support funding from reserves has not been deployed in line with the ASC budget report;
- A £10m uplift to support providers including ensuring they pay the Real Living Wage.

The key financial risks are:

- Disability Services Accommodation Service DSAS (£2.205m overspend). Whilst mitigated in the 2023/24 budget assumptions, there is a short term £0.800m risk in relation to waking nights costs due to changes in fire safety requirements post Grenfell. Longer term the financial plan is linked to the review of Provider Services with an increased focus on complex care. The review will identify the most appropriate use of the wider property portfolio leading to an expectation of significant savings on external placements;
- The increase in activity in the last three months of the year will feed through into 2023/24 financial year. Our budget assumptions are being remodelled with a re-set of the long-term care budgets taking account of the changing trends in activity. Winter discharge arrangements have been covered by funding from central government in 2022/23, which has now ceased with no further funding expected for 2023/24; and
- There is significant work underway to fully programme manage the delivery of the proposed saving programme ahead of 2023/24.

Long Term Care

The outturn position on long term care is an overspend of £2.508m which is an increase of £2.654m from period 9. One of the main pressures is within DSAS (£2.205m overspend), an increase of £164k from period 9 which reflects the continued use of agency staff to support the most vulnerable clients. The overspend on Learning Disability of £332k is due to an increase in client numbers of 56 from period 9, driving an increased variance of £1.035m since period 9. There is a pressure across residential and nursing budgets of £235k (driven by higher than budgeted nursing costs) and of £248k on homecare due to increasing client numbers. The pressures on both residential and nursing budgets and the homecare budget would have been higher without the full utilisation of winter discharge funding. There is an underspend on Mental Health budgets of £234k which is an adverse movement of £279k from period 9 and reflects an increase of 21 clients from period 9. Across the other care budgets there are underspends on direct payments of £1.224m reflecting the return of unused funding and other minor underspends on day care and short breaks of £381k, offset by a small overspend on carers budgets of £71k. This overall position is offset by releasing the full allocation of demographics funding (£1.880m), unutilised investment funding (£0.419m) and the social care assessment grant released in March (£261k). Use of £4.5m of the £5.5m smoothing reserve is deferred to support the proposed savings programme 2023-26, of which £1.5m is within the long-term care budget.

Short Term Care

Overall the outturn position on short term care is an underspend of £1.518m. This is an increase in the underspend of £354k from period 9. As previously reported the underspend mainly reflects the vacancy position on Reablement (£0.552m) and underspends within Short Breaks/Respite/Day Centres/Neighbourhood Apartments (£0.631m), Equipment and adaptations of (£396k) with other minor net overspend variations (£61k).

Infrastructure and Back Office

Overall, the final outturn position is an underspend of £0.863m, an increase of £361k from period 9. The underspend on social work teams is (£1.050m) comprising £384k on the hospital teams, £285k on INT teams and £382k on specialist learning disability teams. Overall, this equates to 67.2 FTE, of which 35.5 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 overspend on safeguarding (£0.189m) relates to the pressure on best interest assessments in relation to Deprivation of Liberty Standards. It should also be noted the government have recently paused the introduction of LPS (Liberty Protection Safeguards), pending further consultation on a revision to their original plans.

Management and support overspent by £48k which includes:

- Release of £1.564m investment funding and £348k of BOBL investment
- Reduction in deployment of the smoothing reserve (£3.000m) as outlined above
- £468k of BCF funding, due to careful consideration of recurrent deployment priorities and recruitment delays
- An underspend on Business Support of £411k due to challenges across the recruitment market
- An underspend of £66k across back office and strategic management areas

Public Health

Public Health – Balanced Budget

Public Health	Annual Revenue Budget	Outturn	Variance From Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Public Health Core Staffing	2,987	2,382	(605)	(233)
Public Health - Children's Services	4,222	4,161	(61)	(43)
Early years - Health Visitors	10,676	10,676	0	0
Drugs and Alcohol	8,989	8,809	(180)	(125)
Sexual Health	8,295	7,922	(373)	(110)
Wellbeing (includes ZEST)	6,058	5,547	(511)	(413)
Other	1,458	289	(1,169)	(176)
Contribution to Reserves	0	2,899	2,899	1,100
Total Public Health	**42,685**	**42,685**	**0**	**0**

