

**Manchester City Council
Report for Resolution**

Report to: Executive – 13 February 2019

Subject: Global Revenue Budget Monitoring Report to end of December 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 December 2018 and financial profiling to 31 March 2019.

Recommendations

The Executive is requested to:

1. Note the report.
 2. Approve the proposed virements in paragraph 12.
 3. Approve the use of budgets to be allocated in paragraph 13.
 4. Approve the use of contingency in paragraph 14.
 5. Approve the use of reserves in Paragraph 15.
 6. Approve the use of grants in addition to that already planned, as detailed in paragraph 16.
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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 £1.060m for 2018/19, based on income and expenditure up to the end of December 2018. All Strategic Directors continue working to address, 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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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 December 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 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 budget strategy updated for the latest assumptions underpinning the financial position.
- 2.3 This report details the latest position based on information as at the end of December 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 forecast position for 2018/19 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 and are set out in this report.

	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Forecast Outturn 2018/19 £000
Total Available Resources	(576,162)	(578,105)	(1,943)
Total Corporate Budgets	123,963	122,150	(1,813)
<i>Directorate Budgets</i>			
Children's Services	112,855	119,854	6,999
Adult Social Care	180,234	183,434	3,200
Homelessness	9,225	10,024	799
Corporate Core	70,017	66,556	(3,461)
Neighbourhoods Directorate	72,575	71,887	(688)
Strategic Development	7,293	5,260	(2,033)
<i>Total Directorate Budgets</i>	452,199	457,015	4,816
Total Use of Resources	576,162	579,165	3,003
Total Overspend	0	1,060	1,060

- 3.2 An overspend of £1.060m as at the end of December 2018 is forecast. The Council will continue to work to bring down the overspend further before the end of the financial year.

Business Rates and Council Tax

- 3.3 The Council is responsible for the collection of local taxes (Council Tax and Business Rates). At the end of December 2018, 73.96% of Council Tax had been collected. This is 0.3% behind the position at the end of December last year which may be attributed to residents choosing to pay in twelve instalments rather than ten. The final Council Tax collection rate is not expected to reduce from last year.
- 3.4 Business Rates collection is 78%, 1.4% behind last year. Whilst collection rates are behind last year, the continued volatility in the position for appeals and new buildings coming onto the list means that it is very difficult to predict what the final position will be for the year. The Business Rates collection rate is not expected to reduce from last year.
- 3.5 However, it should be noted that the income to be included in 2018/19 for these areas is fixed. Any variances will not impact until future years.

4. Overall Corporate costs and resources

Available Resources (underspend £1.943m)

- 4.1 The underspend on the total available resources of £1.943m relates to a £0.650m refund of Business Rates in relation to Heron House and additional dividends of £0.760m from National Car Parks Limited and £367k from

Piccadilly Triangle, £5k additional housing subsidy from Department of Work and Pensions, £89k release of corporate bad debt provision and an additional £72k from events income relating to Manchester Central.

Corporate Budgets (underspend £1.813m)

- 4.2 The total Corporate Budgets underspend of £1.813m relates, in the main, to release of the £1.580m waste contingency which has been set aside to mitigate changes in the levy and costs of collection and is not anticipated be required in this financial year. Historic pension costs are forecast to underspend by £206k due to the reduced number of recipients there is and a £27k over achievement of grant income relating to magistrates courts. Other corporate items are expected to be in line with budget and it is currently assumed that contingencies and budgets held centrally will be required.
- 4.3 Budgets for inflation and pressures, such as increases in demand, are held corporately and allocated on the basis of need. To date £16.6m of the £19.0m has been allocated. An amount of £0.825m is held for inflationary increases. In addition there is budget for the Apprenticeship Levy (£0.900m) and the Carbon Reduction charge (£0.660m) which are held corporately and will be allocated when the final figures are known
- 4.4 Allocations from general contingency include £277k for the Arena Anniversary event. A further £0.3m general contingency remains.

Further funding announcements and changes affecting 2018/19

- 4.5 The Council has received a number of recent funding notifications which relate to 2018/19. These include:
- The proposed return of funds from Greater Manchester Combined Authority (GMCA) - GMCA will propose the return of £6.021m of retained business rates to the City Council and this will formally be considered at the meeting of the Combined Authority on 15 February.
 - The return of £2.699m in 2018/19 from the unused central business rates levy surplus held by Government. This is to be distributed to all councils on the basis of need (as determined in the annual Settlement Funding Assessment).
 - £1.840m funding from Government following an error in the calculation and payment of S31 grant for Small Business Rates Relief dating back to 2017/18. The Ministry of Housing, Communities and Local Government shared the calculation, relating to the adjustment, with authorities in December, however, the official confirmation of allocations is yet to be received from the Ministry.
- 4.6 These additional funds will be taken to reserves in 2018/19 and used to support the proposed three year investment plans as set out in the Budget Covering Report, Medium Term Financial Plan and Business Plans elsewhere

on the agenda.

