

## **Manchester City Council Report for Resolution**

**Report to:** Resources and Governance Scrutiny Committee - 16 July 2019  
Executive - 24 July 2019

**Subject:** Global Revenue Budget Monitoring Report to the end of May 2019

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

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### **Summary**

The report outlines the projected outturn position for 2019/20, based in spend as at the end of May 2019 and future projections.

### **Recommendations**

The Executive is recommended to:

1. Recommend that the Council approve the proposed virements over £0.5m in paragraph 61.
  2. Approve the use of budgets to be allocated in paragraph 58.
  3. Approve the use of reserves in Paragraph 59.
  4. Approve the use of grants in addition to that already planned, as detailed in paragraph 60.
  5. Approve the proposed virements under £0.5m in paragraph 61.
  6. Note the report.
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**Wards Affected:** None directly

<b>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, work	
A connected city: world class infrastructure and connectivity to drive growth	

**Full details are in the body of the report, along with any implications for**

- Equal Opportunities Policy
  - Risk Management
  - Legal Considerations
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### **Financial Consequences – Revenue**

The report identifies a projected net revenue overspend of £3.495m for 2019/20, based on income and expenditure up to the end of May 2019. All Strategic Directors continue to work to address the position by identifying greater efficiencies and accelerating savings where possible in order to support the overall financial position of the City Council.

With the likely scale of funding pressures and future resource reductions, 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. Requests to allocate funding to or from reserves in year are included within the report.

### **Financial Consequences – Capital**

The revenue budget includes funding to meet the capital financing costs of the Council. Changes in the capital programme can affect the budget to meet such costs.

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### **Contact Officers:**

Name: Carol Culley  
Position: Deputy Chief Executive and City Treasurer  
Telephone: 0161 234 3406  
E-mail: c.culley@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.

The Revenue Budget 2019/20 as approved by the Executive on 13 February 2019.

## Introduction

1. This report provides a summary of the projected revenue outturn position for 2019/20.

## May 2019 position

2. The forecast for 2019/20 at the end of May 2019 is an overspend of £3.495m.

## Summary Budget Information

3. The following table summarises the spend for 2019/20 by service. The paragraphs that follow outline the main reasons for the variation to budget.

## Overview of forecast Position 2019/20

	<b>Original approved budget £000</b>	<b>Revised Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>
<b>Total Available Resources</b>	<b>(610,835)</b>	<b>(610,835)</b>	<b>(610,826)</b>	<b>9</b>
<b>Total Corporate Budgets</b>	<b>113,629</b>	<b>108,337</b>	<b>107,916</b>	<b>(421)</b>
Children's Services	120,434	118,855	120,490	1,635
Adult Social Care	198,263	198,068	201,726	3,658
Homelessness	13,375	13,942	13,942	0
Corporate Core	67,838	68,789	67,944	(945)
Neighbourhoods and Highways	91,781	97,081	96,780	(301)
Growth and Development	5,515	5,763	5,623	(140)
<b>Total Directorate Budgets</b>	<b>497,206</b>	<b>502,498</b>	<b>506,405</b>	<b>3,907</b>
<b>Total Use of Resources</b>	<b>610,835</b>	<b>610,835</b>	<b>614,321</b>	<b>3,486</b>
<b>Total forecast over / (under) spend</b>	<b>0</b>	<b>0</b>	<b>3,495</b>	<b>3,495</b>

4. The main differences between the 2019/20 original and revised budget are that:
  - £5.084m for the annual pay inflation award which was included in the original Corporate Budgets and allocated across Directorates (Adults Social Care pooled budget was allocated £1.002m in the original budget);
  - £2.7m Youth Services budget transfer from Children's Services to Neighbourhoods and Highways;
  - £0.983m Decriminalised Parking Enforcement and Bus Lane income budget from Neighbourhoods and Highways to Corporate Services; and

- £279k Winter Pressures grant transfer from Adults Social Care to Homelessness.
5. All variances are measured against the revised budget.

### **Corporate Costs and Resources**

#### **Corporate Budgets and Available Resources (£412k underspend)**

6. Spend against Corporate budgets is £412k less than budget. This is mainly due to historic pension costs being lower than budget due to a reduction in the number of recipients, offset by an underachievement of £9k on Council Tax Subsidy Grant.