Public Health - Financial Headlines

- Public Health underspent by £2.899m. This has been transferred to the Public Health reserve for future investment in the Making Manchester Fairer programme. There are underspends on the staffing budgets of £0.605m due to vacant posts and the maximisation of external funding. Wherever it has been appropriate to do so, external funding has been maximised to free-up mainstream funding. There are underspends on the activity-based contracts for sexual health and drugs and alcohol due to reduced numbers accessing services. Fully utilising new funding from central government, which was received in year, has contributed towards the increase in the overall underspend. Plans are being considered on the usage of the grants in 2023/24 to both ensure compliance with the new initiatives, particularly regarding drugs and alcohol, as well as ensuring continued support for the Making Manchester Fairer programme. Negotiations with Health partners regarding 'Agenda for Change' pay uplifts will continue as the wider national negotiations across most health budgets regarding inflationary uplifts continues. Once concluded, this will be a call on the funding held in reserve.
- The Marmot task group have released funding for the first tranche of 'kick-starter' schemes for priority areas with the potential for invest to save measures funded from the £3m investment fund.

Neighbourhoods

Neighbourhoods overall - £2.135m overspend

Neighbourhoods	Annual Revenue Budget	Outturn	Variance to Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Neighbourhood Management & Support	1,178	1,194	16	(34)
Operations and Commissioning	44,505	47,319	2,814	(150)
Parks, Leisure, Events and Youth	9,479	10,195	716	(107)
Compliance and Community Safety	11,672	10,559	(1,113)	(112)
Libraries, Galleries and Culture	10,010	10,493	483	483
Neighbourhood Area Teams	3,623	3,164	(459)	(278)
Other Neighbourhood Services	274	286	12	12
SUB TOTAL	**80,741**	**83,210**	**2,469**	**(186)**
Highways	20,713	20,378	(335)	(195)
Total Neighbourhoods	**101,454**	**103,588**	**2,135**	**(380)**

Neighbourhoods - Financial Headlines

Neighbourhood Services - £2.135m overspend, a reduction of £380k from the last reported position

Operations and Commissioning - £2.814m overspend

- Off St Parking - £2.420m reduced off street car parking income, the position has deteriorated by £449k from period 9. Whilst new tariffs were implemented before Christmas, the changes to early bird options, particularly the after 10.30am reduced rates has provided more flexibility to commuters but has also reduced income from day visitors and shoppers. There has also been reduced usage in February and March. Running costs have also been impacted by higher electricity and supplies and services costs of £126k. A commission is being prepared to review both the Council's on street and off street car parking to ensure they are aligned and complement each other, this will include both hours of operation and tariffs charged. In addition to this work is also being done to review revenues from enforcement of moving traffic offences and new bus lane enforcement. All enforcement income must be reinvested into improving transport infrastructure and delivering the service.
- £0.995m shortfall in Christmas Markets. The losses due to closure are time limited and discussions are ongoing with members about the use of Piccadilly Gardens for 2023. There will be opportunities for increased income generation once the enlarged space at Albert Square is reopened, this is scheduled for Winter 2024.
- £449k underachievement of general markets income. The main pressures are as a result of the following markets not achieving the forecast income because of ongoing lower footfalls and reduced income for stall rentals, Sunday Market Car Boot (£102k), Gorton (£120k) and New Smithfield Market (227k), this is partly due to not recovering back to original levels post pandemic. Proposals to redevelop New Smithfield Market are being progressed, and this may impact on the revenue position and will be set out as part of the business case.
- CCTV £188k overspent due to loss of income for accommodation costs in relation to parking and bus lanes monitoring following a change in operators.
  These overspends are offset by;
- An underspend of £293k on Waste and Recycling due to lower than anticipated running costs in the final quarter.
- An underspend of £470k for Waste Disposal Costs because of an adjustment to the levy charges from GMCA, the refund is due to lower actual in year costs.
- Advertising surplus income of £330k this is due to a combination of a higher than anticipated inflationary uplift in year and an increased revenue share based on in year performance.
- Fleet Services has underspent by £60k due to a combination of increased income from vehicle hires, salary savings and a reduction in workshop rents although this is offset by the residual costs of Manchester Fayre (£60k) as some employees are still awaiting new roles.
- Grounds Maintenance has a net saving on employee costs of £38k.

