Appendix 1 – Financial position - Period 9 (December) 2021/22

Financial Executive Summary

- After the first nine months of the year, the Council is projecting a £1.170m underspend for the year, with a projected overspend in Neighbourhoods Directorate of £1.9m offset by smaller underspends in the remaining areas.
- The demand pressure risks from Covid have been largely managed within budgets, however, the economic consequences of covid restrictions has been more severely felt on the Council's traded income streams.
- Lower than forecast commercial income, mainly from on and off-street parking, and Christmas market revenue, is the main driver of the Neighbourhoods overspend projection.
- £2.482m (6.1%) of approved savings are considered high risk and a further £5.287m (13%) are medium rated, out of total £40.717m, whilst the impact has been mitigated during the year, work is ongoing to find alternative savings where original plans have not been achieved recurrently.

Overall MCC Financials

Integrated Monitoring report Period 9 Total Forecast Variance

	Original Budget	**Revised Budget**	**Forecast Outturn**	**Variance**	**Movement from P6**
	£000	**£000**	**£000**	**£000**	**£000**
Total Available Resources	**(637,304)**	**(664,742)**	**(664,276)**	**466**	**0**
Total Corporate Budgets	97,931	105,834	105,442	(392)	(126)
Children's Services	118,761	120,632	119,932	(700)	10
Adult Social Care	223,767	224,843	224,301	(542)	2,427
Neighbourhoods Directorate	93,267	100,966	102,866	1,900	(1,503)
Homelessness	27,495	28,770	28,770	0	0
Growth and Development	10,580	(8,606)	(8,870)	(264)	338
Corporate Core	65,503	92,303	90,666	(1,637)	(1,154)
Total Directorate Budgets	**539,373**	**558,908**	**557,664**	**(1,244)**	**118**
Total Use of Resources	**637,304**	**664,742**	**663,106**	**(1,636)**	**(9)**
Total forecast over / (under) spend	**0**	**0**	**(1,170)**	**(1,170)**	**(9)**

**The large change in the net budgets of G&D and Core reflect that Facilities Management (£9.4m) and Operational Property (£6.5m) are now managed and reported under the Corporate Core.*

Corporate Resources £466k underachievement

	Annual Budget £000	Projected Outturn £000	Projected Variance £000	Movement since P6 £000
Retained Business Rates	(130,562)	(130,562)	0	0
Council Tax	(176,857)	(176,857)	0	0
Other Specific Grants	(145,332)	(144,866)	466	0
Business Rates Grants	(25,854)	(25,854)	0	0
Dividends	(4,913)	(4,913)	0	0
Use of Reserves	(181,224)	(181,224)	0	0
Total Corporate Resources	(664,742)	(664,276)	466	0

Corporate Resources - Financial Headlines

- Other specific grants - £466k shortfall: The Covid Sales Fees and Charges compensation grant claim is £0.885m lower than originally budgeted, because income collected was £1.2m higher than initially expected. This is partly offset by increased New Burdens income of £311k and £108k additional Local Council Tax Support Admin Subsidy.
- The use of reserves of £181m reflects the timing of the Business Rates S31 grants for Extended Retail Relief which was received in 2020/21 but is applied to offset the 2021/22 Collection Fund Deficit.
- Business Rates Collection as at the end December is 75% which compares to 64% by this point last year and 78% in 2019.
- Council Tax Collection at the end of December is 72%, the same as this point last year and compares to 74% in 2019/20.
- Invoices paid within 30 days is 83% compared to a target of 95%.
- £4.6m (16.4%) of pursuable debt was over a year old and still to be recovered by the Council. Progress is being made in resolving outstanding disputes which are preventing payment.

Corporate Budgets

Corporate Budgets £393k underspend

	Annual Budget £000	Projected Outturn £000	Projected Variance £000	Movement from P6 £000
Other Corporate Items	43,068	43,078	10	0
Contingency	3,465	3,465	0	0
Budgets to be Allocated	1,797	1,911	114	114
Levies	37,849	37,859	10	0
Historic Pension Costs	9,066	8,539	(527)	(240)
Transfer to Budget Smoothing Reserve	10,590	10,590	0	0
Total Corporate Budgets	105,835	105,442	(393)	(126)

Corporate Budgets - Financial Headlines

- Historic pension costs are forecast to underspend by £0.527m (5.8%) due to a reducing number of recipients.
- Levies are £10k overspent in relation to Probation Loans and the Port Health Levy. The £10k overspend against Other Corporate Items is due to an increase in the bad debt provision following a review of the position.
- Budgets to be Allocated are over-allocated by £114k, largely due to the estimated cost of the 2021/22 Pay Award which is yet to be agreed
- The approved budget included estimated pressures arising from COVID 19 costs and income shortfalls, which are being reviewed monthly. Where these budgets are underspending, they have been clawed back and credited to the smoothing reserve to support next year's position. So far £10.590m will be transferred to the smoothing reserve: £12.119m relating to covid budgets, £200k relating to Homelessness, £300k relating to carried forward budgets no longer required, and £1.254m released from Waste Levy Contingency, less the budget increase of £3.283m for electricity prices to Directorates.
- This is a net reduction in the transfer to the budget smoothing reserve of £19k from P6, due to the reversal of the £350k carry forward budget release from HR/OD as it is now needed, netted against a £131k covid budget release from Elections and £200k from Homelessness. Ongoing costs will be funded as part of the 2022/23 budget process.