### **Business Rates and Council Tax**

7. The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of May 2019, 18.11% of Council Tax had been collected. This is 0.24% lower than the position at the end of May last year. It is too early to predict what the final Council Tax collection rate will be for 2019/20.
8. Business Rates collection is 21.82% at the end of May 2019, 3.61% ahead of last year. Whilst the collection rate has increased, the continued volatility in the position for appeals and new buildings coming onto the rating list means that it is very difficult to predict what the final position will be.
9. However, it should be noted that the income to be included in 2019/20 for these areas is fixed. Any variances will not impact until future years and will be transferred to or from the Business Rates reserve.

### **Children's Services (£1.635m overspend)**

10. Manchester Children's Services is formulating a plan that articulates the delivery of children's services in accordance with the Council's 'locality' model, which will see greater collaboration, joint working, increased access to social care expertise and shared responsibilities across the children services partnership. This alongside the Council's innovation projects (no wrong door, front door reform and complex safeguarding hub) are expected to lead to a sustained reduction of unnecessary requests for a statutory intervention, release social capacity to deliver a timely plan of 'permanence' for children who become looked after, continuously improve the overall quality of practice and divert resources to early help services; supporting the progression of children's services to secure a 'good' Ofsted inspection outcome.
11. This plan will give due regard to how capacity can be released to enable resources to be invested more in early help and prevention and to address the issues, needs and contributing factors which drive the persistently high referrals and re-referrals to support a more sustainable financial position for Children's Services for future years. In response to the volatility in the looked

after children population and provider market, the other key area and focus of the Children and Education Services Directorate Budget Strategy is the development of a cost, demand and (internal and external) market sufficiency strategy (commissioning and market development) to inform the budget for 2020/21 to 2024/25.

12. For 2019/20 in order to put the Children's Services budget in a sustainable position, additional resources of £10.8m were identified in addition to the £2.8m agreed as part of the 2019/20 budget in February 2018 – a total of £13.6m. This enables a reduction in the Directorate savings for the 2018-20 period of £7.951m with revised Directorate's savings in 2019/20 of £2.653m.
13. The forecast outturn to the end of May is an overspend of £1.635m (1.4%) against a net budget of £118.855m the major variances are as follows:
14. External residential placements is projected to overspend by £1.691m due an increase of eight placements since the 2019/20 budget was finalised and a 2% increase in the average unit cost of placements. The position includes £3.3m of funding from Manchester's Clinical Commissioning Group (CCG) towards the costs of residential placements. This is made up of a non-recurrent contribution of £2.2m agreed in March 2018, ahead of progress being made towards joint assessment and funding of support to meet children and young people's needs and a further £1m projected income from the CCG for agreed contributions towards specific placements. The Strategic Director of Children Services and Education continues to undertake a line by line analysis of all external residential placements in order to assess permanence going forward. This position also reflects the current shortfall in delivery of commissioning savings of £400k, work is ongoing to review this provision and seek further efficiencies. This includes:
  - Understanding of residential cohort used to drive commissioning decisions
  - Building relationships with existing and new providers, sharing insights as to type of support Manchester is looking for.
  - Integrated commissioning arrangements with MHCC and Education partners.
15. Leaving Care service has a projected overspend of £312k. The 2019/20 budget included savings of £309k to meet pressures in supported accommodation placements. The projection is for an overspend of £290k which means that this pressure has reduced slightly and the savings remain high risk. Placements are currently 104 compared to the budget available for 87 placements. This includes the cost of accommodating care leavers over the age of 18 and the position reflects that placements are expected to reduce by 5 due to young people taking over their own tenancy or transitioning to Adult Services. Considerable work has been done to address placement costs through realignment of services to meet an individual's needs which has resulted in unit costs being 15% below those anticipated when the budget was set. Staying Put and Supported Lodgings costs are overspent by £22k. Work continues with Strategic Housing to increase the range and choice of provision for care leavers that is both suitable and achieves value for money enabling young people to successfully live independently.