Parks, Leisure Events and Youth - £0.716m overspend

- An overspend of £466k on Leisure Services is due to income losses at the Manchester Aquatic Centre (MAC) car park and Abraham Moss, these are time limited whilst both sites are undergoing refurbishment. The reopening of the MAC car park may be affected by the changes of parking habits following the pandemic and this will be monitored carefully. There have also been additional costs in respect of financial support required to ensure Broadway Leisure Centre can continue to operate. These are offset by use of one off non utilisation of (£0.6m) set aside to support Covid recovery in the current financial year.

- Events overspent by £100k due to a combination of increased costs due to the England Women's Football Team reaching the Euro Finals, and lower than forecast commercial income and sponsorship for events.
- Youth Services is forecasted to overspend by £180k due to additional costs of support for Wythenshawe Active Lifestyle Centre.
- Parks are forecasting a small employee underspend of £30k.

Compliance and Community Safety - £1.113m underspend

- This is mainly due to net forecasted staffing underspends with the increased underspend of £112k from Period 9 being mainly attributable to the delays incurred in appointed staff being able to start in role due to delays with DBS checks.

Libraries, Galleries and Culture – £483k overspend

- Libraries are now reporting a £483k overspend, this is an increase of £483k from the balanced budget reported at Period 9. The increased costs are in backdated historic rents for the North Area Library.

Neighbourhood Teams - £459k underspend

- £350k of the underspend relates to the net position on the ward level Local Investment Fund (LIF) and a request has been made to carry forward this amount to fund existing LIF commitments in 2023/24, the remaining underspend are linked to in year vacant posts as well as small underspends on project budgets.

Highways - £335k underspend

- Highways have overachieved on the income budgets by £1.493m on Highways maintenance due to income for additional works and £0.887m for street permits and other income in Network Management. This is reduced by a £2m revenue contribution to the highways capital programme that has enabled further investment in the network. There was a minor overspend on Accident and Trips due to a higher than forecast claims.

Homelessness

Homelessness £48k Underspend

Homelessness	Annual Revenue Budget	Outturn	Variance from Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Singles Accommodation	2,502	2,381	(121)	(197)
B&B's (Room only)	4,000	2,940	(1,060)	(1,625)
Families Specialist Accommodation	362	290	(72)	59
Accommodation Total	6,864	5,611	(1,253)	(1,763)
Floating Support Service	2,161	1,891	(270)	66

Dispersed & Temporary Accommodation Management Fee	5,531	5,742	839	0
Dispersed Accommodation Total	7,692	7,633	59	66
Homeless Management	949	1,183	234	(44)
Homeless Assessment & Caseworkers	2,772	2,485	(287)	0
Homelessness PRS & Move On	1,680	2,888	1,208	1,570
Rough Sleepers In reach/Outreach	443	443	0	0
Tenancy Compliance	172	99	(73)	(32)
Homelessness Support Total	6,016	7,098	1,082	1,494
Commissioned Services	7,841	8,071	230	203
Commissioned Services Total	7,841	8,071	230	203
Asylum	62	13	(49)	(49)
Asylum Total	62	13	(49)	(49)
Total	**28,475**	**28,426**	**(48)**	**(48)**

Homelessness - Financial Headlines

The reported position for Period 12 is a net underspend of £48k.

Overview of main cost drivers in Homelessness:

- Accommodation. An underspend of £1.253m, there has been a material reduction in B&B numbers since the change to the Allocations policy and as a result of this the spend on B&B's had reduced by £1.245m from the P9 forecast. In the 8-week period since early February there has been a reduction of 89 families and 207 singles placed in B & B accommodation, and this has reduced daily gross expenditure by c£17k. 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. Overspend of £0.569m, as the pressures in the rental market in Manchester increased providers began to withdraw properties from the scheme to let on the open market, if this had been allowed to continue the pressures faced in B&B would have been unsustainable. As a result of this a rate increase was awarded which has resulted in an overspend. As part of the budget setting process for 2023/24 this pressure has been covered by a budget increase. The current housing subsidy loss to the Council for Dispersed Accommodation 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 March were 1,597. 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.
- Homelessness Support Overspend of £1.082m, driven by increased costs on Private rented Sector placements and Move On, significant work has been undertaken by the service to undertake case checks as previously reported. Spend in Private Rented Sector has increased in the last three months as

part of this exercise to ensure that residents retain their current tenancies or are found alternative rental properties. This increased spend will result in a significant reduction in B&B spend on a permanent basis, as can be seen by the rapidly falling number of people who are being placed in B&B accommodation.

