

Manchester City Council Report for Resolution

Report to: Executive – 15 November 2023

Subject: Revenue Monitoring to the end of September 2023

Report of: Deputy Chief Executive and City Treasurer

Purpose of the Report

The report outlines the projected outturn position for 2023/24, based on expenditure and income activity as at the end of September 2023 and future projections.

Recommendations

The Executive is requested to:

- (1) Note the global revenue monitoring report and forecast outturn position which is showing a £3.5m overspend.
 - (2) Approve the use of revenue grant funding (para. 2.7).
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Wards Affected: All

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

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

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

A liveable and low carbon city: a destination of choice to live, visit and work.	
A connected city: world class infrastructure and connectivity to drive growth.	

Implications for:

Equal Opportunities Policy – there are no specific Equal Opportunities implications contained within this report.

Risk Management – as detailed in the report.

Legal Considerations – there are no specific legal considerations contained within the report.

Financial Consequences – Revenue

The report identifies a forecast overspend of £3.5m for 2023/24, based on activity to date and projected trends in income and expenditure, government funding confirmed to date and other changes.

This report focuses on 2023/24, however with the scale of funding pressures and future resource constraints, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year.

Financial Consequences – Capital

There are no capital consequences arising specifically from this report.

Contact Officers:

Name: Carol Culley
Position: Deputy Chief Executive and City Treasurer
Tel: 0161 234 3406
E-mail: carol.culley@manchester.gov.uk

Name: Tom Wilkinson
Position: Deputy City Treasurer
Tel: 0161 234 1017
E-mail: tom.wilkinson@manchester.gov.uk

Name: Samantha McArdle
Position: Head of Corporate Finance
Telephone: 0161 234 3472
E-mail: samantha.mcardle@manchester.gov.uk

Background documents (available for public inspection):

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

Revenue Budget Report – Executive Meeting February 2023

Revenue monitoring at the end of May 2023 (P2) – Executive meeting 26 July 2023

Revenue Monitoring to the end of July 2023 (P4) - Executive Meeting 13 September 2023

1.0 Introduction

- 1.1. This report provides an overview of the Council's revenue budget position for 2023/24 which is forecast at an overspend of £3.5m.

2.0 Financial position 2023/24

- 2.1. The current budget monitoring forecast is an overspend of £3.5m. There are considerable risks to the position relating to the impact of rising demand and increasing costs. The main pressures are being felt in the social care budgets reflecting the national pressures in the health and social care sector and trends being experienced across most Social Care providing local authorities
- 2.2. Children's directorate is facing an overspend of £4.8m due to increased External Residential costs, Home to School Transport demand, workforce and price pressures and overspends in Localities and Fostering workforce budgets. The biggest pressure relates to external residential placements and increased complexity of need of the current cohort. Placement costs have increased by 47% in the current financial year. Investment in provision for those children with higher levels of needs is underway as set out in the Children's Services Budget Report. Once this work is complete this should reduce some of the pressures on the external residential care budgets.
- 2.3. The Adults overspend is forecast at £1.6m, driven by long term care placements and cost pressures which are outpacing demand management interventions. Neighbourhoods are forecasting an overspend of £1.6m in relation to shortfalls of income in markets and car parking as income levels have failed to recover since the pandemic and alternative locations for the Christmas markets have not replaced the losses incurred at Albert Square.
- 2.4. These pressures are partly offset by a forecast £2m utilities underspend due to the new contract for electricity effective 1 October 2023, underspends of £1m in Public Health, arising from the confirmation of external funding; £1.2m in Growth and Development due to increased rental income in the investment estate, revised recruitment assumptions and planning fee income and £0.4m in the Corporate Core, mainly due staffing underspends.
- 2.5. £25.2m of savings were agreed as part of the budget process. Of these £15.1m (60%) are on track for delivery, £1.5m (6%) are risk rated medium, and £8.5m (34%) rated high risk in terms of the likelihood of delivery. Officers are working to identify alternative savings where original plans may not be achieved or delayed. The red rated savings are in social care.
- 2.6. Full details about the key budget forecasts and variances by Directorate are provided at Appendix 1. The forecast position includes the recommended budget increases for additional funding set out below for the consideration and approval of Executive.
- 2.7. The 2023/24 pay award has been agreed. Budget allocations will be reported in the next revenue monitoring update.

Additional Revenue Grants

- 2.8. A bid for new external funding has been made relating to Highways - Capability Fund - £200k. Funding has been secured from TfGM Capability fund to help develop key overarching plans and strategies including City Centre Transport Strategy to 2040 and Manchester Active Travel Strategy and Investment Plan (MATSIP), that will help Manchester increase levels of active travel and target areas in Wythenshawe where active travel infrastructure is lower than the rest of the city.
- 2.9. Since the 2023/24 budget was approved there have been additional grant notifications which are now reflected in the revised budget as follows:
- Chief Executives – Electoral Integrity Programme - £25k. New Burdens is intended to fund the new and additional legal requirements of facilitating elections, Postal and Proxy, Overseas Electors portions outlined in Elections Act 2022
 - APDS Pilot: Off street car park and kerbside availability project - £200k. MCC is developing in conjunction with DfT a national parking platform that brings together all parking payment apps, onto one platform so regardless of the individual's preference to parking apps, they will be able to pay for parking in Manchester City Council owned car parks. This funding will enable enhanced project management, on-going operation and maintenance of the pilot and expansion of the number local authorities on-boarded.
 - Purchase of Assheton archive collection - £102k. The grant is specifically for the purchase of the Assheton Collection the oldest surviving archive collection from Greater Manchester, dating from 1197, and secure its accessibility to local people. We will then be able to programme education and outreach around it, and to exhibit it in Manchester and Middleton.
 - Early years supplementary grant - £1.886m. The purpose of this grant is to raise the hourly payment rates offered to local authorities, enabling them to enhance the funding provided to early years childcare providers. These increased funds will support the delivery of entitlements from September 2023 to March 2024.

3.0 Conclusion

- 3.1. The current forecast is an overspend of £3.5m which reflects significant pressures in Long Term Adult Social Care and increased external residential costs for Looked After Children, partly offset by reduced utilities costs and underspends in other directorates. It is halfway through the financial year, significant progress has been made in bringing the position closer to balanced and continued vigilance is needed, given there are significant uncertainties and risks to the position as demand and inflationary pressures could increase.
- 3.2. Any overspend this year will be a direct call on the General Fund reserve which would need to be reimbursed in future years. In addition, any ongoing impact of the pressures faced this year must be addressed in the 2024/25 budget. It is

therefore important mitigations continue to be identified to bring forecast spend back in line with the available budget.