16. The Section 17 payments projected overspend of £117k is due to the demand for support required to be provided to families for accommodation and essential living costs.
17. The Legal Fees for Children's Safeguarding projected overspend of £166k is based on the activity to date and the previous outturn. This relates to anticipated court proceedings costs, translation costs and assessment charges. The Strategic Director of Children Services and Education has recently met with Manchester's Legal Team in order to understand this position better.
18. The Home to School Transport and Travel projects an overspend of £53k. The 2019/20 budget reflected the need to achieve savings of £0.733m to manage a service pressure for the Home to School Transport budget for children and young people with special educational needs and disabilities. Based on current commitments it is forecast that £286k of savings have been delivered and the remaining savings will be achieved through a reduction in spend of £434k on the budget for Travel Passes, based on the existing and anticipated passes to be issued. However, the position on both these budgets may change based on the volume of travel applications received for the new academic year. There are also savings of £90k from Travel Co-ordination of which £50k are expected to be achieved and a further £40k will be achieved next year once capital work is undertaken to enhance pedestrian crossings.
19. The Education Psychology overspend is projected at £349k. Education Health and Care Plans (EHCP) for children and young people aged up to 25 were introduced on 1 September 2014 as part of the Special Educational Needs and Disability (SEND) provisions in the Children and Families Act 2014. In Manchester schools there are a total of 2,895 EHCPs which is a 23% increase over the last three years. The Council is receiving more requests for EHCPs for young people aged 20 to 25. Education Psychologist's assessments inform the EHCP plans and as a result of the additional EHCP demand and statutory requirement to complete EHCP process in 6 weeks the current commission for Education Psychologists has had to increase beyond current available budget.
20. Foster care and Special Guardianship Orders has a projected underspend of £0.776m. At the end of May 2019 external placement numbers were 421, a reduction of 8 placements compared to budget. Placement costs have increased by 2% (£18 per week) since the budget was finalised. Internal Foster Care placements are 454 at end of May 2019 compared to budgeted placements of 467. The service has performed well in the discharge from care or avoidance of children coming into care through increasing the use permanent Special Guardianship Orders and Child Arrangement Orders where deemed appropriate with numbers increasing by 48 to 531 since the budget was set. This is leading to additional costs of £0.569m, which are being met from the underspend in foster care.
21. Children's social care workforce budgets are projected to underspend by £100k. This relates to Locality Social Work teams and Permanence and

Emergency Duty Service underspend of £380k due to existing vacancies. The Families First service and Supervised Contact overspend of £347k, based on the use of agency staff, is currently under review. Complex Safeguarding Guard Hub is undergoing a restructure and current vacancies has led to a small underspend of £25k. Children's Social Care Commissioning Team underspend of £28k is due to vacancies which are expected to be recruited to later in the year. Other underspends total £14k.

22. Children's and Adults Mental Health Service (CAMHS) projects a £20k underspend. The Council is working with Manchester Foundation Trust and Manchester Health and Care Commissioning and has agreed to pay a £480k contribution towards CAMHS based on an interim specification whilst a revised contract specification is being developed for implementation later this year. The underspend relates to the cost of the agreed contribution compared to the budget available.
23. Strategic Leads, Quality Assurance and Statutory Assessment projects a £157k underspend. This is after the use of the recently confirmed School Improvement Grant and recharges to Dedicated Schools Grant.
24. Dedicated Schools Grant (DSG) in 2019/20 totals £530.06m, of which £6.10m is top sliced by the Department for Education to pay for academy budgets. At this stage it is expected that the DSG will overspend by £1.9m. This is mainly due to the high needs block which supports children with special education needs and special school places. There are DSG pressures in out of area placements, Education Health and Care Plans (EHCPs) and post 16 year old Education.

