

The Executive

Minutes of the meeting held on 7 February 2018

Present: Councillor Leese in the Chair

Councillors Craig, Flanagan, N Murphy, S Murphy, S Newman, B Priest, Rahman and Stogia

Also present as Members of the Standing Consultative Panel:
Councillors Bridges, Dar, S Judge and Sheikh

Also Present

Councillors Ollerhead, Reid

Exe/18/007 Minutes

Decision

To approve the minutes of the meeting held on 10 January 2018 as a correct record.

Exe/18/008 Global Monitoring Report 2017/18

A report from the City Treasurer was submitted containing a summary of the Council's revenue budget and forecast outturn position for 2017/2018. The forecast had been based on an assessment of income and expenditure to the end of December 2017 and financial profiling up to 31 March 2018. The report gave details of the projected variances to budgets, the position of the Housing Revenue Account, Council Tax and business rate collection, revised prudential borrowing indicators, and the state of the Council's contingency funds. Projecting forward from the position at the end of December 2017, it had been forecast that by the year-end in March 2018 the revenue budget would be overspent by £4.595m. That forecast was an improvement on the position reported in December 2017 when the forecast overspend had been £5.455m overall (Minute Exe/17/157).

The report set out proposed allocations of budgets to be allocated. These were agreed:

- Home to school transport for those with Special Educational Needs and Disability - £415k to meet increasing demand for these services and increases in the number of users;
- Christmas Markets - £100k to provide for the need to adhere to all Health and Safety requirements operated under a Construction and Design Management approach;
- Highway Structure Bridge Inspections - £100k to carry out an urgent 12-month programme of works to inspect the structures listed as high priority;
- Highway reactive maintenance - £2m to help maintain the highway network in good condition.

The report also proposed allocations from reserves. These were agreed:

- Behavioural Insights Unit work on Trusted Assessors for Health and Social Care - £30k from the Transformation Reserve to help embed behavioural impact across Greater Manchester by applying behavioural science to tackle a range of priority problems in public policy and public services.
- Evaluation of Health and Social Care Transformation Funding - £31k in 2017/18 and £100,000 in 2018/19 for the evaluation of transformation investments made into Health and Social Care services.
- Online House in Multiple Occupation applications - £72k from the Licensing Reserve to streamline the current licensing application process to enable licences to be processed and issued more quickly.
- Capacity Grid - £187k from the Business Rates reserve to engage with the commercial organisation 'Capacity Grid' for it to help with the assessment and collection of Council Tax and Business Rates
- Food poverty scheme - £100k from the Business Rates reserve to be allocated as £3,000 for each of the 32 wards to allow for smaller awards in each ward.

The report also explained that the Council was being awarded an external grant the use of which had not been confirmed as part of the 2017/18 budget setting. That was £370,000 from Centenary Cities Funding. It was proposed and agreed that this money be used for awareness raising of equality issues and celebrating diversity; helping to meet the cost of a statue of Emeline Pankhurst; and awareness raising and greater participation at Manchester events.

Decisions

1. To note the report.
2. To note the allocation of the pressures and growth budget as detailed in section 12 of the report, which was in accordance with the budget process approved in February 2017.
3. To approve the release of budgets to be allocated, as set out above.
4. To approve the use of reserves in addition to that already planned, as set out above.
5. To approve the use of a new grant, as explained above.

Exe/18/009 Capital Budget Monitoring Q3 2017/18

The City Treasurer's report informed us of the revised capital budget 2017/18 to 2022/23 taking account of agreed and proposed additions to the programme, profiling changes, and the latest estimates of forecast spend and resources for the 2017/18 capital programme. The report explained the major variations to forecast spend, and any impact that variations had on the five-year Capital Programme. For this year the total expenditure to date was £181.2m, including spending on behalf of Greater Manchester. The latest forecast for capital spending in 2017/18 was £285.4m, with a further £80.5m forecast for spending on behalf of the Greater Manchester capital programme.