- 4.7 As previously reported to January Executive the airport dividend announcement was made in December 2018. As this is not a guaranteed income stream the majority of the airport dividend is applied a year in arrears to support the Council's revenue budget, therefore this will be included within the Airport Dividend Reserve and used to support the 2019/20 budget.
- 4.8 There are also other Council held provisions/reserves totalling £4.195m which are proposed to be released to support investment priorities in 2019/20. These include the provision for sleep-in allowances of £2.100m which is no longer required and £2.095m from Adult Social Care related reserves.
- 4.9 On 29 January 2019 the Government announced an additional £56.5m to help councils with Brexit preparations. The Council's initial allocation is £210k covering two financial years - £105k in 2018/19 and 2019/20 respectively. This funding will be taken to reserves and earmarked to meet future costs.
- 5. Children's and Education Services (Children's Services budget overspend of £6.999m and Dedicated Schools Grant overspend of £0.552m)**
- 5.1 The 2018-20 budget delivery plan projected that the level of need for children and young people would cost an additional of £19.6m over the period 2018-20. Based on an estimate of placement need and further developments as a continuation of the existing strategy, numbers in external residential and foster care provision were expected to reduce during 2018/19 and 2019/20 with a reduction in costs of £12.6m over the same period to leave a funding requirement of £7m which was provided in the approved 2018-20 budget.
- 5.2 The position reported to Scrutiny in December was that in 2018/19 while there has been progress in achieving the strategy the overall external residential and foster care numbers have not reduced in line with the plan. Increased need is largely being met through the internal and external foster care service; which has been supported by improvements in securing a 'permanent' arrangement through the increased number of Special Guardianship Orders (SGOs). This is positive as it means that new demand is being met more effectively and efficiently.
- 5.3 The reported overspend of £6.999m for Children's Services is based on actual expenditure to the end of December 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. 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 the 2018-20 budget to mitigate the risk of external residential placements numbers

not reducing during the remainder of 2018/19.

- 5.4 There has been a £1.178m increase in the overspend since the end of October. The main variances on the Children's Services budget are summarised as follows.
- 5.5 External Residential - The forecast position is an overspend of £3.167m, which is an increase of £229k since October. This is due to a net increase in the number of placement by three, offset by the confirmation of partner contributions 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.
- 5.6 External and Internal Fostering and Special Guardianship Orders (SGOs) - the forecast position is an overspend of £3.068m which is an increase of £0.665m since October mainly due to the net increase of 10 placements across fostering and SGO's.
- 5.7 Youth Offending Service - The forecast position is an overspend of £250k, which is a new emerging pressure since October. This has recently come to light following updated information on the level of remand to date and the expected level for the remainder of the year. This is a highly volatile area and is reported to partners at the Youth Justice board on a regular basis. The service will continue to work with the Judiciary in order to minimise the remand period.
- 5.8 Other Children's Services budget overspends are as follows:
- Adoption Service - £206k projected overspend in part due to a higher than budgeted management fee for the Regional Adoption Agency (RAA).
 - Legal Fees - £430k projected overspend due to legal advice and court proceedings costs being higher for the increased volume of work.
 - Home to School Transport and Free Travel - £262k projected overspend. The 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.
 - Overspend of £315k relating to the higher cost of support for additional accommodation, essential living, adoption allowances, leaving care allowances, assessments and translations and birth certificates spend being higher than budgeted for.
 - Other variations totalling £21k overspend
- 5.9 The overspend position is offset by the following:
- Children's Social Work - Projected underspend of £201k which is due to vacancies across the localities. Work continues, to ensure that vacancies are filled.
 - Complex Safeguarding Hub and Multi Agency Safeguarding Hub - Projected underspend of £108k due to the phasing of costs for this new service against the full year allocated budget.
 - Directorate Core and Back Office - projected underspend of £411k as a

result of the review on discretionary spend.

