

Appendix 1: Revenue Budget Monitoring Report

Executive Summary

- The Council is forecasting to overspend against its Revenue Budget for 2023/24 by £3.5m, an improvement of £6.1m since Period 4. The Council continues to face severe inflationary and cost price pressures, particularly in Adults and Children’s Services. Children’s are facing £4.8m of pressures due to increased External Residential costs, Home to School Transport demand, workforce and price pressures and overspends in Localities and Fostering workforce budgets. The Adults overspend is forecast at £1.6m, driven by long term care placements and cost pressures which are outpacing demand management interventions. The position is after mitigation of £4m Market Sustainability grant funding. 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. These pressures are offset by a forecast £2m utilities underspend due to the new contract for electricity effective 1 October 2023, alongside underspends in Growth and Development (£1.2m), Public Health (£1m) and Corporate Core (£0.4m).
- Overspending Directorates continue to work on recovery plans to mitigate overspending positions with an aim to further reduce the size of the overspend by the end of the financial year.
- The overspend is net of a projected £7.5m underspend on staffing as services struggle to recruit to vacancies in a tight labour market.
- Planned total Directorate savings in 2023/24 total £25.2m. Of these £8.5m (34%) are high risk, £1.5m (6%) are medium risk and £15.1m (60%) are low risk in that they are on track to be achieved or mitigated. Work is ongoing to find alternative savings where original plans may not be achieved.
- 2023/24 pay award has been agreed, budget allocations will be provided in the next monitoring period.

Table 1 – Forecast Outturn against Budget 2023/24

Summary P6	Original Budget	Gross Expenditure Budget	Gross Income Budget	Revised Budget	Projected Outturn	Variance	Movement from last report (P4)
	£000	£000	£000	£000	£000	£000	£000
Total Available Resources	(745,218)	0	(765,134)	(765,134)	(765,018)	116	0
Total Corporate Budgets	123,025	126,704	0	126,704	124,704	(2,000)	(2,000)
Children's Services	138,234	239,705	(99,693)	140,012	144,801	4,789	(91)
Adult Social Care	211,947	280,796	(65,591)	215,205	216,772	1,567	(2,150)
Public Health	41,955	54,972	(11,605)	43,367	42,408	(959)	(788)
Neighbourhoods	135,294	249,132	(114,193)	134,939	136,494	1,555	155

Growth and Development	(9,733)	38,013	(50,016)	(12,003)	(13,203)	(1,200)	(487)
Corporate Core	104,496	350,607	(233,697)	116,910	116,553	(357)	(764)
Total Directorate Budgets	622,193	1,213,225	(574,795)	638,430	643,825	5,395	(4,125)
Total Use of Resources	745,218	1,339,929	(574,795)	765,134	768,529	3,395	(6,125)
Total forecast over / (under) spend	0	1,339,929	(1,339,929)	0	3,511	3,511	(6,125)

Corporate Resources Financial Information– £116k Underachievement

Resources Available	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000
Retained Business Rates	0	(297,929)	(297,929)	(297,929)	0	0
Business Rates Grants	0	(87,597)	(87,597)	(87,597)	0	0
Council Tax	0	(217,968)	(217,968)	(217,968)	0	0
Other Specific Grants	0	(143,879)	(143,879)	(143,763)	116	0
Use of Reserves	0	(17,761)	(17,761)	(17,761)	0	0
Fortuitous Income	0	0	0	0	0	0
Total Corporate Resources	0	(765,134)	(765,134)	(765,018)	116	0

Corporate Resources - Financial Headlines

- The underachievement of £116k is due to a shortfall on expected waste rebate from GMCA due to the method of allocation.
- Business Rates Collection as at the end of September is 56.59% (excluding account credits) compared to 48.10% in 2022/23, 38.09% in 2021/22, 32.74% in 2020/21 and 46.85% in 2019/20 (pre pandemic comparator). This demonstrates a return to pre-pandemic collection rates.
- There is a fall Council Tax Collection at end of September to 46.80% which compares to 47.16% in 2022/23, 47.61% in 2021/22, 47.40% in 2020/21 and 48.66% in 2019/20 (pre pandemic comparator). The fall could be linked to cost-of-living pressures.
- Invoices paid within 30 days is 94.19%, against the target of 95%.
- £5.217m (16%) of £32.610m of pursuable debt is over a year old and still to be recovered by the Council (as at end of August 2023).

Corporate Costs – £2m Underspend

Planned Use of Resources	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000
Capital Charges	43,218	0	43,218	43,218	0	0
Insurance Charges	2,004	0	2,004	2,004	0	0

Transfer to Reserves	10,334	0	10,334	10,334	0	0
Contingency	600	0	600	600	0	0
Inflationary Budgets and Budgets to be Allocated	22,034	0	22,034	20,034	(2,000)	(2,000)
Apprentice Levy	1,060	0	1,060	1,060	0	0
Levies	39,407	0	39,407	39,407	0	0
Historic Pension Costs	8,047	0	8,047	8,047	0	0
Total Corporate Budgets	126,704	0	126,704	124,704	(2,000)	(2,000)

Corporate Costs - Financial Headlines

- The underspend of £2m relates to the new contract for electricity effective 1 October 2023, once the detail is finalised the budgets will be taken back from directorates to support the overall position.
- The Consumer Prices Index (CPI) was 6.7% in the 12 months to September 2023, no change compared to August 2023. At this stage, it is expected price inflation can be contained within the inflation budgets available. Allowance has been made for the 23/24 pay award in line with the current employer's offer. This has now been accepted.
- Historic pension payments are increased annually from April by the CPI % rate in September of the previous year. Usually, these costs reduce as the number of recipients fall throughout the year, however, any reductions in numbers are likely to be offset by the high increases in pension payments due to September 2022 CPI being 10.1%.

