

Manchester City Council Report for Resolution

Report to: Executive – 12 December 2018

Subject: Global Revenue Budget Monitoring Report to end of October 2018

Report of: City Treasurer

Summary

This report contains a summary of the Council's revenue budget and forecast outturn position for 2018/19, based on an assessment of income and expenditure to the end of October 2018 and financial profiling to 31 March 2019.

Recommendations

The Executive is requested to:

1. Note the report.
 2. Recommend that the Council approves the use of £6.292m from the City Centre Review, Better Care Funding, Adult Social Care and Parking reserves (as set out in paragraph 13). As the total use of reserves will be more than £2m above that approved when the budget was set it must be authorised by the Council.
 3. Approve the proposed virements in paragraph 11.
 4. Approve the use of budgets to be allocated in paragraph 12.
 5. Approve the use of grants in addition to that already planned, as detailed in paragraph 14.
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Wards Affected:

All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities
A highly skilled city: world class and home grown talent sustaining the city's economic success	

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, 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

Financial Consequences – Revenue

The report identifies a projected net revenue overspend of £3.947m for 2018/19, based on income and expenditure up to the end of October 2018. All Strategic Directors are addressing this and continue to work towards 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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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.

- February 2018 Executive suite of Budget Reports

1. Introduction

- 1.1 The purpose of this report is to provide the Executive with a summary of the Council's revenue budget and forecast outturn position for 2018/19, based on an assessment of income and expenditure to the end of October 2018 and financial profiling to 31 March 2019.
- 1.2 Budget monitoring information is integral to supporting robust management arrangements across the Council; and is part of a programme of continuous improvement. Its purpose is to raise issues which need to be controlled through further management action and, as such, the position may change as work is done by Strategic Directors to bring spend back in line with budgets.
- 1.3 Budgets are being monitored on a monthly basis by senior management and there is monthly reporting to individual Executive Members through Strategic Directors.

2. Background

- 2.1 The City Council set a three-year budget strategy covering the period 2017-20 in March 2017 following consultations with the people of Manchester on what really mattered to them and what they valued most, namely:
 - care and support for vulnerable people including older people and those with learning disabilities and mental health needs; taking action on family poverty and giving young people the best start in life;
 - tackling homelessness;
 - supporting people in to jobs and training;
 - keeping roads and neighbourhoods in good shape; and
 - parks and leisure to keep people active and happy.
- 2.2 The budget for 2018/19 approved by Council in March 2018 represented year two of the financial plan, updated for the latest assumptions underpinning the financial position. It recognised the challenges of rising demand and the continuing reductions in Government funding, noting that spending is becoming increasingly concentrated on social care, both Adults and Children's.
- 2.3 This report details the latest position based on information as at the end of October 2018 and the work being undertaken with Directorates to ensure that there are robust budget recovery plans to address the forecast overspend position and other potential risks.

3. Summary Budget Position 2018/19

Overall Position

- 3.1 The latest position taking into account budget recovery plans, workforce assumptions and the restraint on discretionary non-priority spend is set out

below. However, risks to delivery in some areas remain which are set out in this report.

	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Forecast Variance as at October £000
Total Available Resources	(576,163)	(577,217)	(1,054)
Total Corporate Budgets	123,963	123,739	(224)
<i>Directorate Budgets</i>			
Children's Services	112,855	118,676	5,821
Adult Social Care	180,235	183,650	3,415
Homelessness	9,225	10,466	1,241
Corporate Core	69,817	67,021	(2,796)
Neighbourhoods Directorate	72,658	72,052	(606)
Strategic Development	7,410	5,560	(1,850)
<i>Total Directorate Budgets</i>	452,200	457,425	5,225
Total Use of Resources	576,163	581,164	5,001
Total Overspend	0	3,947	3,947

- 3.2 This budget monitoring report to the December Executive reports an overspend of £3.947m as at the end of October 2018. The Council is aiming to bring down the overspend further and fully review the position and resources prior to the next report and budget setting.
- 3.3 Further actions will be identified for the treatment of the remaining balance, including consideration of any unapplied one-off resources for this financial year and how these can best be deployed to put the budget in a more sustainable position.