- 5.10 Children Services revised budget proposals strategy for 2019/20 is to put the budget onto a realistic footing going forward given the local and national pressures being faced on Children's Social Care but also to progress the planning and associated activity to ensure adequate and effective investment into early help and interventions that deliver longer term achieve better outcomes and financial sustainability.
- 5.11 The centrally retained Dedicated Schools Grant (DSG) is projecting a net overspend of £0.552m, largely on the high needs block. This has reduced by £1.648m since last October. This movement is mainly as a result of £1.28m additional funding allocation from the Department for Education (DfE) in 2018/19 and the reduction in the level of funding required for in-year expansions. The pressures in the part of DSG that supports children with high needs are believed to be on-going and this has been recognised nationally by the DfE.
- 5.12 During the autumn the Council consulted schools and the Schools Forum on a transfer of funding from the schools block to the high needs block of up to 0.5% per pupil (£2m) in 2019/20. This was to address an underlying pressure in the High Needs budget largely resulting from an increase in the number of children and young people with Education, Health and Care Plans. As a result of additional DSG for high needs of £2.562m (£1.281m for 2018/19 and 2019/20) announced by the DfE in December 2018, the Council is no longer seeking to make the transfer for 2019/20. However, despite this increase there are continuing pressures on the high needs block. The Council will continue to identify further savings options during 2019/20.

6. Adult Services (Overspend £3.200m)

- 6.1 There is a projected overspend of £3.2m, a reduction of £216k since October 2018. Of the overspend £3.278m relates to spend against the Manchester Health and Care Commissioning (MHCC) Pooled Budget for Adult Social Care and with a £78k underspend for Adult Social Care services outside the pool.
- 6.2 The ongoing pressure on the Pooled Budget relates to the longer than planned time to implement the new care models and thus deliver savings. There is collaborative work across a number of organisations ongoing to accelerate progress against the original plans and ensure the impact of new care models on reducing demand for health and care services is as expected. This will need to be balanced against the demand currently in the system, particularly with regard to the pressures experienced during the winter. Where the new care models have been implemented, evaluation of those schemes is ongoing 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. The current requirement

reflects the activity levels across the service areas and the projected demand until the end of the financial year. Drawdown of the funding is subject to approval by the City Treasurer in consultation with the Executive Member for Finance and Human Resources. The current requirement reflects the planned application of £6.266m. A further £1.15m has been retained and a request to release the money will be on the basis of demand exceeding present trends for the remainder of the year.

6.3 As part of the 2018 Autumn budget and December 2018 finance settlement the government announced £240m of additional funding for 2018/19 and 2019/20 for councils to spend on adult social care services to help councils alleviate winter pressures on the NHS, getting patients home quicker and freeing up hospital beds across England. The allocation to the City Council, which is based on the Adults Relative Needs Formula, totals £2.67m in each year. The use of the 2018/19 allocation was agreed between partners and at the Council's Executive in December 2018. The budget proposals include the funding being smoothed over 2-3 years to support the creation of a sustainable establishment to manage both the homecare mobilisation and the waiting lists to support the health and social care system to manage winter pressures. The proposals for deployment have been aligned with other funding and developed jointly with partners across the health and social care system.

6.4 A summary of the forecast overspend (£3.200m) variations are set out below:

- Residential and Nursing budget overspend of £0.916m - The residential and nursing numbers are 93 lower than 12 months ago. The new Extra Care schemes, opened in 2018, remain popular and very well utilised and this is contributing to lower levels of spend and reduced numbers admitted into care. These lower numbers result in a saving of £1.57m. The residential overspend is largely as a result of savings from other new care models being re-phased into 2019/20.
- There remains a strong focus on reducing the number of people with a delayed discharge from hospital. The delays being experienced are now running at a level close to the national average, which is a result of close working by all parties across the care sector. Any discharge into residential care going forward will be covered by utilisation of the winter pressures funding.
- Homecare overspend of £2.984m due to the delays in implementing the new care models, particularly for Assistive Technology. Work is ongoing to match the correct cohort of people with the correct equipment to deliver savings in 2019/20. The forecast includes that £0.5m of savings can be delivered from the reablement care model currently being implemented in the last quarter of 2018/19. This reflects an evaluation of the levels of recruitment.
- Learning Disability overspend of £164k due to a shortfall against planned savings from the implementation of 'strengths based' support planning. Savings from reviews of high cost placements have been delivered in full.
- Mental Health £413k overspend due to the non-achievement of savings

against the 'strengths based' support planning saving. Greater Manchester Mental Health Trust have commenced work to look at re-assessments which will utilise the 'strengths based' approach.

- Local Care Organisation budgets have an overspend of £1m. 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. Initial recruitment to crucial service delivery roles is complete, which should reduce the need for agency placements. Further work has commenced to look at future staffing levels as the service develops new provision which should also result in the need for less agency capacity in the future.
- Commissioning budgets have an overspend of £0.524m 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.
- £2.5m of demographic funding has been applied to cover pressures across the care budgets
- Other areas have a net underspend of £303k.