Children's Services - £4.789m overspend

Childrens Social Care	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000
LAC Placements	55,569	(6,452)	49,117	51,818	2,701	(999)
LAC Placements Service	9,175	(938)	8,237	8,500	263	47
Permanence and Leaving Care	30,401	(13,885)	16,516	17,046	530	849
Children Safeguarding Service Areas	50,242	(12,231)	38,011	38,364	353	(53)
Children's Safeguarding	145,387	(33,506)	111,881	115,728	3,847	(157)
Education Services	72,714	(65,266)	7,448	7,377	(71)	(33)
Home to School Transport	14,103	(280)	13,823	14,688	865	24
Targeted Youth Support Service	848	0	848	816	(32)	(33)
Education	87,665	(65,546)	22,119	22,881	762	(8)
Children's Strategic Management and Business Support	6,653	(641)	6,012	6,192	180	75
Total Young People (Children's and Education Services)	239,705	(99,693)	140,012	144,801	4,789	(91)

Children's and Education Services - Financial Headlines

The overall gross budget totals £239.705m with a net budget totalling £140.012m, on top of this the Directorate is responsible for £361.115m Dedicated Schools Grant (DSG). The underlying forecast overspend is as a result of higher placement costs for Looked After Children (LAC), a shortfall in the UASC grant for the numbers now being accommodated, an overspend on Home to School Transport and workforce pressures in Localities and Fostering. Over the last 13 months there has been a 71 drop in the numbers of LAC. The reduction in LAC numbers would have been

greater if not for the increase in UASC which currently stands at 195 (14% of total LAC population). The current UASC numbers is 46% higher than November 22 partially explained by c.70 children coming from dispersal hotels. The financial pressures being faced by the service are predominantly cost driven with significant increases in the costs of placements, which have been impacted by higher national demand, increased complexity of care and high inflation.

Key variances and changes since the last reporting period

- **£2.702m LAC placement overspend.** Overall LAC placement numbers are 57 below budget. Despite decreasing overall numbers of non UASC looked after children there have been increasing numbers of children placed in external residential placements; 12 more external residential placements than budgeted. In particular due to external national market forces - lack of availability of placements and increasingly complex needs of the cohort. 45% of all LAC Placement now spent on external residential compared to 36% in 2019/20. Placement sufficiency is an escalating national issue. Characterised with a lack of suitable placements, increasing numbers of children with complex needs and rising charges for residential places. However, the Children's Services directorate have established monthly external residential clinics, in addition to current governance arrangements, to support more robust step-down plans for Our Children of which positive financial impacts are starting to arise.
- The external residential placement budget is forecast to overspend by £10.339m, if no mitigations take place. £2.624m of this pressure is due to there being 95 placements, 10 placements higher than budgeted for; £7.016m of the overspend is due to the average external residential weekly cost being 47% higher than expected, explained by the above national challenges. This price increase has impacted on the achievement of the £3m Managing Demand saving.
- Fostering and Internal Residential and contingency budget underspends amount to £6,939m which has off-set part of the external residential pressures outlined above. The Directorate had undertaken mitigation actions to manage down this pressure amounting to £2.023m when reported at period 4 of which £1.392m has been achieved namely delayed opening of Take Breath models (£242k) and one-off use of Resettlement grant (£1.150m).
- There has been a significant reduction (£0.999m) in the overspend position since the last reporting period.
- **£263k LAC placement services** overspend on staffing budgets in the Leaving Care Service and Fostering Service. Vacancies being filled by agency which is required to support a growing and stable workforce to ensure Fostering Caseworker caseloads remain at a safe and manageable level. There has been an adverse movement of £47k since the last reporting period due to delays in recruiting permanent staff.
- **£0.530m Permanence and Leaving Care placement** overspends, overall placements numbers are 949, 74 below budget however supported accommodation unit cost has increase 42% above the budgeted rate which has led to significant pressure. In addition to the permanence and leaving care placements there are currently 489 UASC and Care Leaver placements compared to a budget of 430. The current projection is after mitigation of £171k on supported accommodation placements review of over 18 years old and high cost placements.
- **£406k Safeguarding Service overspend.** It has been assumed that a £289k remand pressure will be offset by additional grant or reserves. This pressure mostly relates to agency overspends in Localities and Care 4 Children. The projection has reduced by £53k since the last reporting period due to delays in recruitment. The service is continuing to strengthen its recruitment and retention strategy to ensure increase permanency and stability across the service with planned reductions in agency personnel by December.
- **£0.762m Education Services overspend** This is a reduction of £8k from period 4. Home to School Transport (HTST) is forecast to overspend £0.865m due to the transport operator's costs being higher due to the number of routes increasing above budget £0.978m between 30 and 50 routes a month over the first half of the year. Staffing costs include training and one-off contractual payments as service moves to new structure and back-office staff implementing change £277k. These costs are being mitigated by £500k use of grant funding.