#### **Adult Services (£3.658m overspend)**

25. The Adult Social Care (ASC) and Population Health (PH) budget for 2019/20 is £198.068m of which £193.540m is part of the £1.186bn Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2019/20.
26. The forecast outturn to the end of May is an overspend of £3.658m (1.8%), against a net budget of £198.068m. The 2019/20 budget includes gross savings of £7.909m to be made in the year from ASC services and from those savings £1.845m will contribute towards the cost of expansion of the Reablement service and Extracare services to enable people to be supported better at home and reduce delays in hospital discharge. The position reported to the end of May reflects that savings will be delivered later in the year and therefore will not have a full year impact in 2019/20. Through the partnership arrangements with Manchester Health and Care Commissioning for the health and care pooled budget, measures to manage spending pressures will be considered including taking into account funding available to support system resilience.
27. The major variances are as follows:

28. Budgets within the scope of Manchester Local Care Organisation overspend of £1.374m on Adult Social Care budgets. The most significant pressure is on the in-house supported accommodation budget which continues to incur high costs on agency staffing. The service has had an overspend of c£1m in 2016/17 and 2017/18 which increased to £1.8m in 2018/19, the underpinning financial model and the key assumptions is being fully reviewed. Significant work is underway to improve the agency management information to further understand agency requirements.
29. Residential and nursing project a £255k overspend. The budget includes savings of £1.084m, which equates to a reduction of 49 placements across the year, resulting from the impact of new care models. Residential and nursing placements show a net decrease of 5 from March 2019 and continue to show a reduction.
30. Homecare projects a £0.981m overspend. The hours commissioned as at the end of May are 26,744 which are in line with the numbers commissioned over the last 6 months. The Homecare savings from new care models were £4.533m which equates to a reduction of 5,930 hours or c22% of the commissioned hours. This was modelled to be achieved from reduced packages of care following reablement, the introduction of an improved assistive technology offer and high impact primary care. Based on progress to date it is estimated that £2.1m of savings from these new care models can be delivered in 2019/20 and this is reflected in the reported position. Contract savings of £0.750m were expected from the new homecare contract which is due to commence in September on a phased basis. Progress against this savings target will be expected in the last six months of the year as such £375k of savings are included in the forecast. Savings from Strengths Based Assessments of £300k have also been estimated for delivery later this year. These estimates will be kept under review as the year progresses.
31. Learning Disability projects a £0.616m overspend. There has been a net increase of 8 clients since the start of the year with a cost of £0.544m. The reported position reflects a request to draw down demography funding to meet the cost, subject to approval of the Deputy Chief Executive and City Treasurer and Executive Member for Finance and Human Resources. Savings of £0.650m were agreed as part of the budget process which were split between £0.500m on high cost placements and £150k from the introduction of an enhanced shared lives offer. To date £22k of savings are verified as being achieved against high cost placements. The shared lives offer is still being developed in full and is unlikely to achieve savings before the last quarter of the year. Until the offer is finalised and new carers are recruited, no savings have been built into the reported overspend above.
32. Mental Health projects a £150k overspend. Whilst mental health placement numbers have reduced by 6 for those over 65 years old and by 9 for those under 65 since March 2019. There remains a pressure of £150k on the budget.

33. Commissioning and corporate budgets projects a £0.582m overspend. This overspend is largely as a result of a delay on identification of contract savings of £0.5m which was a savings target for 2019/20. Options are being considered to deliver this saving.
34. Carers budgets project a £200k underspend based on levels of spend to date when compared to spending patterns from 2018/19.
35. Safeguarding budget projects a £100k underspend on staffing related costs. This is outside the remit of the MHCC Pooled Budget.