Business Rates and Council Tax

- 3.4 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of October 2018, 57.13% of Council Tax had been collected. This is 0.13% behind the position at the end of October last year.
- 3.5 Business Rates collection is 62.34%, 0.82% ahead of last year. Whilst collection rates are broadly the same as last year the continued volatility in the position for appeals means that it is very difficult to predict what the final position will be for the year.
- 3.6 The income to be included in 2018/19 for these areas is fixed. Any variances will not impact until 2019/20.

4. Overall Corporate costs and resources (underspend £1.278m)

- 4.1 The underspend on the total available resources of £1.054m relates to a £0.650m refund of Business Rates in relation to Heron House, £274k additional dividends from Piccadilly Triangle, £5k additional housing subsidy

from DWP, £53k release of corporate bad debt provision and an additional £72k from events income relating to Manchester Central.

- 4.2 The total Corporate Budgets underspend of £224k relates to historic pension costs which are currently forecast to underspend by £197k, due to the reduced number of recipients and a £27k over achievement of grant income relating to magistrates courts. Other corporate items are expected to be in line with budget at this stage and it is currently assumed that all contingencies and budgets held centrally will be required. The position will be reassessed for the next report.
- 4.3 Budgets for inflation and pressures such as increases in demand are held corporately and allocated on the basis of need. To date £15.9m of the £18.7m has been allocated. £1.3m of the general non pay inflation budget remains, to meet any further inflationary increases, and £1.5m which has been ring-fenced to the MHCC pooled budget.
- 4.4 £1.6m of the additional waste contingency to fund any volatility with the waste levy (the position is still uncertain as the re-procurement process has not concluded) and a further £0.3m general contingency remain.

5. Children's and Education Services (Overspend £5.821m)

- 5.1 The 2018–20 Children's and Education budget approved by Council in February included additional investment of £7m and a plan to bring down total costs by safely reducing the number of placements and unit costs during 2018/19. This was to enable the Directorate to continue to invest in additional social work capacity and 'Early Help' and provide the level of service to those who most need it, whilst the investment strategy continues to embed.
- 5.2 The strategy has been successful in stabilising the numbers of children and young people in care. Over the last 5-6 years placement numbers have reduced by 10% with those for residential care reducing by over 50% and external foster care placements by 7%. The position in 2018/19 is that external residential numbers have not yet reduced and external foster care has remained at a similar level. Increased need is largely being met through the internal and external foster care service and the number of Special Guardianship Orders (SGOs) are increasing, which is positive as it means that new demand is being met more effectively and efficiently.
- 5.3 The centrally retained Dedicated Schools Grant is projecting a net overspend of £2.2m, largely on the high needs block. The increasing demand within the high needs service has been previously notified to Schools Forum and more recently was discussed with them on the 24th September 2018 and the 19th November 2018. These demand pressures are believed to be on-going and this has been recognised nationally by the Department for Education (DfE).
- 5.4 The Council has recently consulted schools and the Schools Forum on a transfer of funding from the primary and secondary School Block to the High Needs block up to 0.5% (£2m) in 2019/20. Schools and the Schools Forum

expressed concerns over reducing core funding to schools at a time when schools have seen a real terms reduction in funding. Whilst recognising the position and the importance of the high needs block being adequately funded, the proposal has not been agreed by the Schools Forum. The Forum recognises that the Council will now need to seek Secretary of State approval for the transfer. It is very likely that this will be approved as permission has been granted for many other local authorities that are in a similar position with the high needs block.