Children's Services Dedicated Schools Grant - £3.716m overspend

DSG (Dedicated Schools Grant)	Gross Annual Budget	Gross Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000
Schools Block	200,493	200,503	10	10
Central Services Block	3,824	3,829	5	5
High Needs Block	113,765	117,843	4,078	2,661
Early Years Block	41,616	41,239	-377	-377
Total in-year	359,698	363,714	3,716	2,299
Transfer to Reserves	1,417	0	-1,417	
DSG 2023/24	361,115	363,714	2,299	2,299
Reserve Balance	0	1,417	1,417	
Overall DSG position	361,115	365,131	3,716	2,299

*The DSG Budget is a ringfenced account and is not part of MCC's General Fund Budgets.

Dedicated School Grant (DSG) - Financial Headlines

- Period 6, the in-year DSG is projecting an overspend of £2.299m. The overall DSG position is projecting a £3.716m overspend (this includes a £1.417m overspend brought forward from 2022/23).
- Period 4 identified pressures the high needs block (HNB): education health care plans (EHCP), education independent sector placements, inter authority. The expectation was £3.990m of these pressures would be mitigated in-year by the recovery plan, leaving a balanced position in-year.
- Period 6, HNB pressures increased by £1.331m, alongside a reduction of £1.330m in the service recovery plan, leading to HNB overspend of £2.661m.
- HNB increase of £2.661m, is due to EHCP and education independent sector placements predominately, projections are based on actual numbers from EYES system, extrapolated to year end based on known trends.
- The drop in the in-year recovery is due to the length of time taken to drive through efficiencies, including appropriate alternative options for pupils than EHCP. Details regarding the SEND (Special Education Needs and Disabilities) Change Programme funding 2023/24 are being clarified, including how that forms part of recovery initiatives.
- Early Years projected underspend is due to lower spend against universal funding for schools and PVI's and other minor adjustments, reducing DSG in-year overspend down to £2.299m.
- Given this, none of the previous year's overspend of £1.417m can be recovered, along with the in-year overspend £2.299m gives a DSG shortfall of £3.716m
- In the North-west 77% of LAs have a DSG overspend. Manchester has the second lowest overspend in the region currently. Manchester has been asked to lead on a SEND change programme as it has been recognised that it has developed areas of good practice.

Adult Social Care / Manchester Local Care Organisation - £1.567m overspend

Adult Social Care	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000
Long Term Care:						
Older People/Physical Disability	83,030	(31,619)	51,411	56,459	5,048	1,439
Learning Disability	64,675	(5,506)	59,169	61,598	2,429	(448)

Mental Health	31,126	(5,887)	25,239	26,490	1,251	(601)
Disability Supported Accommodation Service	22,897	(3,304)	19,593	21,339	1,746	198
Investment funding	6,147		6,147	3,533	(2,614)	(895)
Subtotal	207,875	(46,316)	161,559	169,419	7,860	(307)
Short Term Care:						-
Reablement/Short Term Intervention Team	10,908	(2,147)	8,761	8,461	(300)	(62)
Short Breaks/Respite/Day Centres/Neighbourhood Apartments	5,710	(314)	5,396	5,399	3	(191)
Equipment & Adaptations (inc TEC)	7,499	(2,289)	5,210	4,691	(519)	(275)
Carers/Voluntary Sector	3,947	(462)	3,485	3,583	98	(22)
Subtotal	28,064	(5,212)	22,852	22,134	(718)	(550)
Infrastructure and Back Office:						-
Social Work Teams	21,963	(4,609)	17,354	16,335	(1,019)	(363)
Safeguarding/Emergency Duty	3,957	(1,067)	2,890	3,258	368	172
Brokerage/Care Home Teams	1,587	(159)	1,428	1,418	(10)	42
Management and support	17,350	(8,228)	9,122	4,208	(4,914)	(1,144)
Subtotal	44,857	(14,063)	30,794	25,219	(5,575)	(1,293)
Total ASC	280,796	(65,591)	215,205	216,772	1,567	(2,150)

Adult Social Care - Financial Headlines

The forecast outturn based on information to the end of September is an overspend of £1.567m, a decrease of £2.150m from the last report.

Long term care

The long-term care budget is forecast to overspend by £7.9m. This reflects £10.5m of pressures, detailed below, offset by use of MSIF to support long term care £0.8m and following review of key assumptions, funding remaining for pre 2023/24 care uplifts underspend of £1.8m.

- Older People / Physical Disability (£5.048m)
 - £3.193m within residential and nursing care due to client number changes (20 increase on April), increased additional support costs, framework price pressure and £1.8m shortfall on client income;
 - £2.255m on homecare (growth in commissioned hours 8.8% on April and 66 increase in clients);
 - £0.860m increases in Older People personal budgets;
 - £1.451m of underspend on Older People adult placements and supported accommodation; and
 - £0.191m of other variations.
- Learning disability (£2.429m) – primarily increased clients in supported accommodation (11 increase on April), increased complexity, adult placements and new starters in residential and nursing with increased costs compared to leavers;
- Mental health (£1.251m) – primarily from increased residential clients with some reduction in supported accommodation;
- DSAS (£1.746m) - reflecting increased placements in-house, an agency spend profile which is not yet reducing despite recruitment into roles and backdated 2022/23 agency costs;
- The £5.5m demand management saving has been applied to the long term care budget and is also a key factor in explaining variations. Progress being made on focused reviews, the impact of D2A and the short term offer is out paced by increased demand.