Children's Services

Children's and Education Services - £0.7m underspend

	Annual Budget £000	Net actuals spend to date £000	Projected Outturn £000	Projected Variance from Budget £000	Movement from P6 £000
LAC Placement	38,876	29,180	37,301	(1,574)	75
LAC Placement Services	6,506	5,347	6,707	201	104
Permanence & Leaving Care	14,097	9,900	13,303	(794)	(340)
Safeguarding Service Areas	36,130	28,681	37,091	961	192
Children's Safeguarding	95,609	73,108	94,402	(1,206)	31
Education Services	8,679	8,915	9,363	684	31
Home to School Transport	10,162	5,184	9,963	(199)	(99)
Targeted Youth Support Service	824	812	824	0	0
Education	19,665	14,911	20,150	485	(68)
Strategic Mgmt & Business Support	5,358	3,947	5,380	22	47
Total Young People (Children's & Education Services)	**120,632**	**91,966**	**119,932**	**(700)**	**10**

Children's and Education Services - Financial Headlines

The overall forecast position as at Period 9 is an underspend of £0.7m, which is made up of:

- £1.574m Looked After Children (LAC) placement underspend mainly due to placements being 122 below what the budget was based on, reflective of the strategic approach to early help/preventative work undertaken by the Directorate.
- £201k LAC placement services overspend, House Project and Connected Persons Assessment Team costs are off set by underspend in the Fostering Team.
- £0.794m Permanence and Leaving Care underspends mainly due more cost-efficient placement approach and commissions for Unaccompanied Asylum-Seeking Children.

- £0.961m overspend in Children Safeguarding areas related to £1.030m in legal services. Whilst reducing, on average proceedings are taking 14 weeks longer than it did pre-pandemic. This backlog and shortage of lawyers Legal Services contribute to the externalisation of work. £400k Early Years pressure due to unfunded Children Centre costs and shortfall in lease income which is off set by underspends in Supervised Contact, Children's Safeguarding and Commissioning Services.
- £485k Education services pressures mainly relates to shortfall in attendance penalties being lower than expected due to Covid and pressures in the provision of short breaks for carers.
- £21k residual overspend in Strategic Management
- The need for Children's Services has increased as lockdown measures are relaxed; exacerbating socio and economic factors such as deprivation, domestic abuse, substance misuse and adult mental health have heightened due to the pandemic, contributing to an increase in external residential placements. As a result, it has been assumed the contingency £2.8m budget for managing additional demand will be fully utilised by year-end.

There has been a net £10k adverse movement since the period 6. The movement is mainly due to:

- A reduction in permanence, leaving care and LAC placements costs (£340k improvement)
- Increase in LAC placement and LAC placement services costs (£179k adverse movement)
- Safeguarding Service areas adverse change mainly due to increase in forecasted legal spend (£192k adverse movement)
- Home to School Transport (£68k improvement) following approval of inflation funding for petrol price increases
- Strategic Management underspend increase of (£47k adverse movement) following review of budget assumptions

Children's Services – Dedicated Schools Grant

Dedicated School Grant (DSG) - £2.167m overspend

	Annual Budget £000	**Net actuals spend to date £000**	**Projected Outturn £000**	**Projected Variance from budget £000**	**Movement since P6 £000**
Schools Block	195,372	141,071	195,663	291	224
Central Services Block	3,902	3,458	3,954	52	0
High Needs Block	89,222	62,761	90,681	1,459	1,213
Early Years Block	41,942	24,621	41,853	(89)	665

Deficit b/fwd less school clawback				**454**	
Overall DSG position	**330,348**	**231,911**	**332,151**	**2,167**	**2,103**

Dedicated Schools Grant - Financial Headlines

Dedicated Schools Grant (DSG) in 2021/22 totals £603m, of which £270m is top sliced by the Department for Education (DfE) to pay for academy budgets. The DSG overall position is projecting to overspend by £2.167m, as per period 9. There has been a £2.1m adverse movement since period 6 due to:

- Early years block £0.665m adverse movement, reductions in take up of the 2 and 3- & 4-year-olds Early Years entitlement
- High needs block £1.213m adverse movement, continued pressures within the high needs block. This part of the grant supports children with special education needs and special school places. This is linked to Post 16, out of area placements, Education Health and Care Plans (EHCPs) and alternative provision for excluded pupils. Post 16 is 83 students higher than expected at an average cost of £15k per student.
- Schools block £224k adverse movement due to additional spend in the growth fund.

The DSG settlement was received recently based on initial review it is expected that there is capacity to recover part of the deficit 2022/23.

Adult social care / Manchester Local Care Organisation

Adult Social Care and Population Health - £0.542m underspend

	Annual Budget £000	Net actuals spend to date £000	Projected Outturn £000	Projected Variance from Budget £000	Movement since P6 £000
Provider Services	28,972	20,249	29,243	271	(689)
Hospital Teams, Front door and TEC	2,998	2,168	2,725	(273)	(48)
Integrated Neighbourhood teams	50,669	29,515	51,414	745	3,943
Complex Services (LD (Learning and Disability), MH, Transition)	85,111	48,732	86,088	977	(686)

Commissioning MLCO (Manchester Local Care Organisation)	4,184	1,886	3,663	(521)	(116)
Back office, citywide support & growth	8,078	2,216	6,420	(1,658)	41
Total ASC Aligned Budget MLCO	180,012	112,975	179,553	(459)	2,445
MCC – Out of scope Population Health	42,704	22,321	42,704	0	0
MCC – Out of scope other	2,127	2,187	2,044	(83)	(18)
Total ASC and Population Health	**224,843**	**137,483**	**224,301**	**(542)**	**2,427**

Adult Social Care and Population Health - Financial Headlines

Overview of main variances (£0.542m underspend)
Considerable uncertainty remains across Adult Social Care (ASC) budgets with the 'Omicron' variant of Covid continuing to pose a significant challenge to both Health and Social Care. There is an increase in the underspend at P9 due to a range of factors, primarily:

