

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 14 February 2024

**Subject:** Revenue Monitoring (P9) to the end of December 2023

**Report of:** Deputy Chief Executive and City Treasurer

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**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 December 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 £5.5m overspend.
  - (2) Approve the proposed budget virements (para. 2.8 to 2.10).
  - (3) Approve the proposed use of revenue grant funding (para. 2.12).
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**Wards Affected:** All

<b>Environmental Impact Assessment</b> - 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.
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<b>Our Manchester Strategy Outcomes</b>	<b>Summary of the contribution to the strategy</b>
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 £5.5m 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

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### **Background documents (available for public inspection):**

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

[Revenue Budget Report – Executive Meeting February 2023](#)

[Revenue Monitoring to the end of September \(P6\) - Executive Meeting 15 November 2023](#)

[Revenue Budget Update and Corporate Core Budget Proposals 2024/25 -Resources and Governance – 9 November 2023](#)

[Provisional Local Government Finance Settlement 2024/25 and Budget - Resources and Governance Scrutiny Committee 11 January 2024](#)

## 1 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 £5.5m.

## 2. Financial position 2023/24

- 2.1. The current budget monitoring forecast is an overspend of £5.5m. This is in the context of significant financial difficulty being faced across the Local Government sector. The Council's position reflects 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 £7.7m 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 £3.7m, driven by long term care placements and cost pressures which are outpacing demand management interventions. Neighbourhoods are forecasting an overspend of £1.4m 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, and an additional £1m driven by the release of fortuitous income which represents unallocated income balances not allocated to services. In year price inflation of £455k has been released at P9 plus £553k unallocated pay award due to vacancy levels.
- 2.5. Underspends of £0.8m in Public Health, arising from the confirmation of external funding; £1.5m in Growth and Development mostly due planning fee income and £1.2m in the Corporate Core, mainly due staffing underspends and extra income and reduced costs in Coroners.
- 2.6. £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. As part of the 2024/25 budget-setting process officers have identified alternative savings where original plans may not be achieved or delayed. The red rated savings are in Looked after Children and Adult Social Care.
- 2.7. 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.

### *Virements*

2.8. The following budget virements are presented for approval

2.9. Following agreement of the 2023/24 pay award on 1<sup>st</sup> November 2023 of £1,925 for employees on Grades 1 to 10, 3.88% for employees on Grades 11 to SS2 and 3.5% for employees on Grades SS3 and above. The total cost is an average uplift of 6% within the budget set aside of £15.6m. Due to vacancies the full balance is not required resulting in an underspend of £553k. The pay award inflation budget of c£15.047m has been allocated to directorates as follows:

- Children's Services - £3.165m
- Adult Social Care - £4.341m
- Public Health - £167k
- Corporate Core - £4.140m
- Growth and Development - £279k
- Homelessness - £789k
- Neighbourhoods - £2.195k

2.10. The 2023/24 budget allowed for price inflation of £14.292m, of which £7.858m has been previously allocated. The requests outlined below total £5.979m. The unallocated balance of £0.455k has been released to support the overall position.

- Children's Services - £386k increases to the Home to school transport contract.
- Adult Social Care - £0.565m for Disability Supported Accommodation Services relating to:
  - Contractual agency uplifts of £250k,
  - Increased costs of care for those with Learning Disabilities in supported accommodation £215k
  - Lower level contracts inflated 5% £100k
- Neighbourhoods – Requests totalling £3.213m relating to:
  - BIFFA £1.663m contractual increase linked to staffing costs, vehicle parts, mechanical sweepers, tools and equipment.
  - Off Street Parking £0.538m made up of made up of increases in the Parking Enforcement Contract £0.273m, rent and rates increases £0.1054m and the contract for emptying bins cleaning carparks and removing waste £0.048m
  - Security £0.273m relating to CCTV and security costs for the control room.
  - Redgate Waste £0.184m - following a tender exercise the disposal rate per tonne has increased by 3%.
  - Highways Street Lighting (unitary charge) £0.555m - contractual agreement for operating the PFI
- Corporate Core- £1.102m relating to:
  - Facilities Management increase of £0.525m due to increases in the Equans contract (1.4%) Mitie Security increases (range between 8-13%.)
  - ICT Contract increases and Market Rate Supplements £0.376m.

- Members Allowances Increases of 3.96% costing £92k
- Operational Property business rates and rent increases £109k
- Growth & Development - £263k relating to the contractual costs of procuring expert valuations of the Councils assets
- Corporate Budgets - £450k to fund the 10.1% increase in historic pension liabilities.

### *Additional Revenue Grants*

2.11. 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 – Redmond Review - £83k. This is money provided by central government to support the increasing costs of the annual external audit.
- Early Years Expansion Grant - £98k. The funding will serve as an additional financial resource to ensure that from April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year). The payment is to cover the setup, support and delivery of the new expansion funding.
- Early years Teachers Pay additional grant - £224k. The purpose of this grant is to help and support the pay increase awarded to teachers from September 2023 for the Early Years settings with a qualified teacher status (QTS) in post. These increased funds will support the increase in salary costs from September 2023 to March 2024 for Early Years settings
- Smoking Cessation - £0.929m. The DHSC has notified local authorities that funding is to be awarded by new Section 31 grant funding, for the purposes of providing treatment to smokers to help them to stop and closely linked activity.

### **3. Conclusion**

- 3.1. The current forecast is an overspend of £5.5m 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. Overspending Directorates are working on recovery plans to mitigate their positions with an aim to reduce the overspend by the end of the financial year.
- 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. It is important mitigations continue to be identified to bring forecast spend back in line with the available budget. The forecast ongoing impact of the pressures faced this year has been addressed in the 2024/25 budget elsewhere on this meeting agenda.