Short term care:

The position on long term care is offset by employee underspends within services within short term care (£0.718m)

Infrastructure and Back Office:

The position on long term care is also offset by Social Work teams (£1.019m), back office and support services (£0.701m), slippage on the £3m investment programme (£1m), £1.2m funding released through reshaping the Adult Discharge Fund, Better Care Fund and Cash Limit funding for D2A and planned use of reserves (£2m). There is a pressure within safeguarding (£0.368m).

Other Matters:

A plan to deploy the 2023/24 Market Sustainability and Improvement Fund Workforce grant (MSIF) allocation (£4.055m) is now in place. £1.7m will be distributed directly to providers in line with the required aim of supporting fee uplifts to providers; £1.1m will target specific residential and nursing capacity and funding issues, such as additional one to one support and assessed needs top-ups; £0.5m will support social work capacity for winter 2023, and the balance of £0.780m will also support the overall long term care budget. Any further winter care requirements will be addressed through a GM funding bid to central government, where up to £1.8m is an indicative allocation.

The Better Outcomes Better Lives (BOBL) Board is overseeing all programmes of work aimed at prevent, reduce and delay care costs. The BOBL programme remains the primary source of reducing spend whilst also helping citizens to achieve independence and better life outcomes, by 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. At the end of March 2023 the number of clients in >65 residential and nursing placements was 698, whereas the number at period 6 is 722, with a number requiring additional 1-2-1 support. In addition to the increase in >65s, there is an additional 11 clients into external learning disability supported accommodation placements since outturn. Here, numbers have increased from 313 at period 9, 316 at outturn, to 327 at period 6. Some of these clients have transitioned from Children's Services on high-cost packages and further projected costs have been factored in based on joint analysis across children's and adults teams. Homecare commissioned hours are 8.19% up on the year to date following a 14% increase in 2022/23.

Key considerations include:

- Almost full delivery of the £4.142m savings target through increasing the vacancy factor on all staffing budgets, releasing £2.275m from the ASC reserve to smooth savings in year and re-financing of assessment posts to the DFG. Work on the transport saving (£0.150m) is on-going;
- £14.694m of funding is fully deployed to support the care market with a notable increase in fees, which also start to move towards a 'fair cost of care'. The ledger reflects £13.6m applied at Period 6. £1.8m of pre 2023/24 funding has been released reflecting an updated view on commitments;
- The investment programme (£3.118m) agreed in the 2023/24 budget has been reviewed and based on recruitment timescales, it is now forecast that £2.081m will be spent in year with the balance supporting the overall financial position in year.

The key financial risks are:

- 2023/24 is the final year of the three-year BOBL savings programme with an agreed saving target of £8.977m to be delivered in 2023/24. £3.477m is achieved through prevent, reduce and delay approaches. The balance of £5.500m is to be delivered through specific additional demand management interventions. Work is on-going to set out financial impact and there is progress against the target. However, the increase in client numbers, the increase in average package costs (complexity and price) and notably the increase in homecare hours, is clearly offsetting and this is creating the overall pressure in the long term care budget;
- Work with Children's Services is ongoing and still has a forecast increase in transitions packages during this year with potential for significant cost transfer (all confirmed and agreed package costs have been included in the forecast);

- The financial position on Disability Services Accommodation Service DSAS (£1.548m overspend) detailed below, reflects the impact of the uplift in agency costs from 2022/23, recruitment slippage and continued high use of agency staff. A specific review on the DSAS forecast is underway to look at the current agency usage and recruitment position. There is a financial risk not included in the position of up to £1m.
- There is significant work underway to fully programme manage the delivery of the proposed saving programme ahead of 2024/25.
- Winter 2023 is a key risk with significant care market supply issues and all new funding already built into the position.

Long Term Care

The forecast position at P6 is an overspend of £7.860m. The key variations have been outlined above.

Short Term Care

The forecast outturn position on short term care at P6 is an underspend of £718k, an increase in the underspend of £550k from period 4. This £718k breaks down as an underspend on Reablement of £231k, the Equipment and Adaptations Service of £405k and Day centres of £66k, due to a time-lag in filling vacancies, offset by a pressure on short breaks of £71k and other minor variations. The Reablement forecast reflects the increased vacancy factor (as per budget plan) and significant recruitment into roles. The service is committed to filling all positions over the course of the year with the progress to date highlighted below. The Equipment and Adaptations Service forecast expects the £500k saving as per the budget plan will be achieved in full. It also reflects estimated start dates for additional recruitment from December. The pressures on short breaks is coming from increased demand for the service.