- Some further reductions in expected spend on homecare and MH,
- Slippage on recruitment across a number of areas including in house provider services and social work roles,
- £5.5m reserve support identified for residential, nursing and homecare not required to be drawdown this year

Difficulties in the ability to attract qualified social workers and occupational therapists remains an issue with service managers reporting that candidates are not available across the jobs market, resulting in further increases in staffing underspends. These roles are critical to the delivery of the BOBL (Better Outcomes Better Lives) savings programme so consideration should be made to carry forward funding from 21/22 into 22/23 to support delivery of the programme. The requirements for this will be set out in the budget papers currently being finalised which will also describe the other impacts on 22/23 budget which will create a much more challenging environment than 21/22 including:

- The ending of GM transformation funding for the new care models, meaning that ASC roles within these services need to be funded through the mainstream ASC budget totalling £1.458m

- The ending of national hospital discharge programme funding meaning that we need to budget for contributing to spend on placements following hospital discharge totalling £1.535m
- The savings target linked to BOBL for 22/23 which is £8m

The 2022/23 budget process is taking account of these challenges and aiming to ensure that the right resources are in place to continue to manage demand effectively and continue the work of the BOBL programme

Concerns also remain for the wider social care workforce, where homecare providers in particular are struggling to attract staff into the market. This is also reflected in the difficulties service managers are having in recruiting and retaining grade 2 support workers within our own supported accommodation. Mandated vaccinations for the adult social care workforce from 1st April will also have an impact on both our in house reablement and supported accommodation services as well as the external market with detailed work underway in both areas following publication of guidance on 20th January.

There was an increase in residential and nursing numbers at period 9. The financial impact in 21/22 is limited but the full year effect may be a concern given the overall financial position for 2022/23 and in particular the ending of hospital discharge funding from CCG (Clinical Commissioning Group) partners in 22/23 to assist with the increased costs, as central government withdraws the funding. As the full year impact on residential and nursing provision is now expected to fall in 22/23, a contribution from the adult social care reserve of £5.5m will not be required in year by the Directorate and will not be drawn down from reserves as originally planned. The reserve will be utilised in supporting future years budget positions. The main variances are summarised below:

Provider Services (£0.271m overspend)

The pressure on this part of the budget continues to be driven by In-house Supported Accommodation (£1.276m). This is a reduction of £290k from period 8 due to specific measures employed by the service to reduce the footfall of agency staff entering properties throughout December to try and control 'Omicron'. There have also been a number of staff leavers. The overspend at period 6 was £1.722m and the reduction from then also reflect work on staffing rotas to reduce the reliance on agency staff. The pressure above is offset by underspends on Reablement (£0.641m), Day Centres (£287k), Equipment and Adaptations of £167k and other minor underspends.

Recruitment difficulties due to labour shortages in relation to lower graded support work roles in the in-house Supported Accommodation service remain. This is an on-going problem with a further 6 leavers at period 9. Shifts have been covered by existing staff whilst footfall into properties is being minimised until the present government guidelines regarding covid are amended. The Equipment and Adaptations Service is struggling to attract more specialist staff to complete assessments, such as occupational therapists. The Council is working with partners in relation to potentially sharing staff to support ongoing requirements.

£0.6m of the overspend is in relation to fire safety remedial works which requires additional staffing levels until mitigating capital works are completed. Confirmation has been received that work will commence in early 2022, with an expectation of being completed by the end of the financial year. Further work is underway in relation to the properties owned by the RSLs. Although this will not materially affect the financial position in 21/22 it will ensure that the service is in a much-improved position in 22/23. The service is now supporting 171 clients which is an increase of 1 from the start of the year. A review to assess the number of units required in the long term has been scoped and will include options to bring the capacity into line with the available budget.

Hospital Teams (£273k underspend)

The Hospital Social Worker budgets continue to have difficulties in the recruitment of qualified social workers resulting in vacancies being higher than anticipated.

Integrated Neighbourhood Teams (£0.745m overspend)

The reported forecast is a significant change from period 6 and reflects the decision to no longer utilise £5.5m of reserves to support the position in-year, reflecting the fact that the Directorate is underspending overall, and to defer the drawdown to 22/23 when the position is likely to be more challenging. The underspends on residential and nursing, homecare and other care have not reduced over the year, as client numbers have not recovered as quickly as anticipated when the budget was originally agreed. The position is also offset by underspends on the social worker staffing budgets of £317k, and safeguarding budgets of £130k. All of the above is offset by an overspend on direct payments of £1.553m. The movement from period 6 is mostly due to an increasing underspend on Homecare of £391k, staffing of £175k, other care of £118k and a reduction in spend on direct payments of £316k. All of these areas are offset by the £5.500m of reserves transfer which is no longer required in-year and as such has not been drawn down from the reserve.

The number of clients in residential and nursing provision remains significantly lower than pre-COVID levels. (852 at end of December 2021 vs 998 at March 2020). The 852 clients at period 9 is the highest level in this financial year and is an increase of 17 from period 8 and an increase of 23 from period 6. The reported financial position allows for the number of clients supported to remain stable for the remainder of the year and for £2.771m of clients on the CCG Broadcare system to transfer back to the council following an appropriate Care Act assessment. There is a joint approach now agreed with Health partners to develop capacity across the residential sector using a D2A (Discharge to Assess) model, which allows for timely discharge out of hospital into a care setting where a full care assessment regarding the client's needs can take place. This should ensure any future discharges from hospital result in the most appropriate level of care and support for each individual and support expected increased activity from hospital discharges.

The number of homecare hours commissioned has decreased this month and is at its lowest level all year. The number of commissioned hours is now 29,516 per week and it was 31,033 at April 2021. The number of clients supported has also reduced further and is now 1,927 when it was 2,029 at the start of the year. This reduction in both commissioned hours and client numbers is a contributing factor in not drawing down the £5.500m of funding from reserves in year but deferring the ask until 22/23 when numbers are expected to increase.