- Commissioned Services, overspend of £230k linked to inflationary pressures faced by the Voluntary Sector both in terms of wage inflation and property related inflation.

Housing delivery and HRA

Housing Revenue Account	Annual Budget	Outturn	Variance from Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Housing Rents	(63,713)	(63,829)	(116)	(993)
Heating Income	(681)	(631)	50	50
PFI (Private Finance Initiative) Credit	(23,374)	(23,374)	0	0
Other Income	(979)	(3,392)	(2,413)	(2,370)
Funding from General/MRR Reserves	(13,188)	(10,293)	2,895	2,895
Total Income	**(101,935)**	**(101,519)**	**416**	**(418)**
Revenue expenditure				
Operational Housing R&M & Management Costs	24,038	33,001	8,963	2,380
PFI Contractor Payments	31,942	32,522	580	(69)
Communal Heating	1,019	2,763	1,744	(432)
Supervision and Management	6,604	5,631	(973)	(89)
Contribution to Bad Debts	640	221	(419)	(348)
Other Expenditure	1,463	968	(495)	(359)
Interest Payable and similar charges	2,730	2,730	0	0
Depreciation and Revenue Contribution to Capital Outlay (RCCO)	33,499	23,683	(9,816)	(2,417)
Total Expenditure	**101,935**	**101,519**	**(416)**	**(1,334)**
Total HRA	**0**	**0**	**0**	**(1,753)**

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Closing Balance	Outturn Adjustment	Closing Balance
	78,052	(13,188)	64,864	2,895	67,759

Housing Revenue Account - Financial Headlines

The 2022/23 approved gross HRA budget was gross c£102m and this included forecast capital investment of c£33m. The original approved budget included a forecast £13.188m contribution from reserves. It has only been necessary to draw £10.293m from reserve, and the HRA general reserve closing balance is £67.759m. A summary of the key variances is set out below: -

Overspends of £11.337m

- The management and maintenance costs have an overspend of £8.963m. This is due to c£7.0m repairs and maintenance costs, because of a combination of a higher than forecast inflation increase on the overall contract costs and an increase in the number of voids being processed. In addition there has also been a c£1.9m overspend in management costs which was mainly due to pressures on the business service ICT budget of £1.08m and surveyors costs overspends of £0.74m which is mainly related to disrepair claims and legal fees.
- Increased PFI contractor payments £0.580m – Approximately £0.85m was paid to S4B in respect of compensation costs due the sale of land that was previously identified for redevelopment, and inflation on all three PFI contracts has been higher than forecast, whilst the PFI credits remain unchanged. These costs are partly mitigated by c£450k arising from joint insurance savings at Brunswick.
- Communal heating costs have overspent by £1.794m, this is due to the significant increase in energy costs, whilst these are partially offset by income from heating charges, the 2022/23 increase to tenants heating charges was capped at 20%, whilst costs of gas increased by significantly more. Initial increases to heating charges of 75% were approved for 2023/24 and this is being reviewed on a quarterly basis to ensure heating charges are aligned to national increases whilst looking to smooth the impact on tenants.

Offset by Underspends of £14.232m:

- Rent collected is £116k higher than budget, this is partly due to higher than forecast rents being received from the PFI providers, and a reduction in the number of void properties.
- Other Income is £2.413m higher than budget, this is due to a combination of increased interest receivable of £1.189m, this is due to the increases in the interest rate over the last 12 months and overage payments on the New Build developments within Brunswick PFI (£0.836m) and Miles Platting PFI (£388k).
- Depreciation and RCCO costs £9.8168m – This is largely due to lower than forecast capital expenditure, largely due to slippage in the capital programme offset by a higher depreciation charge on housing assets.
- Reduced contribution to bad debts £419k. This is due to reduced provision requirements for Aged Debt, Compensation and Fire Insurance.
- Supervision and Management costs £0.973m - lower than forecast running costs.
- Other Expenditure - £495k made up of lower than forecast costs on a number of budgets including reduced council tax charges, compensation costs, reduced payments to Tenant Management Organisations (TMO) and reduced Management Fee to Guinness Partnership for West Gorton.