- 5.5 The reported overspend of £5.821m for Children's Services is based on actual expenditure to the end of October 2018 and the full year effect of existing placements, workforce and other known commitments. The pressures are largely as a result of the external residential and external foster care placements and the cost of home to school transport for children with special educational needs. The position reflects additional funding to reduce the forecast overspend as set out below:
- Application to Corporate inflation contingency to meet increased cost of placements and other inflation pressures of £2.9m.
 - Draw down of £1.5m of non-recurrent funding set aside as part of 2018-20 budget to mitigate the risk of external residential placements numbers not reducing during the remainder of 2018/19.
- 5.6 There has been a £0.496m decrease in the overspend since the end of August. The main variances on the Children's Services budget are summarised as follows.
- 5.7 External Residential - The forecast position is an overspend of £2.938m, which is a decrease of £0.605m since August. The decrease reflects allocation of £0.5m inflation budget in recognition of rising placement costs and additional contributions from partner agencies following multi-agency agreements to jointly review, support and fund complex placements. The position remains volatile as a small change in placement numbers can have a significant increase on costs.
- 5.8 External and Internal Fostering and Special Guardianship Orders (SGOs) - The forecast position is an overspend of £2.403m, which is a decrease of £0.571m since August mainly due to the allocation of £1.0m from the corporate inflation budget. The forecast position assumes a further shift from the use of external foster care and increase in the use of internal foster care and special guardianship orders (SGO) will be achieved. Should this not be achieved the overspend would increase by £130k.
- 5.9 Leaving Care - The forecast position is an overspend of £253k, which is a £115k increase in the overspend since August. The number of young people in supported accommodation placements increased from 129 in August to 132 in October.
- 5.10 Other Children's Services budget overspends are as follows:

- Fostering Service - £260k projected overspend in workforce budgets as additional staff are in place to support the service which will be met from an application of investment funding into the in-house fostering service.
- Adoption Service - £194k projected overspend in part due to a higher than budgeted management fee for the Regional Adoption Agency (RAA).
- Legal Fees - £436k projected overspend due to legal advice and court proceedings costs being higher due to the increased volume of work.
- Home to School Transport - £0.583m projected overspend – Analysis of the spend since the change in Children’s Act legislation in September 2015 has shown that there has been a 50% increase in the number of routes and a 24% increase in the number of children transported.

5.11 The overspend position is offset by the following:

- Children’s Social Work - Projected underspend of £202k which due to vacancies across the localities. Work continues to ensure that vacancies are filled.
- Complex Safeguarding Hub and MASH - Projected underspend of £102k due to the phasing of costs for this new service against the full year allocated budget.
- Directorate Core and Back Office - projected underspend of £0.509m as a result of the review on discretionary spend.
- Free Travel underspend of £219k
- Other variations totalling £214k underspend.

6. Adult Services (Overspend £3.415m)

6.1 The pressure on the Pooled Budget relates to the longer than planned time to implement the new care models and thus deliver savings. There is ongoing work with Manchester Health and Care Commissioning Executive and Manchester Local Care Organisation to accelerate progress and ensure the impact of new care models on reducing demand for health and care services is as expected. Where the new care models have been implemented, evaluation of those schemes is underway to ensure maximum delivery of the savings in year and ensure safe outcomes for clients.

6.2 Funding for demographic growth of £7.416m was approved as part of the Council’s contribution towards the MHCC Pooled Budget. This was a prudent assessment of need based on predicted trends. Drawdown of the funding is subject to approval by the City Treasurer in consultation with the Executive Member for Finance and Human Resources. The requirement for demographic funding continues to be reviewed to ensure that it reflects true activity levels. The current requirement reflects the planned application of £3.766m. A further £1.150m has been retained for expected growth in demand for the remainder of the year. The balance of £2.5m has been released to support the overall spending position on care placements.

6.3 Any additional pressures from the recent activity regarding delayed transfers of care will be funded from a share of the £2.666m winter pressures funding.

(MCCs share of the national £240m). There is a report elsewhere on the agenda which provides more detail on how this funding will be used.