As previously reported, there are pressures within the homecare market as some providers are struggling to recruit and retain staff, which is constraining their ability to take on additional packages. It is not clear whether this is the direct driver of a reduction in commissioned hours (which would be a concern) or whether other factors are at play. The first part of central governments £1.8m one-off funding has been distributed to home care providers, to assist them with the retention of staff. The remaining monies will be used by the end of March 2022 to support the wider care market. The further funding announced mid-December of £3.333m will be used to increase hourly rates for all care providers. Modelling has shown that the increased funding will allow providers to increase the salaries of their staff to at least the Manchester Living Wage between mid December and March. However, the short term nature of the funding (has to be spent by March 2022) does not allow for this to continue into 22/23. Further modelling is underway to ascertain what is possible for 22/23 within the budget envelope. The challenge of providers struggling to pick up homecare packages in a timely manner continues to be off-set by our safety net of providers, albeit recruitment challenges persist for them as well. Attendance levels for all homecare workers have been impacted by 'Omicron'. It is assumed that pressures throughout December will start to ease as cases across the country slowly start to reduce. However, there will be an impact from the mandated vaccination for the wider regulated care workforce from 1st April – our current data suggests that only 71% of homecare staff have had their first vaccination at the time of writing. Significant work is underway with providers where there is the biggest gap as well as significant support to individuals.

There are continuing underspends on external day care and supported accommodation (£372k in total) as the numbers attending the provision remain lower than before the pandemic. (120 clients at March 2020 and 86 as at period 9).

Complex Services

- There is a £0.977m overspend across the complex services budgets, which breaks down as
  - an overspend of £1.795m on external learning disability packages,
  - An underspend of £301k on specialist learning disability social workers,
  - offset by underspends of £0.519m on mental health.
- There has been a decrease in the Learning Disability commissioned package position at period 8 of £156k and from period 6 of £0.511m. This is reflected in a small decrease in the number of supported accommodation placements. Further work to step down clients into alternative placements as part of the BOBL programme has stalled as the service have a shortfall in suitably qualified social workers to undertake the required assessments. The underspend on the staffing budget is now £301k and reflects 13 vacant posts. It is now assumed that these

will not be filled in year and this will result in slippage on the savings programme. Work is now being modelled to calculate what level of progress can be made in 22/23 with an expected increase in staff over the coming year.
- There has been a net decrease of 10 clients from period 8 and 12 clients from period 6. Client numbers at period 9 are now 1,125, which is 10 lower than the start of the year. The main reason for the reduction this month is a re-alignment of 7 shared lives cases into mental health services.
- The pressures above are off-set by an underspend on mental health packages. There has been a net reduction of 8 clients across the main residential, nursing and supported accommodation budgets since period 8 and a reduction of 6 clients from period 6. This is a clear reversal in the trend which had shown an increase each month throughout the year up to this point. Client numbers across residential, nursing and supported accommodation are now 689, up from 629 on 1st April but down from the previous high of 697. Feedback from operational managers is that numbers of clients supported is likely to remain volatile for the remainder of the year.

Commissioning

- The commissioning of Extra Care provision is forecasting an underspend of £0.521m, which is a further reduction in forecast spend from period 6.
- The increased underspend reflects further slippage on the delay of the opening of the new schemes at Oaklands and Gorton Mill and the speed with which places are being taken up in the new provision. Once these facilities are fully operational it is expected that savings will be made elsewhere in the service, most likely in relation to residential placements.

Back Office

- Back office budgets are projected to underspend by £1.658m which is made up of:
    - £0.724m of BOBL investment yet to be deployed due to the recruitment challenges outlined above,
    - £419k of BCF (Better Care Fund) funding yet to be deployed,
    - Staffing underspends on Business Support of £261k due to recruitment delays,
    - Commissioning and back office of £254k on staffing (recruitment delays) and training budgets.
    - The movement from Period 6 is the removal of recruitment assumptions.

Population Health

- Population Health continue to forecast a balanced budget overall. Across individual service lines they are forecast to have underspends of c£1.500m by year end and these will be carried forward in accordance with the grant conditions and will allow for expected staffing pressures on Test and Trace activities in

2022/23 to be addressed, on-going commissioning activity to support the service post Covid-19 and new initiatives to address health inequalities brought to the fore through the impact of Covid.

- Significant numbers of staff continue to support all aspects of the city council's covid response and this will continue into 22/23. As stated above, the pressure will not dissipate on 1st April and senior managers across Population Health are now developing strategies on the best way forward. This will include work to support any requirements from the Council 'Marmot Group'.
- The other out of scope services have an underspend of £83k and reflect an underspend on the voluntary sector contracts due to a revised offer and recruitment slippage on Asylum budgets.

Neighbourhoods

Neighbourhoods overall - £1.900m overspend

	Annual Budget £000	Net actual spend to date £000	Projected Outturn £000	Projected Variance from Budget £000	Movement since P6 £000
Neighbourhood Management & Support	1,115	845	1,115	0	0
Operations and Commissioning	44,024	49,000	47,561	3,537	(995)
Parks, Leisure, Events and Youth	9,350	3,597	9,670	320	320
Compliance and Community Safety	16,039	8,311	15,059	(980)	(408)
Libraries, Galleries and Culture	9,617	7,115	9,354	(263)	0
Neighbourhood Area Teams	2,768	1,858	2,523	(245)	(99)
Other Neighbourhood Services	455	639	439	(16)	23
SUB TOTAL	**83,368**	**71,365**	**85,721**	**2,353**	**(1,159)**
Highways	17,598	2,790	17,145	(453)	(344)
SUMMARY TOTAL	**100,966**	**74,155**	**102,866**	**1,900**	**(1,503)**