Appended to the report was a schedule of projects within the overall capital programme where the allocations needed to be revised and funding allocations vired between projects. The appendix showed the virement needed for each scheme and each project. We agreed to recommend to the Council the proposed virements greater than £500,000, as set out in the appendix to these minutes. The virements of less than £500,000 we approved.

Also appended to the report was a full schedule of all projects within the Capital Programme which set out the agreed budget for each project from 2017/18 to 2022/23.

Decisions

1. To recommend to Council the approval of the in-year budget transfers over £0.5m between capital schemes as set out in Appendix A of these minutes so as to maximise use of funding resources available to the City Council.
2. To approve the in-year budget transfers below £0.5m between capital schemes as set out in Appendix A of these minutes so as to maximise use of funding resources available to the City Council.
3. To note that approval of movements and transfers to the full capital programme, including projects on behalf of Greater Manchester, will reflect a revised total capital programme budget of £366.6m and a latest full year forecast of £365.9m. Expenditure to date is £181.2m.
4. To agree that the capital budget be amended to reflect movement in the programme, attributable to approved budget increases and updates to spending profiles.
5. To note that capital resources will be maximised and managed to ensure the capital programme 2017/18 remains fully funded and that no resources are lost.
6. To note that approval of movements and transfers to the Manchester City Council capital programme will reflect a revised capital programme budget of £286.1m and a latest full year forecast of £285.4m, with expenditure to date being £144.5m.
7. For projects carried out on behalf of Greater Manchester, to agree that the capital budget be amended to reflect movement in the programme, attributable to approved budget increases and updates to spending profiles.
8. For projects carried out on behalf of Greater Manchester, to note that approval of movements and transfers to the Greater Manchester capital programme will reflect a revised capital programme budget of £80.5m against a latest full year forecast of £80.5m, with expenditure to date being £36.7m.

Exe/18/010 Medium Term Financial Plan 2017-2020

The report of the Chief Executive and City Treasurer set out the revenue budget proposals for the Council for 2018/19 to 2020/21. The report had been prepared using the anticipated funding from Government and the forecast budget outturn position for 2017/18. At the meeting the City Treasurer reported that the actual funding settlement had been announced by the Government on the previous day. The only change from the anticipated funding level was an additional £1.667m that was to be the city's share of an extra £150m of national funding for adult social care.

The report set out the overall state of the Council's finances. It explained that between 2010/11 and 2017/18 the Council had had to deal with:

- a cut in service related spend from £574m in 2010/11 to only £408m in 2017/18;
- a 40% reduction in the workforce;
- a 34% cut in spending power over the period – 11.8% worse than the England average; and
- a £356.51 reduction in Spending Power per Head.

Before the 2016/17 settlement the Government had offered councils a four-year funding settlement to 2019/20 that would commit the Government to provide minimum allocations for each year of the Spending Review period. The Council took up this offer. The budget for the coming year was to be the third year of that four-year commitment. There was as yet no information as to what might happen at the end of the four years. The report detailed the significant adjustments to the funds, bonuses and tariffs that had changed the overall funding to the Council as contained in the Government's settlement.

The main assumptions that had been used to prepare the budget were explained in the report:

- participation in the 100% business rates pilot and on the assumption that the Council would be no better or worse off as a result of the pilot and growth of £5m each year;
- a council tax increase of 4.99% 2018/19 and 1.99% in 2019/20;
- the Council would continue with the savings plans that had been part of the 2017/08 Medium Term Financial Plan, with savings of £9.229m planned for in 2018/19; and
- all resources and expenditure budgets being based on the most up to date information available.

Whilst the 2018/19 Local Government Provisional Finance Settlement had given the Council the flexibility to raise the council tax by a further 1% to cover the cost of core services the assumption was to keep council tax in 2018/19 at the level as committed to in 2017-20 budget strategy, and not implement that further 1% increase.