Infrastructure and Back Office

The forecast outturn position at P6 is an underspend of £5.575m. The underspend on social work teams is £1.019m, comprising £892k on the hospital teams, £257k on specialist learning disability teams and a pressure across the INTs of £130k. The underspend confirms the challenges in recruiting and retaining qualified social workers, but progress is positive with increases in applications coming forward. Overall, this equates to 55 FTE, of which 21.8 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 staff in the interim.

The overspend on safeguarding (£0.288m) relates to the pressure on best interest assessments in relation to Deprivation of Liberty Standards, where external assessors are utilised. The forecast assumes spend on external assessors will be comparable to 2022/23 spend levels, as staff vacancies persist in the service. Agency staff are deployed to cover essential roles, including the filling of management roles, resulting in a pressure of £208k. The use of agency staff to cover Emergency Duty rotas is resulting in a further pressure of £80k.

Management and support have a forecast underspend of £4.914m with the following assumptions incorporated into the forecast:

- £2m from reserves to support the care market
- Slippage on the £3m investment programme of £1m
- £1.2m funding released through reshaping the Adult Discharge Fund, Better Care Fund and Cash Limit funding for D2A
- £0.381m control room and other commissioning vacancies;
- An underspend on Business Support of £0.257m due to challenges across the recruitment market; and
- An underspend of £63k across back office and strategic management areas.

Public Health - £0.959m underspend

Public Health	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000
Children's:						
Health Visitors	11,164	0	11,164	11,164	-	-
Schools Health Service	4,145	0	4,145	4,145	-	-
Other Children's	415	0	415	415	-	-
Sub Total	15,724	-	15,724	15,724	-	-
Wellbeing:						
Be Well Service	2,920	(1,337)	1,583	1,584	1	1
Weight Management	599	0	599	599	-	-
Smoking Prevention	812	(242)	570	570	-	-
Falls Service	768	0	768	768	-	-
Other Wellbeing	2,759	(668)	2,091	2,090	(1)	(1)
Sub Total	7,858	(2,247)	5,611	5,611	-	0
Drug & Alcohol Services:						
Integrated Treat & Support Service	10,156	(3,224)	6,932	6,980	44	(4)
In-patient Detox & Residen Rehab	944	0	944	944	-	-
Young People Services	652	0	652	652	-	-
Other Drug & Alcohol	736	0	736	736	4	4
Sub Total	12,488	(3,224)	9,264	9,312	48	0
Sexual Health Services:						
Sexual Health	7,216	(829)	6,387	6,285	(102)	0
HIV	1,227	0	1,227	1,227	-	-
Other Sexual Health	1,599	(192)	1,407	1,408	1	(1)
Sub Total	10,042	(1,021)	9,021	8,920	(101)	(1)
Making Manchester Fairer:						
COVID Health Equity Manchester	410		410	770	360	0
Sub Total	410	-	410	770	360	0
Other Staffing, Mng & Support:						
Core Staffing	3,638	(929)	2,709	2,373	(336)	87
Locality budget	2,355	(2,355)	0	(11)	(11)	0
Other	2,459	(1,830)	629	(292)	(921)	(874)
Sub Total	8,451	(5,114)	3,338	2,070	(1,267)	(787)
Total Public Health	54,972	(11,606)	43,367	42,408	(959)	(788)

Public Health - Financial Headlines

- Public Health have a £0.959m forecast underspend at year end. This is an increase in the underspend of £0.788m from period 4. Savings of £0.730m have been achieved in full.
- As can be seen from above, there are underspends across the staffing budgets of £0.336m due to vacant posts and the maximisation of external funding, and underspends on other indirect staffing costs. The specialist nature of roles results in an extended timeline for any recruitment. The forecast allows for posts to be filled from December.
- The children's services and health visitor budgets shown above reflect contracting arrangements with health partners and are forecast to spend to budget.
- Drugs and alcohol support budgets - there is an increase in dispensing costs generating a pressure of £44k and other minor pressures of £4k.

- Sexual health contracts have an underspend of £101k, reflecting additional income from partners for outreach work. All block contracts forecast to budget at this point in the year. Nationally and locally demand for these services is increasing and this will be closely monitored in the coming months, as activity data relating to access to services is received.
- The service are reviewing bids from recent procurement processes and finalising funding agreements which will develop and embed the Making Manchester Fairer (MMF) programme. The MMF programme has a budget of £2.989m (reserves funded) and commitments of £2.1m. Most spend will be incurred in the final quarter of the year. Further updates on this will be provided to the MMF Board throughout the year. Spend incurred on the early kickstarter schemes will transfer across to Public Health in the coming months. In addition to the above, work is progressing at pace to utilise the CHEM (Community Health Equity Funding) funding with £120k distributed to partner organisations to date. Demands for further funds will be met from the Public Health reserve subject to appropriate approvals.
- Negotiations with Health partners regarding 'Agenda for Change' health staff pay uplifts is now clearer, with funding received by the ICB now confirmed with partners. This has allowed £0.700m to be released into the position above and accounts for the significant change in forecast at P6.