As part of the 2023/24 budget process the 30-year business plan was broadly in balance over the life of the plan, however there are several issues that could potentially affect this if mitigating actions are not identified to offset potential increased costs over the coming years, 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
- Final settlement of commercial details in respect of the repairs and maintenance contract
- Increased investment needs to address both damp and mould and fire risk assessments.

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 on the operation of the account and will ultimately need to be covered through rents or reduced expenditure over the long term. There are several contracts which are uplifted annually in line with inflationary indices, this includes both the repairs and maintenance contracts and PFI Contracts.

Growth and Development

Growth & Development overall - £1.517m underspend

Growth & Development	Annual Budget	Outturn	Variance from budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Investment Estate	(12,536)	(14,592)	(2,056)	(1,104)
Manchester Creative Digital Assets (MCDA)	0	659	659	185
Growth & Development	160	160	0	0
City Centre Regeneration	1,059	976	(83)	17
Housing & Major Regeneration	1,216	1,290	74	(10)
Planning, Building Control & Licensing	(621)	(597)	24	8
Work & Skills	1,950	1,802	(148)	(1)
Manchester Adult Education Service (MAES)	0	12	12	12
Total Growth & Development	**(8,772)**	**(10,290)**	**(1,517)**	**(892)**

Overall outturn is an underspend of £1.517m, which is an increase of £0.892m from the position reported at period 9.

- **Investment Estate - underspend of £2.056m**

  Additional income from a number of areas within the Investment Estate as follows:

  - Additional Income Wythenshawe Town Centre £190k - since the purchase of Wythenshawe Town Centre there have been costs of c£0.845m largely due to the invest to save costs and the service charge costs for void properties, these have been offset by higher than forecast income largely due to the resolution of outstanding issue from prior years in respect of service charge income. These were resolved as part of the purchase agreement.
  - Additional net income from Heron House £0.869m largely due to increased occupation of the space following refurbishment and reconciliation adjustments from prior years based on

additional information received from the managing agent. There is net additional income from across the estate (including Industrial sites, let land, Shops and Car Parks) of £1.234m, mainly due to a series of rent reviews.

The above overachievements are offset by net pressures of c£237k across other assets, of which the former Barclays Computer centre is c£192k due to holding costs following purchase as there are no current tenants.

- **MCDA (Manchester Creative Digital Assets) – overspend of £0.659m** – due to a combination of reduced income as the organisation recovers from the pandemic and increased utility costs. A report recently went to Executive setting out proposals to sell Space, and the implications of the sale will need to be considered in 2023/24.
- **City Centre Regeneration – underspend of £83k** – net underspend on project expenditure and additional income from recharges to project activity.
- **Housing & Major Regeneration – overspend of £74k –** mainly related to the reduced income from projects.
- **Planning, Licensing and Building Control – overspend £24k –** Is the net position for Planning and Building Control, this is due to a combination of staffing underspends due to vacant posts and a £341k contribution to the planning reserve. This results in a closing balance on the planning reserve of £3.64m.
- **Work & Skills – underspend of £148k** - this is due to slippage in projects and the expenditure is lower than was originally forecast.
- **Manchester Adult Education Service (MAES) – £12k overspend -** This includes a £27k drawdown from reserves.

Corporate Core

Corporate Core overall - £1.678m underspend

Chief Executives	Annual Budget	Outturn	Variance to Budget	Movement since last report (P9)
	£'000	£'000	£'000	£'000
Coroners and Registrars	2,377	1,978	(399)	(123)
Elections	1,506	1,506	0	0
Legal Services	9,955	9,996	41	89
Communications	3,447	3,417	(30)	4
Executive	984	932	(52)	(34)
Legal, Comms, Democratic Statutory Sub Total	18,269	17,829	(440)	(64)
Policy, Performance and Reform	14,494	14,363	(131)	55

Corporate Items	1,215	1,190	(25)	(25)
Chief Executives Total	**33,978**	**33,382**	**(596)**	**(34)**