Neighbourhoods Financial Headlines

Overview of main variances (£1.900m overspend)

Neighbourhoods Service continues to forecast an overspend of £1.9m, although this position has improved by £1.503m since the last report and the main variations since the last report are: -

- Operations and Commissioning - £0.995m reduced overspend due to higher than forecast income for sales, and the main variations are across markets £151k, advertising £162k, car parking £296k and £157k other minor variations. As part of 2021/22 savings £450k savings were approved in respect of a new advertising screen in Piccadilly Gardens - this was not considered as part of the redevelopment plans and the saving cannot now be achieved.
- Parks, Leisure and Youth - £320k adverse due to £494k reduced car park income whilst capital works are undertaken at the aquatics centre, offset by £174k reduced support to the leisure contract
- Community safety & Compliance, and Neighbourhoods have further staffed underspends of £0.507m due to a combination of vacant posts and revised recruitment assumptions.
- Highways Services - £344k due to a combination of increased fee income and other fees and charges.

The overall variance is £1.9m, and this is made up as follows: -

Operations and Commissioning - £3.537m overspend

- £1m shortfall in Christmas Markets revenue due to reduced scale of markets because of the Albert Square closure.
- School Catering provision transferred to schools from September 2021 – An in-year loss of £339k due to a combination of reduced income because of transfer timing and costs of ceasing service delivery. This is net of £0.626m drawdown from the remaining catering reserve.
- £151k underachievement of income for Markets which is made up of reduced income at both Longsight market £176k, Wythenshawe £29k offset by an overachievement at Gorton £30k and £24k across the rest of the Service. The position has improved by £121k since period 6 due to increased income and a reduction in running costs at New Smithfield Market £126k, Increased income and reduced employee costs at the Sunday Market Car Boot £70k offset by additional losses at Longsight £81k and minor variations of £6k.
- Head of Business Units budget is currently forecasted to underspend by £116k due to savings against supplies and services.
- Advertising is now forecasted to underachieve by £162k due to a loss of income at Piccadilly Gardens £275k but is mitigated by an improvement of £383k from the previous period due to agreeing a revised payment schedule with Media Co including additional income for January to March 2022. The proposed screen at

Picadilly Gardens is not now an option, and the £450k saving cannot be achieved.

- Grounds Maintenance – staffing underspends are partially offset by the increased cost of sub-contractors leaving a net underspend of £100k which is no change from period 6.
- Bereavement Services are now forecasted overachieve income by £180k as the first new cremator is now fully operational and the second one is due to be completed by the end of the financial year which is an improvement of £130k on the previous period.
- Pest Control has improved by £30k as the service is generating increased commercial and internal income and there has been a slight improvement of £7k on Fleet Services increasing the surplus to £33k.
- CCTV – Additional costs of £88k since period 6 due to increased cleaning costs and an extension to the CCTV specialist consultant making an overall overspend of £473k.
- £1.871m forecast reduced off street car parking income, which is an improvement of £296k on period 6 due to higher than forecast compensation for lost income for the closure of Deansgate Car Park for October to December £76k, additional sources of income now agreed via contract, increased income from PCN's with lower than forecasted costs for enforcement and improvements for pay on the day customer numbers

Parks, Leisure Events and Youth - £320k overspend

- Overall loss of income as a result of the closure of the Manchester Aquatics Centre (MAC) in December 2021 and significantly reduced use of the car park.

Compliance and Community Safety - £0.980m underspend

- The underspend has increased by £408k and is now forecast to be £0.980m overall. This is due to staffing underspends of £1.171m for revised recruitment assumptions, maximising the use of COMF (Contain Outbreak Management Fund) funding for staff being deployed on Covid related activities and net running cost being £39k lower than expected mainly due to a reduction in the forecast for landfill costs. These are partially offset by lower income recovery due to the pandemic, revised assumptions within income funded services and increased contract costs within the Domestic Violence Service.

Libraries, Galleries and Culture - £263k underspend

- Libraries net position is an underspend of £263k which is mainly due to £359k staffing underspends offset by income losses of £96k due to the lower footfall across libraries estate due to the pandemic, the forecast has not changed since period 6.

Neighbourhood Teams - £245k underspend

- The £245k underspend on Neighbourhood Teams is due to staffing underspends because of a combination of vacant posts and staff not being at top of grade, the underspend has increased by £99k since the last report.

Other Neighbourhoods Services - £16k underspend

- The underspend is due to reduction in the current years City Co contribution with an adverse movement of £23k since period 6 due to minor running cost variations.

Highways - £453k underspend

- The underspend is due to £164k additional income from permits and licensing, reduced by £29k overspend on Accidents and Trips. Increased income on the capital programme of £276k for accelerated works on walking and cycling schemes due to funding expiration, additional scope of works on active neighbourhood schemes and third party development statutory approvals have increased. There are other small variances on Highways Maintenance of £42k

Homelessness – Breakeven

Homelessness	Annual Budget £000	Net actual spend to date £'000	Projected Outturn £000	Projected Variance from Budget £000	Movement from P6 £000
Singles Accommodation	1,601	873	1,517	(84)	(92)
B&B's (Room only)	4,094	4,133	5,813	1,719	281
Families Specialist Accommodation	314	281	267	(47)	(2)
Accommodation Total	6,009	5,287	7,597	1,588	187
Floating Support Service	1,808	1,435	1,704	(104)	(40)
Dispersed & Temporary Accommodation Management Fee	3,380	2,999	4,569	1,189	107
Dispersed Accommodation Total	5,188	4,434	6,273	1,085	67
Homeless Management	90	749	979	79	31