Neighbourhoods - £1.555m forecast overspend

Neighbourhoods	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000
Compliance and Community Safety	16,559	(5,350)	11,209	10,644	(565)	(65)
Libraries, Galleries and Culture	13,784	(3,829)	9,955	10,002	47	310
Neighbourhood Area Teams	6,337	(431)	5,906	5,796	(110)	(110)
Neighbourhood Management and Directorate Support	1,376	(70)	1,306	1,306	0	2
Operations and Commissioning	89,598	(42,751)	46,847	48,158	1,311	(56)
Other Neighbourhood Services	2,149	(1,203)	946	946	0	0
Parks, Leisure, Events and Youth	21,802	(13,008)	8,794	9,724	930	132
Homelessness	70,065	(38,761)	31,304	31,304	0	0
SUB TOTAL	221,670	(105,403)	116,267	117,880	1,613	213

Highways	25,351	(6,679)	18,672	18,614	(58)	(58)
Operational Housing	2,111	(2,111)	0	0	0	0
SUMMARY TOTAL	249,132	(114,193)	134,939	136,494	1,555	155

Neighbourhoods - Financial Headlines

Neighbourhood Services – are currently forecasting a £1.555m overspend, this is mainly due to ongoing pressures in markets due to the reduced income from Christmas markets, increased costs in Parks, Leisure and Youth due to loss of income whilst refurbishment is undertaken and increased costs because of step in arrangements. The pressures are partially offset by staffing underspends in Libraries, Compliance and Community safety and higher than forecast income in advertising and bereavements. Any vacant posts where start dates have not been confirmed are assumed to be vacant for the remainder of the year.

- **Compliance and Community Safety** - £0.565m underspend is mainly due to net forecasted staffing underspends. The service has now completed the service redesign and recruitment to the posts is progressing.
- **Libraries, Galleries and Culture** – £47k overspend, budget pressures linked to County records where income recovered through fees is lower than the costs to run the service, work is ongoing to review the model to mitigate this pressure in future years.
- **Operations and Commissioning** - £1.311m overspend – largely due to income shortfalls for Markets and a shortfall in income from Off Street Parking, offset by over achievement of income on Advertising and Other Business Units. £1.2m shortfall in Christmas Markets due to the unavailability of Albert Square. The losses due to closure are time limited and are expected to continue in 2024 whilst the square remains closed.
 - Advertising over achievement of income of £244k, due to an annual inflationary uplift that was higher than what was reflected in the budget and increased revenue share, based on the annual performance of each site. Other Business Units £158k underspend linked to higher than forecast income in bereavement Services.
 - Wholesale, Retail & City Centre Markets, £146k underachievement of income, the main pressures are, markets not achieving the forecast income because of ongoing lower footfalls post Covid, exacerbated by the ongoing cost of living crisis and economic uncertainty, Sunday Market Car Boot (£75k) and Church Street (£28k)
 - Off St Parking – £365k overspend. Whilst first quarter income was below the profiled budget, in quarter 2 the income has increased and is now in line with actuals reported last financial year which has improved the projected outturn position.
- **Parks, Leisure, Events and Youth** - £0.930m overspend due to £0.572m Leisure overspend from income losses at the Manchester Aquatic Centre (MAC) car park and Abraham Moss due to closure whilst undergoing refurbishment, along with the additional costs of financial support to the operators of Broadway Leisure Centre.
 - Events £50k overspend. The MCFC parade took place in June 2023 with a cost of £50k incurred for fan safety along the route.
 - Parks is forecast to overspend by £80k due to a combination of additional compensation claims (£40k), additional repair works required at Alexandra Park Pavilion (£30k) and reduced football pitch income (£10k).
 - Youth Services is forecasted to overspend by £212k due to additional costs of support for Wythenshawe Active Lifestyle Centre where MCC have stepped in to provide additional support to maintain provision at the site.
- **Highways**-£58k underspend due to over achievement of income from street permits and other income in Network Management. The £0.531m workforce underspend has been reinvested into the highway capital programme.
- **Operational Housing** – although this is a net nil to Neighbourhoods mainstream budgets there is a pressure in respect of repairs and maintenance costs, largely to increased demands because of the additional damp and mould, and fire risk assessment works.

- **Homelessness-** The forecast outturn is showing a breakeven position, considerable work has been undertaken to reduce the number of families in B&B and work is ongoing to understand the long-term resources required to support this position and to ensure that residents are supported in their own homes and do not require Temporary Accommodation. The reduction in numbers in B&B accommodation contrasts with other LAs where Temporary Accommodation numbers overall are increasing to levels not seen previously and reflects the considerable amount of work has been undertaken in the Directorate to reduce the numbers in B&B accommodation in Manchester.

Housing

Housing delivery and Housing Revenue Account (HRA)