6.4 A summary of the forecast overspend (£3.415m) is listed below:

There is a projected overspend of £3.415m across all budget areas, a reduction of £180k since August 2018. Of the overspend £3.537m relates to spend against the Manchester Health and Care Commissioning (MHCC) Pooled Budget for Adult Social Care and with a £122k underspend for Adult Social Care services outside the pool. The detailed variations are set out below:

- Residential and Nursing budget overspend of £1.038m - The residential and nursing numbers are c90 lower than 12 months ago. The improved offer from the new Extra Care schemes, opened in 2018, has contributed significantly to this resulting in a saving of £1.570m. The provision has proved popular and is well utilised and as such has had a positive impact on the number of people admitted to residential care. The residential overspend is in the main as a result of savings of £1.265m from other new care models.
- There remains a strong focus on reducing the number of people with a delayed discharge from hospital. As referenced earlier, any discharge into residential care will be covered by utilisation of the winter pressures funding.
- Homecare overspend of £2.914m due to the delays in implementing the new care models, particularly for Assistive Technology. The forecast assumes that £0.500m of savings can be delivered from the Reablement care model currently being implemented. This is a reduction in the original planned savings target and reflects an evaluation of recent activity levels and the levels of recruitment.
- Learning Disability overspend of £157k due to a shortfall against planned savings from the implementation of 'strengths based' support planning. Savings from reviews of high cost placements are on track to be delivered.
- Mental Health £397k overspend due to the non-achievement of savings against the 'strengths based' support planning saving. A programme of work has been agreed with Greater Manchester Mental Health Trust to look at re-assessments which will utilise the 'strengths based' approach.
- Local Care Organisation budgets have an overspend of £1.192m. This relates to the fact that agency staff are still required in care services provided in house to ensure the required staffing ratios are met. Recruitment to crucial service delivery roles will be completed imminently and this should reduce the need for agency placements.
- Commissioning budgets have an overspend of £417k as a result of savings that have not been achieved in 2018/19. Potential areas for savings have been identified for 2019/20 as part of wider re-commissioning work.
- As stated above £2.5m of demography funding has been applied to support the higher care costs due to the delayed delivery of savings
- Other areas have a net underspend of £200k.

Homelessness / Welfare reforms (Overspend £1.241m)

- 6.5 There is a projected overspend of £1.241m which is an increase of £0.648m since August 2018.
- 6.6 There has been a significant increase in the numbers of households who are homeless in Manchester in recent years, including families, single people, young people, and people who are rough sleeping. This trend is also reflected nationally. This will become even more challenging with the roll-out of Universal Credit.
- 6.7 The Homeless Reduction Act was implemented on the 3 April 2018. The Act has placed new duties on the Council to prevent homelessness in all circumstances, and has widened the application of the assistance and support that the Council is required to give to households who are homeless. There is some limited funding of £0.509m over 2 years to support the implementation of the new responsibilities but this is deemed insufficient to meet the associated costs. This funding is not recurrent after the initial investment and because of this, and linked to the rising numbers, £800k investment is being requested to increase staff resources and achieve appropriate caseload levels linked to the new burdens requirements.
- 6.8 Total bed and breakfast numbers have increased from 20 per night in 2014 to 202 per night in October 2018, with approximately 118 per night for single people and 84 per night for families in October 2018. Dispersed temporary accommodation placements have increased from 153 in April 2014 to 1,387 in October 2018.
- 6.9 The budget for Homelessness Service is £5.7m net of grants. This includes an additional £2.1m agreed as part of the budget setting process and £250k for demographic growth. In addition, there has been an additional £0.895m from the City Centre work and a further £0.500m for the Longford Centre. The service receives external funding including:
- The Flexible Housing Support Grant (FHSG) of £1.3m in 2018/19 and £2.1m in 2019/20.
 - New burdens funding for the Homelessness Reduction Act of £0.509m over two years has been allocated by MHCLG.
 - Greater Manchester Combined Authority (GMCA) has received £1.8m over two years to support 3 hubs across Greater Manchester. Manchester's allocation is £0.745m over the two years.
 - Rough Sleeper Initiative Grant of £418k for 2018/19 and recently announced additional funding of £0.5m, conditional on success criteria from 2018/19.
- 6.10 The projected overspend of £1.241m reflects the additional budget provision outlined. The position in October 2018 is the highest both temporary dispersed and families in bed and breakfast have been to date.