Homeless Assessment & Caseworkers	2,373	2,194	2,183	(190)	(106)
Homelessness PRS & Move On	1,809	1,005	1,809	0	0
Rough Sleepers Inreach/Outreach	487	245	487	0	0
Tenancy Compliance	158	96	171	13	36
Homelessness Support Total	5,727	4,289	5,629	(98)	(39)
Commissioned Services	7,616	4,502	7,616	0	0
Commissioned Services Total	7,616	4,502	7,616	0	0
Covid-19 Response	4,230	450	1,655	(2,575)	(215)
Covid-19 Response Total	4,430	450	1,655	(2,575)	(215)
Total	28,770	18,962	28,770	0	0

Homelessness Financial Headlines

Homelessness remains a high risk area, with uncertainty in relation to demand for services in the coming months. It is anticipated that current activity levels will increase during the year as financial support for individuals and the eviction ban ends is felt across the city. The reported position for Period 9 is breakeven, in period 6 a balanced budget was reported with an expected underspend of £329k if activity levels remained in line with those at P6. If activity remains in line with P9 forecasts Homelessness would have reported a £200k underspend, therefore £200k of the Covid-19 allocated funding has been transferred to the smoothing reserve.

Winter provision across the City agreed between the Council, DLUHC and Partners is in place and within the funding budget of £481k.

Additional income received for Homelessness Prevention Grant Top Up £0.689m, the purpose of this exceptional payment is to support low-income vulnerable renters with COVID-19 related rent arrears to avoid eviction or find a new home where necessary in order to prevent homelessness, with local authorities able to target funding to those who need it most and help them get back on their feet. Protect and Vaccinate £0.729m, over the course of the pandemic, one of the most immediate ways to prevent transmission of COVID-19 amongst those sleeping rough is to provide self-contained accommodation, given the new threat posed by Omicron DLUHC have recognised the need to go further. Therefore, a £25 million funding package to support all local authorities across England to find appropriate accommodation and, most importantly, to use this as a way of boosting vaccination rates across this vulnerable population. This funding is being utilised to make offers of safe and appropriate accommodation to people who are rough sleeping now. This will include people who may have previously been offered accommodation but rejected it or left accommodation, and individuals new to rough sleeping who require help to move on from rough sleeping.

Overview of main variances:

- Bed and Breakfast (B&B). Forecast overspend of £1.719m based on current numbers, average placements per night were 280 for singles and 88 families in December. It is worth noting that the flow of dispersed temporary accommodation has decreased and is impacting on the number of families in B&B, the numbers of presentations remains high. The forecast outturn is an increase of £281k since the last reported position in P6 when the average number of singles supported were 248. The current net cost of B&B provision is £112k per week (£5.8m p.a.)
- Dispersed accommodation and temporary accommodation management fee. Forecast overspend of £1.189m based on current numbers, this is an increase of £107k from the last reported position in P6, as the pace at which properties transferred to District Homes as part of the pilot has reduced. The current housing subsidy loss to the Council is £149k per week (£7.7m p.a.). Placements at the end of December were 1,712, compared with 1,969 in March 2021. This is a reduction of 257 from March 2021 with 330 properties transferring to the District Homes pilot, to date with District Homes due to take on the management of 400 properties. The number of dispersed properties increased by 306 in 2020/21. An uplift of £27 per week for new 2 bedroom properties within the Manchester boundary has been implemented to stimulate supply for new properties in the Dispersed Accommodation scheme, increased supply will impact on the use of B&B accommodation, therefore reducing B&B expenditure.
- Homelessness Private Rented Sector (PRS) and Move On. Although a balanced budget is reported in Period 9, a budget virement of £1.059m has been actioned from the budget allocated as part of the 2021/22 budget setting process from the COVID 19 response area to match the updated forecast spend. Further work is being undertaken to review the current relationships with PRS providers with a view to increase supply in the City. Increased spend on PRS should result in a reduction in the forecast spend for B&B and Dispersed as residents move into the Private Rented Sector where move on from temporary accommodation is the outcome, however a large proportion of the spend is incurred by preventing current tenants from losing their tenancy and therefore requiring temporary accommodation in the first instance.

The above pressures are offset by an underspend of £2.576m on Covid-19 allocation. Budget allocation has not been vired from COVID 19 underspend to cover pressures in B&B and Dispersed, as these are not viewed as the long term solutions to provide better outcomes for residents.

Future demand assumptions are being reviewed as part of the 2022/23 budget process with a view that the service takes positive preventative action to contain and then reduce demand.

Housing delivery and HRA (Housing Revenue Account) - £10.810m underspend

	Annual Budget £000	Net Actual Expenditure/ (Income) £000	Projected Outturn £000	Projected Variance from Budget £000	Movement since P6 £000
Housing Rents	(61,617)	(30,651)	(61,563)	54	54
Heating Income	(533)	(267)	(533)	0	0
PFI (Private Finance Initiative) Credit	(23,374)	(11,687)	(23,374)	0	0
Other Income	(1,131)	(503)	(1,144)	(13)	(4)
Funding From Investment Reserve	(237)	0	(100)	137	30
Funding from General/MRR Reserves	(16,694)	0	(16,694)	0	0
Total Income	**(103,586)**	**(43,108)**	**(103,408)**	**178**	**80**
Northwards R&M & Mgmt Fee	25,415	6,814	26,497	1,082	154
PFI Contractor Payments	32,476	19,202	30,813	(1,663)	(1,663)
Communal Heating	532	180	532	0	0
Supervision and Management	5,489	3,174	5,352	(137)	(198)
Contribution to Bad Debts	930	(185)	400	(530)	(530)
Depreciation	18,435	0	18,435	0	0
Other Expenditure	1,305	400	1,308	3	8
RCCO	16,241	0	6,498	(9,743)	(1,934)
Interest Payable and similar	2,763	0	2,763	0	0
Total Expenditure	**103,586**	29,585	92,598	(10,988)	(4,163)
Total HRA	**0**	**(13,523)**	**(10,810)**	**(10,810)**	(4,083)