### **Homelessness / Welfare reforms (Breakeven)**

36. The position reported is a projected break even position against a net budget of £13.942m. The position reflects the allocation of £4.340m investment and demography budget of £250k as per the Council's 2019/20 budget process and planned spend of external recurrent and non-recurrent funding streams. Whilst the position is breakeven there is risk from continuing rising demand, new initiatives and services developments funded from non-recurrent resources.
37. The use of Bed and Breakfast (B&B) during May averaged per night 143 single people and 70 families. The budget position is based on the expectation that numbers will reduce during the remainder of the year. To delay the use of temporary accommodation and move people in a managed way, a new team has been implemented at the front door for Section 21 presentations (no fault evictions). This delay allows more time to work with the family or individual to avoid eviction. Where there is a need for temporary accommodation the aim is to move people directly from their current property into dispersed accommodation, avoiding the use of B&B. If the numbers continued at the current rate for the rest of the year there would be a £75k overspend.
38. The net spend on dispersed temporary accommodation in addition to that claimed through housing benefit is forecast as £5.5m based on placement numbers in May. Forecast gross spend is £14m with eligible housing benefit income of £8.5m. This cost is being met by additional investment of £3.4m included in the 2019/20 budget and Flexible Housing Support Grant of £2.1m. Placements have increased by 27 since March 2019 to 1,508 in May 2019. Numbers of families in temporary accommodation continue to rise and there is a risk that despite significant additional investment in prevention the number of presentations in Manchester will continue to rise. There is an estimated £0.750m capacity in the Housing Benefit subsidy for numbers continuing to rise, this would allow for around 75 new placements, but numbers between June 2018 and March 2019 rose by 150. Work is ongoing to put in place an approach to minimise the cost to the Council of temporary accommodation by maximising the use of eligible housing benefit.
39. The 2019/20 budget included £0.5m of investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. The investment in the Inspections team will ensure there is sufficient capacity

to make certain that properties are up to standard. The Welfare Contact Officers will ensure oversight and service safeguarding is maintained of all households whilst unallocated to a specific Support Worker, in addition to this, the role will oversee escalation of property issues, chasing progress on repairs and supporting residents with move on

40. The 2019/20 budget also included £0.8m of funding for a new homelessness prevention service which will support those households identified early on as being at risk of homelessness. The intention is to pilot this in two areas of the city, linking in with Early Help, education, health, and other locality based services, and providing a multi-agency/multi-modal prevention response to those households identified as being at risk of homelessness before they hit crisis point.
41. Funding of £205k from Greater Manchester Combined Authority (GMCA) for A Bed Every Night commitment for April and May has been confirmed. It is expected that Manchester's provision for the remainder of the year will cost £0.962m, with funding of £0.816m required from GMCA. Remaining £146k of additional support for medium to high needs clients as well as move on support to be funded from the new prevention investment.
42. Adult Social Care Winter pressures grant of £279k has been agreed as part of the 2019/20 budget setting process, this will fund eight posts on a permanent basis to enable successful recruitment and retention of staff linking a Homelessness Support Worker to each of the three hospitals as well as Mental Health. In addition to this there is a requirement to increase Private Rented Sector staffing to ensure people are not discharged from hospital into Homelessness but have a permanent accommodation offer which will be funded as part of the Adult Social Care Winter Pressure grant allocation.
43. The financial position reflects full spend of the following non-recurrent funding allocations:
  - Rough Sleeper Initiative (RSI) funding of £0.5m funds a number of different initiatives and services that work together as an RSI Partnership, with the objectives of preventing people from rough sleeping and finding accommodation for people already rough sleeping.
  - Ministry for Housing Communities and Local Government (MHCLG) has allocated funding for Rapid Rehousing Pathway programme of £215k. Additional staff attached to the Council's Outreach Team will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation.
  - Private Rented Sector Access Bid of £401k to increase the existing PRS offer to landlords including assistance for deposit and bonds.
  - New burdens funding of £390k is being utilised to provide capacity to reduce demand resulting from Homelessness Reduction Act. However whilst the responsibilities are ongoing, given the uncertainty around funding capacity arrangements have been made on temporary basis.
  - MHCLG Prevention and Flexible Homeless Support Grant provide additional funding of £1.005m to be utilised to prioritise prevention activity, carry out homelessness activities in line with the principles of

homelessness reduction act and reduce or eliminate the use of emergency B&B accommodation, particularly for periods over 6 weeks.

#### **Corporate Core (£0.945m underspend)**

44. The £0.945k underspend is made up of £1.958m underspend in Corporate Services offset by £0.639m overspend in Chief Executives and £374k unachieved cross cutting savings which is a timing issue because of part year implementation.
45. The Chief Executives overspend of £0.639m is primarily due to increased costs of the Coroners service, this is due to an increased number of cases, along with the complexity of cases.
46. The Corporate Services underspend of £1.958m includes employee savings of £1.573m due to vacant posts in a number of service areas including Performance Research and Intelligence, Procurement and Commissioning, Revenue and Benefits, Customer Services, Financial Management, and Commercial Governance. There is a £420k underspend in ICT due to a lower forecast spend against resources allocated to fund projects and a £30k underspend on Corporate items due to a reduced audit fee. This is offset by an overspend of £65k in the Shared Service Centre which is due to reduced income and an overspend on running costs.
47. There is a £374k overspend due to unachievement of cross cutting savings in relation to the HR policies. However there continues to be work ongoing to ensure that savings can be set against this target.