Corporate Services	Annual Budget £000	Outturn £000	Variance to Budget £000	Movement since last report (P9) £000
Finance, Procurement, Commercial Gov.	8,193	7,748	(445)	(11)
Customer Services and Transactions	27,975	27,441	(534)	(97)
ICT (Information & Communication Technology)	15,877	16,221	344	7
Human Resources & OD (Organisational Development)	4,515	4,489	(26)	98
Audit, Risk and Resilience	1,455	1,425	(30)	0
Capital Progs, Operational Property, Facilities	21,899	21,508	(391)	(734)
Corporate Services Total	**79,914**	**78,832**	**(1,082)**	**(836)**
Total Corporate Core	**113,892**	**112,214**	**(1,678)**	**(870)**

Corporate Core - Financial Headlines

Corporate Core £1.678m underspend and the key variances are: -

- Coroners and Registrars are reporting a £399k underspend due to an overachievement income of £204k, mainly due to increased numbers of weddings and citizenship ceremonies, and an £195k underspend on costs within Coroners.
- Legal Services overspent by £41k. This is made up of £461k underspends on employee budgets as the service has faced challenges recruiting to vacancies, which has been offset by reduced external income due to a reduced level of service provision to Salford Council, an inflationary uplift for Members Allowances and increased costs in supplies and services. Within the figures there was an underlying £1m overspend in relation to children's services legal costs which has been 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. There are £136k of expert costs within legal services which are driven by Children's services, and these have been included in the outturn.
- Policy, Performance and Reform £131k underspend - there is reduced income on project activity £169k 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 £216k due to vacancies and an underspend on running costs of £84k.

- Finance, Procurement and Commercial Governance £445k underspent overall due to employee vacancies (£381k) and a £64k gas commission rebate from previous years and other general supplies and services.
- Customer Services and Transactions underspent by £0.534m due to staffing vacancies of £242k and from additional income from clamping illegally parked vehicles across the city of £235k. This income does not fall under the Traffic Management Regulation Act and is therefore un-ringfenced income. There is an underspend on food banks of £100k which the service have requested to be carried forward to 2023/24.
- ICT saw an overspend of £344k mainly due to additional security contracts, in light of the heightened cyber security risks and increased technical resources due to the increased requirements for support for helpdesk services.
- Human Resources had a small net underspend of £26k. This is made up £270k underspend on staffing budgets offset by increased investment in commissioned works.
  Capital Programmes underspent by £391k due to additional income in capital programmes of £0.93m from major projects, £0.821m reduced electricity costs, and £431k underspend on employees. These favourable variances were offset by additional £312k of legal costs, a £0.5m provision for settlement of an outstanding dispute claim, increased security costs for Wythenshawe Hall £141k, higher than budgeted business rates and water charges of £275k, i and delayed Operational Property savings £391k.

There was a £0.870m favourable movement since P9 which relates to:

- Coroners and Registrars £123k reduced costs within Coroners due to several cases being put back until 2023/24.
- Finance, Procurement and Commercial Governance underspend £110k in supplies and services
- Customer Service and Transactions £100k underspend on food banks, and a request to carry this forward has been made.
- Human Resources & OD £98k overspend due to increased spend on commissioned works, largely around ongoing staff development.
- Capital Programmes, Operational Property and Facilities Management £0.734m underspend due to reduced electricity costs

Directorate Savings Achievement - £7.837m

	Savings Target 2022/23					
	Gross Revenue Savings	Use of Reserve/ Other Mitigation	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	292	0	**292**	292	0	0
Adults and Social Care	9,386	(5,500)	**3,886**	3,886	0	0
Neighbourhoods	829	0	**829**	829	0	0

Homelessness	117	0	**117**	117	0	0
Growth and Development	59	0	**59**	59	0	0
Corporate Core	2,654	0	**2,654**	2,674	0	0
Total Budget Savings	**13,337**	**(5,500)**	**7,837**	**7,837**	**0**	**0**

Savings - Headlines

£7.837m approved savings:

- All 2022/23 budgeted savings have either been achieved as planned, or mitigated, in the current financial year.
- Adults - £9.386m gross savings. The detailed BOBL plan is operational, and the service are working to deliver the multi-year savings and cost reductions. Recurrent mitigation has been identified in-year from higher than budgeted income from means tested client contributions to care costs. All savings are therefore 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. Other mitigation including the return of one-off unspent direct payments and other variations detailed allows use of £4.5m of the £5.5m smoothing reserve to be deferred to support the proposed savings programme 2023-26.