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	81,115	(16,694)	64,421	10,810	75,231

HRA Financial Headlines

Overview of main variances (£10.810m underspend)

Underspends of £12.086m:

- Reduced contribution towards capital expenditure of £9.743m. This is mainly due to a revision in the Capital Programme budget which occurred after the Business Plan/budget was agreed by Members.
- Reduced PFI Contractor payments of £1.663m, mainly due to a deferral in planned sprinkler works. This expenditure will now take place in 2022/23 and 2023/24.
- A reduction of £0.530m in the bad debt requirement, which has been increased as part of the budget process has not materialised in the current financial year.
- A reduction in staffing costs funded by the Investment Reserve of £137k
- Increase in Other Income of £13k. Two providers have reported small VAT Shelter amounts due back to the Council.

Offset by overspends of £1.276m:

- Increase in the Repairs and Maintenance (R&M) and Management Fee (formerly paid to Northwards) of £1.082m. This is due to backlog R&M costs and other charges identified at the change of supplier for the contract of c£0.7m, increased council tax charges for void and empty properties of £300k, increased electricity costs of £288k, and a projected in year deficit in Northwards original budget of £250k, offset by staffing underspends of c£456k.
- A reduction in forecast rental income of £54k.
- A reduced drawdown from the Investment reserve of £137k to fund salaries as above.
- Other smaller increase totalling £3k.

Any surplus/deficit in year has to be transferred to/from the HRA reserve. At Period 9 it is forecast that £5.884m will be transferred from reserves at year end, leaving £75.231m in the HRA General Reserve at the end of the year.

Growth and Development – £264k underspend

Growth & Development	**Annual Budget**	**Net actual spend to date**	**Projected Outturn**	**Projected Variance from Budget**	**Movement from P6**
	£000	**£000**	**£000**	**£000**	**£000**
Investment Estate	(12,560)	(4,445)	(13,161)	(601)	142
Manchester Creative Digital Assets Ltd (MCDA)	250	(352)	591	341	150

Growth & Development	156	255	156	0	0
City Centre Regeneration	1,275	1,459	1,275	0	0
Housing & Residential Growth	1,147	1,313	1,143	(4)	(4)
Planning, Building Control & Licensing	(744)	(1,211)	(744)	0	0
Work & Skills	1,870	965	1,672	(198)	(148)
Manchester Adult Education Service (MAES)	0	(312)	198	198	198
Our Town Hall Project	0	1,323	0	0	0
Total Growth & Development	(8,606)	(1,005)	(8,870)	(264)	338

Growth and Development - Financial Headlines

Overview of main variances (£264k underspend)

Currently Growth & Development is forecasting to underspend by £264k. The main reasons for this are as follows:

- Investment Estate – underspend of £0.601m, made up of additional rental income from Heron House, offset by rent review costs giving a net saving of £482k, net additional income across the remainder of the estate of £472k, and other smaller savings of £113k on supplies and services, offset by additional requirement for bad debt of £466k.
- Manchester Creative & Digital Assets – overspend of £341k due to a reduction in income because of ongoing reluctance to commit to screening because of Covid, this has been partially offset by staffing underspends
- A small underspend in Housing & Residential Growth of £4k.

Work and Skills is also currently forecasting an underspend of £198k which is being used to offset one-off costs in MAES as the service downsizes to operate within its external funding streams.

Additional budget was made available at the start of the year to offset income reductions in the following areas because of COVID 19:

- Investment Estate – the impact is currently forecast to be in the region of £0.500m, mainly reflected by an increased requirement for bad debt provision.
- Building Control and Land charges
- Premises Licensing – a large element of this income is derived from the hospitality section

Mainstream funded staffing underspends due to vacancies of £0.566m are offsetting additional costs or income losses, with the main areas as follows:

- Investment Estate - c£300k of income shortfall
- Housing and Residential Growth - c£100k of additional costs and loss of external income

The main area of risk is the Investment Estate income, with the longer term effect of the pandemic on the estate unknown, and further details awaited of likely income from Heron House, Wythenshawe Town Centre, and the Arndale Centre which have performance elements embedded into the lease payments the council receives.

Corporate Core – £1.637m underspend

Chief Executives	Annual Budget £000	Net actual spend to date £000	Projected Outturn £000	Projected Variance from Budget £000	Movement since P6 £000
Coroners and Registrars	2,140	1,270	1,858	(282)	(257)
Elections	1,069	3,363	1,069	0	15
Legal Services	6,970	5,440	5,903	(1,067)	(798)
Communications	3,111	2,254	3,111	0	0
Executive	966	687	958	(8)	(8)
Legal, Comms, Democratic Statutory Sub Total	14,256	13,014	12,899	(1,357)	(1048)
Corporate Items	505	1,401	558	53	(47)
Chief Executives Total	**14,761**	**14,415**	**13,457**	**(1,304)**	**(1,095)**

Corporate Services	Annual Budget £000	Net actual spend to date £000	Projected Outturn £000	Projected Variance from Budget £000	Movement since P6 £000
Policy, Performance and Reform	13,873	13,369	13,838	(35)	42
Finance, Procurement, Commercial Gov'nce	7,486	6,015	7,493	7	66
Customer Services and Transactions	18,727	25,183	18,399	(328)	(5)
ICT (Information & Communication Technology)	15,168	12,684	15,073	(95)	103

Human Resources & OD (Organisational Development)	4,042	2,918	4,042	0	0
Audit, Risk and Resilience	1,341	944	1,226	(115)	(30)
Capital Progs, Operational Property, Facilities	16,905	11,244	17,138	233	(235)
Corporate Services Total	**77,542**	**72,357**	**77,209**	**(333)**	**(59)**
Total Corporate Core	**92,303**	**86,772**	**90,666**	**(1,637)**	**(1154)**