7. Homelessness / Welfare reforms (Overspend £0.799m)

7.1 The budget for Homelessness Service is £5.7m net of grants. The service also receives external funding including:

- The Flexible Housing Support Grant (FHSG) of £1.3m
- New burdens funding for the Homelessness Reduction Act of £0.509m over two years which has been allocated by MHCLG.
- Greater Manchester Combined Authority (GMCA) has received funding of £1.8m over two years to support three 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 from 2018/19, conditional on meeting the success criteria.

7.2 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. Total bed and breakfast numbers have increased from 20 per night in 2014 to a high of 202 per night in October 2018, with approximately 118 per night for single people and 84 per night for families in October 2018. There has been a reduction in December to an average of 89 singles and 53 families but this had already been factored in to the forecast as the numbers historically reduce in December. Dispersed temporary accommodation placements have increased from 153 in April 2014 to 1,433 in December 2018.

7.3 There is a projected overspend of £0.799m which is a decrease of £442k since October 2018. Following a review of the recharge calculation between Revenues and Benefits and Homelessness linked to the loss of the Temporary Accommodation Management Fee the recharge has reduced by

£250k between October and December, this has resulted in the Homelessness overspend reducing by £250k. In addition to this, income received from GM to support the Longford Centre is higher than previously forecast which has reduced the forecast spend in Singles Accommodation by £192k.

- 7.4 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 £2.502m, with a further £0.560m committed, this leaves £0.371m funding available to award for the remainder of the year.
- 7.5 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

8. Corporate Core (Underspend £3.461m)

- 8.1 The forecast £3.461m underspend is made up of the underspends in Corporate Services £4.087m, and Chief Executives £7k; offset by the forecast delay in the achievement of the Cross Cutting Savings of £0.633m.
- 8.2 The overall underspend shows an improvement of £0.665m since October 2018. The main changes are £200k increased housing benefit subsidy, £148k additional Capital Programmes income, £85k contract budget savings in ICT, £50k additional purchase of annual leave with the remaining difference being due to further savings on both employee and running costs across services within the Corporate Core.
- 8.3 The Chief Executives overall forecast position is an underspend of £7k. There is a net underspending in relation to staff costs of £317k, together with the release of a £168k provision held for potential repayment of grant monies and £200k higher than forecast savings through the purchase of annual leave.
- 8.4 The main areas of overspend relate to Statutory and Democratic Services and Executive which includes £0.544m for the Coroners service due to a combination of increased case numbers, and more complex cases that the service is dealing with and additional costs of £162k in respect of elections.
- 8.5 Corporate Services forecast an underspend of £3.454m. This includes employee savings and running costs of £1.874m due to vacant posts in Commissioning, Procurement, Revenue and Benefits, Customer Services, Financial Management and Commercial Governance; a saving of £1.4m in Revenue and Benefits due to a reduced need for bad debt provision (£1.2m) and housing subsidy (£200k); £0.826m underspend in ICT due to lower than

expected revenue costs of moving the data centre, and £148k additional income in Capital Programmes. These underspends are reduced by the unmet cross cutting savings of £633k and £161k historic teachers' pension costs.

9. Neighbourhoods Directorate (Underspend £0.688m)

9.1 The budget for the Neighbourhoods Directorate is £72.58m which includes £15.0m for Highways. The forecast outturn is an underspend £0.688m an improvement of £82k since October.

9.2 The Neighbourhoods Service reports an underspend of £202k, an adverse movement of £82k since October. The main in-year variations are:

- An underspend in staff costs within Community Safety and Compliance (£0.611m), particularly in 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 underspend (£153k), Parks, Leisure and Events (£20k) due to increased forecasted income and Bereavement Services additional income of (£57k).
- This is partly offset by overspends in Manchester Markets of £412k 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.
- There is a £43k underachievement of income on the Christmas Offer due to lower than anticipated mug sales.
- Neighbourhood area teams £154k overspend largely due to the costs of enhanced safety measures within the City Centre.
- Other minor budget overspends of £30k.

9.3 Highways forecast an underspend of £486k, an improvement of £164k since October. The main variances are due to additional permit income of £115k and the reduced costs of bridge inspections £85k. Highways Capital Programmes have additional fee income of £226k due to reprogramming their work and two new schemes. Manchester Contracts has reduced costs on plant and machinery by £170k. These underspends are reduced by an overspend on winter services £52k and accident and trips £58k based on the current number of claims.