#### **Neighbourhoods Directorate (£301k underspend)**

48. The £301k underspend is made up of a £53k underspend on Neighbourhood Services and £248k on Highways Services.
49. Neighbourhoods Services is forecasting an underspend of £373k on Community Safety and Compliance, City Centre Management, Licensing and the Out of Hours Team mainly due to employee underspends with recruitment ongoing and a number of posts will be filled in the coming months.
50. This is offset by £320k lower than forecast income in Manchester Markets due to a decline in tenants at New Smithfield Market, Sunday Market Car Boot and Wythenshawe Market.
51. The position for the Highways Service is a £248k underspend, this is due to £105k underspend on Manchester Contracts as a result of a reduction in employee and subcontractor costs and additional income from pay and display car parks of £143k.

#### **Growth and Development (£140k underspend)**

52. The forecast underspend of £140k is made up a £320k underspend in Facilities Management due to a combination of staff vacancies and reduced security costs offset by additional expenditure on property repairs and planned maintenance costs.
53. The above underspend is offset by £145k overspends on Operational Property due to a combination of increased utility costs and reduced rental income from operational estate, and an overspend on Housing and Residential Growth of £35k due to additional council tax expenditure offset by savings in employee costs.
54. There are a number of ongoing risks associated with the Investment Estate, these include rental income from across the estate, and potential business rate costs for properties held pending development.

### **Housing Revenue Account**

55. The Housing Revenue Account (HRA) is forecasting a £1.333m favourable variance.
56. The main variance is a £1.397m underspend on forecast PFI payments due to rescheduling of some capital investment, with works slipping into 2020/21, this is offset by a number of other smaller variances across the HRA.
57. The HRA is a ringfenced account and any in year surplus/deficit has to be transferred to or from the HRA reserve. Due to the forecast underspend £9.020m will be transferred from reserves, compared to a budget of £10.353m. This would leave a balance of £58.510m in the HRA General Reserve at year end.

### **Budgets to be Allocated**

58. In line with the 2019/20 Budget Report to Executive in February 2019 the inflationary pressures and budgets are allocated on the assessment of individual business cases, approved by the Executive Member for Finance and Human Resources and the Deputy Chief Executive and City Treasurer. The following allocations are recommended for approval:
  - Release of non-pay inflation for Redgate Holdings (Waste Management) of £355k. This will enable the continued disposal of appropriate material at Redgate Holdings Ltd and avoid the costly option of disposal via the Waste Levy.
  - Release of £5.084m for the 2019/20 annual pay award to mainstream budget allocations.

### **Transfer to Reserves**

59. A drawdown request for the following reserve has been submitted:
  - Manchester Fair Trade status – £12k draw down from Transformational

Challenge Reserve. The Council with the support of the Co-operative, Manchester's Fairtrade flagship employer, will be championing Fairtrade in the city, promoting its benefits, and encouraging retailers and customers to choose and support Fairtrade products.

### **Grants**

60. Notification has been received in relation to specific external grants, the use of which were not confirmed as part of the 2019/20 budget setting process and therefore have been considered through the Revenue Gateway process in year.
- Local Government Association Cyber Resilience phase 1 grant of £25k allocated to ICT. The awarded grant will have a positive impact on the provision of cyber security training that will benefit all staff within the organisation. This training and increased awareness will help mitigate the risk of the Council being affected by a cyber-attack.
  - New Burdens funding of £85k allocated to Revenues and Benefits. This will fund additional temporary staffing resources which are necessary to respond more effectively to organised fraud cases received by the Benefits Service.