- 6.11 In response to the further roll out of Universal Credit and in order to provide funding to residents who are experiencing hardship that is not covered through Housing Benefit or the Housing element of Universal Credit an additional £1.0m of City Council resources was approved to provide a total Discretionary Housing Payments budget of £3.433m. The expenditure to date is £1.967m, with a further £0.717m committed, this leaves £0.749m funding available to award for the remainder of the year.
- 6.12 Manchester is currently reviewing the cold weather provision in line with council priorities to accommodate all people who are sleeping rough for the period October 2018 to April 2019. Work is being done with the GMCA to agree how the service will be funded. In addition the Council is working with other Councils and the voluntary sector to establish a joint approach to the cold weather provision

7. Corporate Core (Underspend £2.796m)

- 7.1 The forecast £2.796m underspend is made up of an underspend in Corporate Services £3.301m, Chief Executives underspend £128k offset by the forecast delay in achievement of the Cross Cutting Savings of £0.633m.
- 7.2 The overall underspend shows an improvement of £1.203m since August 2018 and the main changes are £430k underspend on contract budgets in ICT, an improvement of £248k in the forecast position for staff costs and the mortuary contract in Coroners with the remaining difference being due to employee savings and running costs across services within the Corporate Core.
- 7.3 The Chief Executives forecast an underspend of £128k. This is due to an underspend in Performance Research and Intelligence of £452k due to lower than forecast use of resources approved to enhance the Data Governance section; the release of a £175k provision held for potential repayment of grant monies following final sign off with the funders and higher than forecast numbers of staff purchasing annual leave exceeding the target by £150k. There are a number of smaller underspends in other areas totalling £105k.
- 7.4 The £128k underspend is net of a £0.754m overspend in Statutory and Democratic Services and Executive which includes a £0.544m for the Coroners service due to a combination of increased case numbers, and more complex cases that the service is dealing with. It also includes the additional costs of the elections incurred.
- 7.5 Corporate Services forecast an underspend of £2.668m. This includes employee savings and running costs of £1.421m due to of vacant posts in Commissioning, Procurement, Revenue and Benefits, Customer Services and Financial Management, a saving of £1.2m in Revenue and Benefits due to a reduced need for bad debt provision and £0.841m underspend in ICT due to lower than expected revenue costs of moving the data centre.

8. Neighbourhoods Directorate (Underspend £0.606m)

8.1 The budget for the Neighbourhoods Directorate is £72.66m which includes £15.0m for Highways. The forecast outturn is an underspend of £0.606m an improvement of £95k since August.

8.2 The Neighbourhoods Service reports an underspend of £284k, an improvement of £16k since August. The main in-year variations are:

- An underspend in staff costs (£0.509m), particularly in Community Safety and Compliance where there are delays in filling some vacant positions due to the additional time taken for police vetting and to fill vacancies.
- The other main areas of underspend relate to Libraries, Galleries and Culture where a combination of vacancies and reduced expenditure provide a forecasted (£93k) underspend, the Christmas Offer (£57k) due to increased forecasted income and Bereavement Services additional income of (£87k).
- This is partly offset by overspends in Manchester Markets of £330k due to vacant units and unrecoverable service charges at New Smithfield Market, significant reductions in income at the Sunday Market Car Boot and reduced income across the markets estate through reduced tenants.
- Neighbourhood area teams £87k overspend largely due to the costs of enhanced safety measures within the City Centre.
- Other minor budget overspends of £45k.

8.3 Highways forecast an underspend of £322k, an improvement of £79k since August, due to additional permit income of £115k and reduced costs of bridge inspections £102k. Manchester Contracts has reduced costs on plant and machinery £170k. These overspends are reduced by an overspend on Public Realm for security measures across the city £110k.