Corporate Core - Financial Headlines

Corporate Core are forecasting a net £1.637m underspend

Key variances are:-

- Coroners and Registrars £282k underspend due to additional income from civil ceremonies and registration of births and deaths.
- Legal Services £1.067m underspend due to underspends on employee budgets due to timing of recruitment to Commercial and Regeneration team vacancies £414k, charges to both internal and external clients, and due to increased levels of activity the fee income is forecast to be £207k higher than budget and Governance and Scrutiny £246k on supplies and services.
- Corporate Items – the numbers of staff requesting to purchase additional annual leave continues to be low despite improving since Period 6, the forecast is that the income from the annual leave scheme will be £53k lower than budget. This is expected to improve next year as international travel restrictions ease.
- Policy, Performance and Reform £35k underspend due to underspends on employee budgets due to timing and recruitment to vacancies £251k offset by reduced income from project activity £216k
- Finance, Procurement and Commercial Governance £7k overspend made up of a £258k underspend on employee budgets due to timing and recruitment to vacancies. This is offset by £139k for the contribution to consultants' costs for work reviewing Manchester Airport Group pension proposals, £66k for Corporate Leadership training and £60k for bad debts and bank charges.
- Customer Services and Transactions - £328k underspend due to underspends on employee budgets due to timing and recruitment to vacancies £159k and underspends across supplies and services £169k.
- ICT - £95k underspend due to underspends on employee budgets due to the timing and recruitment to vacancies £486k partly reduced by £288k of reduced income charged to projects and £103k consultancy costs for the service peer review.
- Audit - £115k underspend due to underspends on employee budgets due to timing and recruitment to vacancies.

- Capital Programmes - £233k overspend due to £0.610m unachieved operational property savings, Wythenshawe Hall additional security costs £117k, Abraham Moss reduced income £87k partly offset by reduced security costs in facilities management £84k, £191k underspend on employee budgets in Operational Property of £64k and facilities management of £127k and a further £306k income achieved in capital programmes.

There has been an increase of £1.154m in the underspend since last reported in P6. This is mainly due to underspends on employee budgets and improved income in legal services £0.798m, Registrars and Coroners improved income £257k, Capital Programmes improved income £151k, Facilities Management reduced security costs £84k reduced by additional costs in ICT £103k.

Chief Executives will seek to carry forward of c£400k for the 22/23 Elections subject to appropriate approvals.

Savings Achievement - £2.482m high risk

	Savings Target 2021/22			
	Low Risk £000	Medium Risk £000	High Risk £000	Total £000
Children's Services	11,149	0	1,210	12,359
Adult Social Care	10,597	1,000	0	11,597
Neighbourhoods Directorate	2,308	3,103	1,272	6,683
Homelessness	2,335	0	0	2,335
Growth and Development	840	268	0	1,108
Corporate Core	5,719	916	0	6,635
Total Budget Savings	**32,948**	**5,287**	**2,482**	**40,717**

Savings Headlines

£40.717m approved savings, £2.482m (6.1%) are considered high risk as follows:

- Children’s Services - £1.210m. Made up of £0.802m which relates to leaving care due to a delay in registered provider’s provision and is expected to be achieved once provision is delivered; £408k relates to multi agency agreement caps and achievement of this is dependent on the number of placements being agreed through this mechanism. The underachievement is mitigated by underspends in the current financial year.
- Neighbourhoods - £1.272m high risk savings relate to car parking income for the off street car parking due to the impact of COVID, and particularly annual season ticket income. It is unclear if these will return to pre-COVID levels, however, work is ongoing to explore options to attract more non commuter users.

£5.287m of savings (13.0%) are considered medium risk as follows:

- Adults - £1.000m – There is a concern that delays to recruitment have impacted on the start of the BOBL programme. This delay is has meant that £300k of savings have been verified to date from the number of clients packages which have been reviewed. Further work is underway to reprofile when future savings will be achieved.
- Neighbourhoods – £3.103m. Car parking income represents £2.828m of the medium risk savings, with recovery from the pandemic being slower than anticipated. It is expected that that usage will return towards pre-pandemic levels by the start of 2022. Work is taking place to look at options around increasing users including increased marketing and alternative uses such as tourists and hotel users. £275k of advertising income in relation to a proposed new advertising screen at Piccadilly Gardens is considered at moderate risk of being achieved this year. Discussions are ongoing with both the Events team and City Centre Regeneration around plans for the area and how a screen can potentially be integrated in the short term. Once agreed a planning application will be required, it is expected that this saving will be achieved in 2022/23.
- Growth and Development - £268k. Of which £193k is in relation to a service redesign within planning, on which alternative proposals are being developed. The service has made tactical savings to offset this in 2021/22 with alternatives being brought forward for 2022/23. £75k of additional investment estates income will be delayed, but fully achieved in 2022/23, the shortfall has been met from elsewhere in the estates budget.
- Corporate Core - £0.916m. A net savings target of £0.610m was set in respect of reduced office costs as part of reviewing the estate requirements linked to the Town Hall redevelopment. The initial £0.610m saving for 2021/22 has not been achieved due to delays in exiting buildings. Some of this will be achieved as planned in 2022/23, officers are identifying options for replacing the unachieved savings. £306k relates to staffing reductions in HR/OD. This has been mitigated in this financial year through ongoing vacancies in lieu of the service redesign. The service is continuing to work through their restructure to ensure the structure meets the service needs, and this is mindful of the need to deliver with a reduced overall number of posts. It is expected this saving will be achieved in 2022/23 once the new structure is implemented.