### **Virements**

61. The following virements are proposed for a revised 2019/20 budget which require Executive / Council approval:
- £300k from Chief Executive Corporate Items to the Cross cutting savings budget in Corporate Core Directorate. This is made up of savings of £150k due to additional annual leave purchased by staff, based on an analysis of take up this year, and the introduction of a shared cost (salary sacrifice) model for the purchase of Pension Additional Voluntary Contributions which is projected to generate £150k in savings from employer national insurance contributions.
  - £0.560m from Cross cutting savings budget in Corporate Core Directorate allocated across Directorates following work recently undertaken to rationalise the Council's senior structure and the level of vacancies held.
  - £2.692m Youth Service budget from Children's Services to Neighbourhood Services to reflect the change in reporting arrangements.

### **Savings 2019/20**

62. In 2019/20 budget process identified £9.022m of savings and budget reductions to be delivered in 2019/20. In addition, a further £5.776m of recovery plan savings have been agreed bringing the total savings required to £14.798m
63. The report sets out the assessment of risk against approved saving for 2019/20. The key areas of concern are those savings targets that have been rated as high risk or 'red'. These are shown in the table below.

<b>Savings</b>	<b>Green</b>	<b>Amber</b>	<b>Red</b>	<b>Total</b>	Non recurrent / Investment	<b>Net Total as per MTFP</b>
	£000	£000	£000	£000	£000	£000
Children's Services	876	1,468	309	<b>2,653</b>	392	<b>3,045</b>
Adults and Social Care	0	1,400	6,508	<b>7,908</b>	(5,915)	<b>1,993</b>
Homelessness	0	440	0	<b>440</b>	0	<b>440</b>
Corporate Core	2,499	850	0	<b>3,349</b>	0	<b>3,349</b>
Neighbourhoods	4,545	406	0	<b>4,951</b>	0	<b>4,951</b>
Growth and Development	1,020	0	0	<b>1,020</b>	0	<b>1,020</b>
<b>Total Budget Savings</b>	<b>8,940</b>	<b>4,564</b>	<b>6,817</b>	<b>20,321</b>	<b>(5,523)</b>	<b>14,798</b>

64. Delivery of amber and red savings will continue to be tracked and reported, and mitigations identified, where possible, to address the 2019/20 financial pressures. The red rated savings are detailed below.
65. Children's Services has £309k savings rated as red, the reported position assumes these will not be achieved in 2019/20. The savings are contained to Supported Accommodation / Leaving Care placements which are higher than budget. Where appropriate the service is supporting young people to take on their own housing tenancy agreements.
66. Adult Social Care has £6.508m savings rated as red. Although categorised as red because further work is required, the service expects to achieve £2.875m of these savings later in the year which is reflected in the reported position. The red savings are made up the following.
67. Reablement savings risk of £3.218m that the model will not have the forecast impact on homecare savings. A number of investigations are underway to improve contact time with the client which will assist delivery.
68. Strength based support planning has estimated savings of £0.5m, in addition there are £1.162m saving risk against Assistive Technology, now known as Technology Enabling Care (TEC). The TEC offer is being rolled out as part of the implementation of the strengths based assessment. Training of front line social care staff is currently underway and new procedures and processes are being put in place as part of the implementation of the new social care case management system (Liquid Logic) later in July. It is expected that benefits from these initiatives will start to be realised later in the year.
69. High Impact Primary Care saving risk of £153k from Residential, Homecare and Social Work. Work is being undertaken by the service to define the scope of the model and build integrated Neighbourhood Teams to assist delivery.

70. There are planned savings of £0.775m from Mental Health assessments where the service is working with Greater Manchester Mental Health to reassess all existing packages of care. Whilst the reviews are progressing, the time taken has gone beyond the original timescale of end of March 2019. This is reflective of both capacity in the service and the need to ensure high quality reviews and appropriate changes to care being properly considered and implemented. To date there have been some reductions in the cost of packages, but there has been some difficulty in sourcing alternative suitable care as such estimated savings may take longer to deliver.
71. Contract review saving risk of £0.5m as the implementation plan is yet to be developed. Further work is being undertaken to link into other service savings to assist with delivery.
72. Implementation of pre-paid cards has a savings risk of £200k due to the delays in mobilising the take up of the new cards, the services is working with social workers to promote the benefits of pre-paid cards and this saving is expected to be realised later in the year.