10. Strategic Development (Underspend £2.033m)

10.1 As at October, the Directorate is forecasting an underspend of £2.033m, this is an improvement of £433k against the forecast at the end of October. The overall underspend is made up as follows:

- Operational Property – additional income at the Town Hall Extension totalling £170k.

- Facilities Management underspend of £277k due mainly to staffing savings in management support and building cleaning.
- Investment Estate forecast underspend of £0.751m 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 £132k 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 and additional income.
- Work and skills are forecasting a £97k underspend largely due to staff savings from vacant posts.
- An overspend of £76k in City Centre Regeneration - the amount of drawdown from Capital to fund staffing costs has reduced.

10.2 Due to the nature of property budgets and the volatility of income streams and running costs it is recognised that the position could change in the final quarter.

11. Housing Revenue Account

11.1 The Housing Revenue Account (HRA) outturn position is currently a £7.666m 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 £0.568m, the majority of which have been brought forward from previous years.
- Higher than forecast rental income of £339k due mainly to a reduction in the number of right to buy applications since the start of the financial year.
- Additional payment to Northwards £142k.
- Other minor variances – totalling £7k underspend.

11.2 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 £0.897m will be transferred to reserves. This leaves a forecast balance of £65.466m 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.

12. Virements

12.1 The following virement is proposed for the revised budget 2018//19 and requires Executive approval:

- 12.2 The budget for the Adults and Children's Services business support budget is shared and is currently still included in the Children's cash-limit budget. The Director of Adult Social Care and Director of Children's Services are in the process of disaggregating the service to support the transition to the LCO. An estimated sum of £2.957m is proposed to be vired from Children's Services to Adult Social Care for 2018/19 in advance of this work being finalised to set a baseline for 2019/20 budget. An adjustment will be made when the final allocation for each Directorate is agreed.
- 12.3 Based on current levels of spend the discretionary payments budget is forecast to overspend unless the existing approval criteria is tightened. In order to be able to continue with the existing criteria in 2018/19 a virement of £500k from underspend within Revenues and Benefits budget is requested to provide further support to vulnerable households, this consists of £400k for discretionary housing payment budget and £100k to the Welfare Provision Scheme.
- 12.4 Increasing development in the City centre leads to a higher number of partial road closures due to the scaffolding/hoarding requirements of the development. These works are required to have permits and these are administered by the Streetworks team resource within Highways services. In order to provide increased resource to ensure compliance a virement of £60k from non-pay to pay is requested to fund two additional FTE's.

13. Budgets to be allocated

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 allocation is recommended:

- Landfill sites at Barlow Hall Farm, and Cringle Farm - £146k. The River Mersey pump was repaired and switched on in July 2018. Since switch on the plant is pumping 500m³ of water per day which will result in significant effluent costs currently estimated at £60k per quarter. Pumping is likely to continue through into the new year with total estimated costs for 2018/19 at current levels being £310k for which MCC is liable for 60% (£186k) under the legal agreement. As there is only £40k in the budget to pay for this, the request is for the balance of £146k from budgets to be allocated.

14. Contingency

- 14.1 The following release of earmarked sums from central contingency is submitted for approval:

- Manchester Arena First Anniversary Commemoration - £277k to fund costs associated with a number of events held across the City.

15. Reserves

15.1 Approval for the following unplanned use of reserves is requested:

- Music Hub Grant - £19k to be drawn down from the Children's Services reserve. The spend will enable disadvantaged children to attend cross music centres, and to support the tuition of endangered instruments.
- Car Park Dilapidation Surveys - £203k to be drawn down from the Parking reserve. To conduct a dilapidation survey of all assets included in the NCP/Joint Venture. This should determine the best outcome for Manchester when deciding how off street parking should be managed at the end of the existing NCP/JV arrangement.

16. Grants

16.1 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.

- Support to end homelessness - £71k from the Department of Education. The funding is intended to enable local authorities to employ specialist Personal Advisors to provide intensive support to care leavers who are at highest risk of homelessness/rough sleeping.

17. Prudential Borrowing Indicators

17.1 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.

18. Conclusions and Next Steps

18.1 This report sets out the projected outturn position of £1.060m overspend, an improved position from the reported overspend of £4.9m in October 2018.

18.2 A detailed review of social care related savings which were not delivered in 2018/19 and the impact for 2019/20 has been carried out with revised proposals contained within the 2019/20 budget. 2019/20 completes the three-year budget commitment, additional one-off government funding of £12m and council resources have been used to provide more funding in these areas based on a reassessment of demand. Funding has been smoothed over three years with a reserve to cover future demand.

19. Recommendations

19.1 The recommendations appear at the front of this report.