HRA	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Net actual spend to date	Projected Outturn	Variance from Budget	Movement from Last Report
	£000	£000	£000	£000	£000	£000	£000
Housing Rents	0	(67,556)	(67,556)	(33,401)	(67,646)	(90)	0
Heating Income	0	(1,736)	(1,736)	(272)	(1,022)	714	415
PFI Credit	0	(23,374)	(23,374)	(5,843)	(23,374)	0	0
Other Income	0	(2,037)	(2,037)	(651)	(2,583)	(546)	0
Funding from General/MRR Reserves	0	(22,808)	(22,808)	0	(10,928)	11,880	11,880
Total Income	0	(117,511)	(117,511)	(40,167)	(105,553)	11,958	12,295
Operational Housing R&M & Management Fee	31,620	0	31,620	16,835	37,951	6,331	82
PFI Contractor Payments	34,212	0	34,212	15,732	34,048	(164)	0
Communal Heating	2,889	0	2,889	603	1,593	(1,296)	0
Supervision and Management	8,929	0	8,929	2,593	6,894	(2,035)	(64)
Contribution to Bad Debts	679	0	679	0	679	0	0
Depreciation	23,620	0	23,620	0	23,620	0	0
Other Expenditure	980	0	980	253	945	(35)	(35)
RCCO	11,880	0	11,880	0	0	(11,880)	(8,839)
Interest Payable and similar charges	2,702	0	2,702	0	2,702	0	0
Total Expenditure	117,511	0	117,511	36,016	108,432	(9,079)	(8,856)
Total HRA	117,511	(117,511)	0	(4,151)	2,879	2,879	3,439
Movement in General/MRR Reserves	Opening Balance	Forecast Adjustment	Forecast Closing Balance	Funding of forecast overspend	Revised Forecast Closing Balance		
	67,927	(10,928)	56,999	(2,879)	54,120		

Housing Revenue Account - Financial Headlines

The original approved 2023/24 HRA budget was a gross c.£117m and this included c.£35.5m contribution towards the capital programme of £60.4m. The capital programme has been reviewed and there is slippage in a number of projects this year, the revised capital programme is £42.6m, and to reflect the reduced in year programme, the forecast draw down from the HRA reserve has reduced by £11.8m. The HRA is forecasting a £2.876m overspend, and details of how this is made up are set out below:-

Overspends of £7.045m:

- The management and maintenance costs have an overspend of £6.331m. This is due to c£5.327m higher than budget repairs and maintenance costs, due to a combination of projected overspends of c£3.905m due to additional works in respect of damp and mould , fire risk assessments and contract inflation being higher than budget. In addition, there is a forecast overspending of £1.422m due to the increased number of disrepair claims.
- There is also a c£0.668m overspend in management costs and £336k relating to Intensive Housing Charges.
- Whilst communal heating income is £0.714m below budget, this is offset by reduced gas costs.

Offset by Underspends of £4.166m:

- Housing rents are forecast to be £90k higher than budget, this is due to a reduced number of right to buy sales.
- Other Income is anticipated to be £0.546m higher than budget because of the increased interest received on balances.
- PFI contractor payments – £164k underspend - whilst the inflationary uplift was higher than allowed for in the budget, this has now been offset by reduced expenditure because of agreed contract variations.
- Due to the wholesale gas prices reducing during 2023/24 the communal heating schemes gas costs are c£1.296m lower than budget.
- Supervision and Management budgets originally included c.£2.089m for PFI Sprinkler works, but these have now been allowed for within the capital programme, so the budget is not required in 2023/24. Other variances include a net increase of £54k due to changes for residential building safety work and rightsizing incentives, offset by a reduction in the Housing Support Fund requirement plus vacant posts and a reduction in staff recharges into the HRA.
- Other expenditure shows a reduction of £35k due to a revision in the forecast for compensation costs.

Growth and Development – £1.200m Forecast Underspend

Growth & Development	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report	Mainstream Workforce Variance*
	£000	£000	£000	£000	£000	£000	£000
Investment Estate	7,552	(23,333)	(15,781)	(16,117)	(336)	0	20
Manchester Creative Digital Assets Ltd (MCDA)	362	(1,609)	(1,247)	(747)	500	281	12
Growth & Development	305	0	305	305	0	0	(21)
City Centre Regeneration	2,361	(411)	1,950	1,437	(513)	(286)	(220)
Strategic Housing	3,244	(2,317)	927	714	(213)	(213)	(200)
Major Regeneration	1,503	(960)	543	471	(72)	(42)	(12)
Planning	4,770	(4,873)	(103)	(814)	(711)	(369)	0

	£000	£000	£000	£000	£000	£000	£000
Coroners and Registrars	3,778	(1,426)	2,352	2,152	(200)	-	32
Elections	1,476	(363)	1,113	1,113	-	(600)	355
Legal Services	18,123	(7,864)	10,259	10,663	404	(47)	(594)
Communications	4,419	(1,012)	3,407	3,365	(42)	(42)	(42)
Executive	1,040	0	1,040	1,025	(15)	(15)	(54)
Legal, Comms, Democratic and Statutory Sub Total	28,837	(10,665)	18,171	18,318	147	(704)	(303)
Policy, Performance and Reform	20,696	(3,806)	16,890	16,800	(90)	(70)	(287)
Corporate Items	1,345	(130)	1,215	1,215	-	-	-
Chief Executives Total	50,877	(14,601)	36,276	36,333	57	(774)	(590)

Corporate Services	Gross Expenditure Budget	Gross Income Budget	Net Annual Budget	Projected Outturn	Variance from Budget	Movement from Last Report	Mainstre(74)am Workforce Variance*
	£000	£000	£000	£000	£000	£000	£000
Finance, Procurement and Commercial Governance	10,614	(2,504)	8,110	8,113	3	128	(419)
Customer Services and Transactions	238,649	(210,140)	28,509	28,464	(45)	(45)	(10)
ICT	16,125	0	16,125	16,125	-	-	(371)
Human Resources/ Organisational Development (HR/OD).	5,960	(850)	5,110	5,110	-	-	(172)
Audit, Risk and Resilience	1,881	(183)	1,698	1,476	(222)	-	(471)
Capital Programmes, Operational Property and Facilities Management	26,501	(5,419)	21,082	20,932	(150)	(73)	(489)
Corporate Services Total	299,730	(219,096)	80,634	80,220	(414)	10	(1,932)
Total Corporate Core	350,607	(233,697)	116,910	116,553	(357)	(764)	(2,522)