### **Investment Priorities 2019/20**

73. In 2019/20 the Council committed to £31.863m of investment priorities. An update for these investments to the end of May is shown in Appendix 1.

### **Conclusion**

74. Overall the projected variance of spend to budget for 2019/20 is an overspend of £3.495m.
75. A number of pressures have been addressed through the 2019/20 budget setting process and key risks will continue to be monitored and mitigations sought as required throughout 2019/20. As set out in this report, there are continued pressures on the budgets for Children's Services and Adult Social Care. The achievement of the approved savings targets is also integral to this process and will continue to be closely monitored and reported.

### **Recommendations**

76. The recommendations appear at the front of this report.

## Appendix 1: 2019/20 Investment Priorities

Investment Priorities	2019/20 £000	Objective / Update on progress / Outcomes
<b>Children's Investment</b>		
Looked After Children	12,931	Budget requirement for Children's placements, the Regional Adoption Agency, Children's Mental Health Services (CAMHS) and other safeguarding services supported by funding allocations and reserves.
Early Years	500	Reinvestment of Early Years savings to support the service
<b>Adults Investment</b>		
Additional capacity in Social Work, Safeguarding, the Citywide Care Homes Team, the Learning Disability service and other specialist services. Greater internal capacity for Best Interest Assessors supporting Deprivation of Liberty Safeguards	1,067	Recruitment to address significant challenges identified by incoming Director of Adult Social Services. Progress is positive with c70% of roles recruited to, all pre-employment checks are not yet complete, so start dates are expected in the next few months.
Development i.e. social work career pathway and additional team manager capacity for the in-house Learning Disability Accommodation Service	500	To aid recruitment and retention of social workers a career pathway is being developed. This includes collecting benchmarking information from other authorities. Modelling of possible cost implications is now underway. A future strategy is to go to the Improvement Board once agreed for approval.
Enable permanent recruitment to posts funded via Adult Social Care seasonal resilience funding	1,456	Roles identified to support work across the system in order to improve discharge from hospital. c70% of roles have been recruited to although workers have not yet started due to ongoing pre-employment checks.
Seasonal resilience funding for additional winter arrangements such as placement costs as agreed between partners	1,211	Smooth the pressure from increased package costs across the winter months. Additional provision will be purchased as required to ensure speedy discharge from hospital.
New Care Models	3,343	Investment in the New Care Models

<b>Investment Priorities</b>	<b>2019/20 £000</b>	<b>Objective / Update on progress / Outcomes</b>
Net Investment agreed during 2018/19 budget setting	3,840	Investment to meet need (part of £15m requirement over 2 years)
<b>Homelessness Investment</b>		
Homelessness - enhanced enforcement activity in the private rented sector	500	£0.5m investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. This will ensure that there is sufficient capacity to make sure that properties are up to standard and ensure service safeguarding and oversee escalation of property issues
Investment agreed during 2018/19 budget setting	3,840	To support prevention and temporary accommodation including Bed and Breakfast accommodation.
Demography agreed during 2018/19 budget setting	250	The Demography provision has been applied
<b>Neighbourhoods Investment</b>		
Neighbourhoods - Support Food Inspections	255	Increase the number of food safety inspections, allergen control checks, imported food controls at Manchester Airport and strengthen management oversight.
Neighbourhoods - Further action to tackle littering, fly tipping and poor business waste management	500	To tackle and ultimately reduce the increasing number of commercial and refurbishment waste being fly tipped in particular hot spots throughout the City.
Neighbourhoods - Anti Social Behaviour (ASBAT)	420	Provide additional funding for the ASBAT team to address additional number of cases of anti-social behaviour across the city, delivering prevention, intervention and support to help reduce anti-social behaviour. The funding will be used to provide additional offices, management and support capacity across the city.
Youth Funding	150	Ideas are being developed for various schemes to progress in 2019/20, from 2021 consideration is to be given to part fund revenue costs of the Gorton youth hub.
<b>Corporate Core</b>		
Core - Welfare Reform support from additional Council Tax revenues	1,100	To support additional Discretionary Housing payments. Currently 41% of the total budget has been committed which is at a similar level to last year.
<b>Total Investment</b>	<b>31,863</b>	