9. *Strategic Development (Underspend £1.850m)*

9.1 As at October, the Directorate is forecasting an underspend of £1.850m, this is an improvement of £108k than what was forecast at the end of August. The overall underspend is made up as follows:

- Facilities Management underspend of £210k due mainly to staffing savings in management support and building cleaning.
- Investment Estate forecast underspend of £0.883m due to increased rental income for land used for car parking, offset by reduced rents whilst properties are undergoing redevelopment and reduced advertising income.
- Housing and Residential underspend of £128k due to staff savings from vacant posts, and increased income.
- Planning Building Control and Licensing underspend of £0.682m which includes underspends in staffing costs, additional income and the release of a £187k provision no longer required.
- Work and skills are forecasting a £97k underspend largely due to staff savings from vacant posts.

9.2 Due to the nature of property budgets the position could change due to the volatility of the investment estate income and costs of running the Operational Estate.

10. Housing Revenue Account

10.1 The Housing Revenue Account (HRA) outturn position is currently a £7.284m favourable variance, this is due to:

- A delay in the requirement for Revenue contribution to capital outlay (RCCO) of £8.044m due to the capital programme expenditure being re profiled to take account of the decision to install sprinklers in high rise blocks.
- Additional PFI payments of £1.126m, the majority of which have been brought forward from previous years.
- Higher than forecast rental income of £351k due mainly to a reduction in the number of right to buy applications since the start of the financial year.
- Other minor variances – £15k underspend made up of £72k refund of Council Tax charges offset by overspends including £57k on consultants looking at Tenant Management Organisation fees.

10.2 The HRA is a ring-fenced account and any surplus/ deficit in year has to be transferred to/taken from the HRA reserve. For 2018/19 it is forecast that £0.710m will be transferred to reserves. This leaves a forecast balance of £65.279m in the HRA General Reserve. The 30 year business plan currently forecasts that reserves will be exhausted by 2034/35 and work is ongoing to identify efficiencies that ensure that the reserves are kept at a sufficient level to ensure risk can be managed and there are sufficient resources available to fund future investment needs.

11. Budget Virements

11.1 The following virements are proposed for the revised budget 2018/19 and require Executive approval:

- £0.619m - Facilities Management Centralisation - Security, Pest Control, Cleaning and Planned Preventative Maintenance budgets have been centralised.
- £294k - Transfer of the funding for the resource team staff from the Shared Service area to HR/OD
- £2.957m - Transfer funding for Our Manchester Voluntary and community sector budgets from Adults and Neighbourhoods to Policy, Partnership, Research and Culture.

12. Budgets to be allocated

12.1 In line with the February 2018 budget report to Executive 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 City Treasurer. The following allocations are recommended:

- Our Children's Budgets (Looked After Children) – External Placements £1m to support the continued delivery of the Looked After Children strategy. This is made up of:
 - External Fostering - In order to secure suitable placements for the City's most vulnerable and complex children and the current national shortage of carers for children the Directorate has had to make 44 External Fostering placements above the North West Framework price.
 - External Fostering - due to the cost of moving to the new North West framework being higher than previously anticipated, due to 9 of the agencies involved increasing their prices.
 - External Residential – this is to cover the impact of the 6% inflationary increase which has previously been requested in External Residential together with the increase in the number of residential placements.
- Waste management inflation allocation £137k - Redgate waste management contract to cover pay, fuel and disposal increases from the Inflationary Provision 2018/19.
- Coroners Inflation allocation £248k - Mortuary Contract Inflation in line with the Joint Negotiating Committee.
- Highways Pay Inflation £38k – The current range of highway projects is now more complex and high profile requiring additional consultancy expertise that the service does not directly employ.
- Capital Programmes Pay Inflation £87k - Capital programmes use a fixed fee recovery model for work undertaken. Due to the continuing growth in the construction industry this has limited the number of skilled professionals that the department has been able to recruit to in order to deliver its programme. The result of which is a continuing reliance on using consultants which has led to a pressure on the budget.