Corporate Core - Financial Headlines

Corporate Core is projected to be £357k underspent and the key variances relate to: -

- Coroners and Registrars £200k underspend due to the projected overachievement of income of £232k, mainly in relation to increased numbers of weddings and citizenship ceremonies, reduced by £32k staffing pressures within Coroners.
- Legal Services £404k overspend, mainly due to reduced external income due to a reduced level of service provision to Salford Council £330k, reduced internal income in Regeneration £230k, Neighbourhoods £60k and externalising Children's services legal work £289k, additional contract costs £89k which is partially reduced by £0.594m underspend on employee budgets as the service has faced challenges recruiting to vacancies. It also

includes £1m overspend in relation to children's services legal costs which has been funded by a transfer from reserves in 2023/24 as approved by Executive on the 22 July 2022. The service has commenced its plan around a recruitment drive to reduce external costs and fill vacancies to mitigate this going forward.

- City Policy, Performance and Reform & Innovation £90k underspend - there is reduced income on project activity £134k as there has been a loss of European funding and access to other funding does not cover our staffing costs at 100% and an overspend on running costs of £63k mainly due to licenses. This is offset by employee underspends of £287k due to vacancies.
- Finance, Procurement and Commercial Governance £3k overspend due to £290k increase in external audit fees £132k in supplies and services reduced by staffing underspends of £419k.
- Customer Services and transactions £45k underspend due to £5k staffing underspend and £40k over achieved income from clamping vehicles across the city which are illegally parked. This income does not fall under the Traffic Management Regulation Act and is therefore un-ringfenced income.
- Audit, Risk and Resilience £222k underspend due to underspend on employee budgets including the workplace adjustment hub, which is now operational.
- Capital Programmes, Operational Property and Facilities Management £150k underspend. There is £489k underspend on employee budgets offset by pressures in Facilities Management mainly Lloyd Street toilets and Operational property £180k for rents and rates and £50k for landlord liability costs.

Directorate Savings Achievement - £25.2m target

The savings target is made up of:

- Savings agreed for 2023/24 as part of prior year's budget setting £9.781m
- Savings agreed for 2023/24 as part of the 2023/24 Budget setting process total £15.396m

	Agreed in Prior years	2023/24 Budget Setting	Total 2023/24 Savings	Green - (Achieved & Mitigated)	Amber	Red
	£000	£000	£000	£000	£000	£000
Adult Social Care	8,977	4,142	13,119	7,469	150	5,500
Children's Services	100	4,411	4,511	1,464	47	3,000
Corporate Core	304	3,365	3,669	3,669	0	0
Growth and Development	300	959	1,259	1,259	0	0
Homelessness	0	1,244	1,244	0	1,244	0
Public Health	0	730	730	730	0	0
Neighbourhoods	100	545	645	558	87	0
Total Budget Savings	9,781	15,396	25,177	15,149	1,528	8,500

Savings – Financial Headlines (£25.177m)

£8.500m of this is considered high risk on non-achievement. This relates to:

- Children's £3m from reducing demand in Looked After Children services. There is considerable pressure on External Placement costs as set out earlier in this report.
- Adults - 2023/24 is the final year of the three-year BOBL savings programme with an agreed saving target of £8.977m to be delivered in 2023/24. £3.477m is achieved through prevent, reduce and delay approaches. The

balance of £5.500m is to be delivered through specific additional demand management interventions which are currently assessed as high risk

£1.528m are considered Medium Risk of non-achievement as follows:

- Children's Mockingbird £47k - The Mockingbird programme is an innovative method of delivering foster care using an extended family model which provides sleepovers, peer support, regular joint planning and training, and social activities. The Directorate is implementing the new model and it is expected the new approach will provide saving mid-year.
- Adults and Social Care £150k - a review of how clients who attend day services travel to the centres is underway, with alternatives being modelled. The review will not conclude until later in the year. There will be consideration of the eligibility criteria, charges and travel training opportunities
- Neighbourhoods - £87k due to delays in the implementation of changes to parking charges at Heaton Park, the changes require a Traffic Regulation order and therefore approved savings will be part year only this year. The shortfall is being mitigated through other income generation within Parks.
- Homelessness - £1.244m, the savings target for Homelessness was set when the service faced an underlying overspend of c£10m at year end 2022/23. Whilst all endeavors will be made to deliver a balanced budget there are significant risks around the Homelessness budgets with the Cost-of-Living Crisis and the pressures faced in the Housing Market in Manchester. There is also considerable uncertainty around the Resettlement funding schemes and conversations are ongoing with the Home Office and DLUHC to understand the financial position in Manchester relating to these three schemes, Afghan Resettlement, Homes for Ukraine and Asylum Dispersal.