13. Reserves

- 13.1 There have been requests for utilisation of reserves since the budget was set. The request is that the Council approves the use of £6.292m from City Centre Review, Better Care Funding, Adult Social Care and Parking reserves. As the total use of reserves will be more than £2m above that approved when the budget was set it must be authorised by Full Council.

Approval for the following unplanned use of reserve is requested:

- City Centre Review – £40k to support the Compliance and Enforcement and Homelessness teams with data and performance indicators on how this additional investment is having an impact on the City Centre.
- This includes the release of £4m funded by Better Care Fund reserve (£2.6m) and Adult Social Care reserve (£1.4m) as part of an overall funding strategy in line with the proposed 2019/20 budget to provide ongoing, rather than one off, contributions for social care and enables the CCG to access its historic surplus in 2019/20 to support the resources available to Manchester.

- £1.595m use of Adult Social Care Reserve for reform staffing, mental health related strength based assessment and supporting the shared lives scheme.
- £175k use of Parking Reserve to fund estimated cost of hostile vehicle mitigation measures in 2018/19.
- £482k is requested to be drawn down from the Asylum Seekers reserve that was originally set aside from The Target Asylum Contracts, earned by the NW consortium team. This will fund the Local Authority Asylum Support Officer (LAASLO) project. Use of the reserve is subject to agreement from the contributing authorities.

14. Grants

14.1 Notification has been received in relation to specific external grants, the use of which were not confirmed as part of the 2018/19 budget setting process and therefore have been considered through the Revenue Gateway process in year.

- Department of Work and Pensions Universal Credit, New Burdens grant to Adult Services - £305k. Supporting Manchester citizens with applying for and managing Universal Credit benefits. Enabling independent living and supporting citizens to manage their own personal budget.
- Digital Social Care Demonstrators (DSCD) - Health to Adult Social Care - £100k. This purpose of this grant is to fund the MCC component of a project to reduce Delayed Transfers of Care (DTOCs) at MFT, the major NHS Acute Trust that serves the locality. The major objective is a reduction in the numbers of bed days where a patient is determined to be medically fit for discharge and the patient is awaiting a social care assessment and/or care plan to be created before being discharged.
- New Burdens grant – Leaving Care to Children’s Services - £52k. The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in response to young people that may request such support from the local authority after the age of 21 and up to their 25th birthday.
- Area Based Collaborative Entrepreneurship in Cities to Corporate Core - £107k. The project aims to develop better policy approaches to promote collaborative entrepreneurship (businesses collaborating for mutual benefit). The bid will support pieces of work that have been established or endorsed through formal Council committees. The Local Plan and Greater Manchester Spatial Framework (GMSF) have both been endorsed through the Executive (and, in the case of the GMSF, the Council).
- New Burdens grant to Homelessness - £0.509m over two years. This is to fund an additional Floating Support Service team who would have a targeted approach on specific cases working with those households who can be moved on into the private rented sector. Staff are needed at the customer service centre to increase prevention work and reduce flow into the system. The Homelessness Reduction Act, introduced in April 2018, has increased the responsibility of the local authority to provide assistance to all households at risk of losing their home. The act requires earlier intervention to prevent homelessness.

15. Prudential Borrowing Indicators

- 15.1 As part of the Prudential Borrowing requirements, the Council sets a range of indicators designed to ensure that the borrowing it enters into is sustainable. These indicators are monitored regularly to ensure they are not breached and are reported in Appendix 1.

16. Conclusions and Next Steps

- 16.1 This report sets out the projected outturn position of £3.9m overspend, an improved position from the reported overspend of £6.1m in August 2018.
- 16.2 It is expected that the in-year position for 2018/19 will further improve through:
- continuing implementation of the recovery plans;
 - effective use of any one-off resources;
 - further progress on the delivery of social care savings, recognising the ambitious targets in Social Care; and
 - controls on spend.
- 16.3 If the underlying position is not addressed the gap will grow significantly in 2019/20 and place the Council in a far more difficult position.

17. Recommendations

- 17.1 The recommendations appear at the front of this report.