In preparing the 2018/19 budget there has been a review of resources available to the Council which had led to a net increase of approximately £25m compared to the expected position considered within the 2017/18 budget strategy. This was made up of £3.7m from technical changes as part of the Provisional Finance Settlement, additional business rates income £8.6m, £3m of additional council tax income, £8.9m from the Manchester Airport Group dividend and £2.5m release of reserves that were

no longer required. This overall increase in resources was however partly offset by a £1.3m reduction in other grants. As set out in the report, the overall resources available were expected to be:

Table 1 – Resources Available in 2018/19	2018/19 Resources £,000
Business Rates Top Up / (Tariff)	(16,630)
Business Rates Top Up / (Tariff) - No Detriment Adjustment	(1,389)
Business Rates Income	323,138
Business Rates Grants	19,778
Council Tax	156,239
Other non-ring fenced Grants	34,142
Dividends and Use of Reserves	53,342
Use of other Reserves	5,993
Total Resources Available	574,613

The main changes in levels of the non ring-fenced grants was explained in the report and the overall breakdown was:

Table 2 – Non Ring-Fenced Grants	2018/19 £,000
Better Care Fund (Improved)	14,762
Additional Better Care Fund (Improved)	7,644
New Homes Bonus	6,420
New Homes Bonus Adjustment Grant	0
Adult Social Care Support Grant	0
Education Services Grant	1,260
Housing Benefit Admin Subsidy	2,636
Universal Credit Funding	314
Council Tax Support Admin Subsidy	944
Care Act Grants	162
Total Non-Ringfenced Grants	34,142

The report then considered the expenditure proposals. The 2018/19 spending forecasts had been built upon the revised figures for 2017/18. The report examined additional costs that would need to be met in 2018/19, as well as the proposals for investment in priority areas across the Council's services. The additional costs where budgets would have to be allocated to meet known increases were:

Table 3 – Budgets to be Allocated	2018/19 £,000
Increase General Contingency	503
Pay Award of 2%	2,600
Additional costs of meeting contractual commitments	2,000
Implementing Ruling on the Calculation of Holiday Pay	160
Reduced Income from the HRA	120
Corporate Investment	5,383

The proposals for further investment in services included increasing the Council's spending to help reduce homelessness in the city. That was to include £2.1m additional funding largely to compensate for the reduction in government funding for temporary accommodation; £0.5m towards the costs of the Homelessness Hub; and £0.9m for priorities for homelessness identified from the City Centre Review. The report explained that further work was being undertaken to reduce cost pressures and provide capacity to meet demand for help with homelessness. The overall levels of investment being proposed were:

Table 4 – Investment in Directorate Budgets	2018/19 £,000
Adults (exc Homelessness)	5,759
Adults (Homelessness)	3,495
Children's Services	6,882
Corporate Core (inc Highways)	2,255
Growth and Neighbourhoods	2,105
Increase In Directorate Budgets	20,496

The report showed that a balanced budget was being proposed for 2018/19, with the planned expenditure being met from the resources available. The overall budget was:

Table 5 - Summary of Resources Available and Budget Requirements	2017/18 Revised Budget £,000	2018/19 Proposed Budget £,000	2019/20 Proposed Budget £,000
Resources Available			
Revenue Support Grant	0	0	0
Business Rates Baseline	309,747	314,212	241,901
Business Rates Top Up / (Tariff)	600	(16,630)	41,536
Public Health Funding	0	0	0
Baseline Funding Level	310,347	297,582	283,437
Business Rates Income / (Loss)	(11,952)	7,537	18,868
Business Rates Grants	19,160	19,778	15,535
Council Tax	146,507	156,239	161,690
Other non ring-fenced grants	35,869	34,142	39,662
Dividends and use of reserves	44,471	53,342	53,342
Use of other reserves	2,525	7,983	4,490
Resources to be identified	0	0	11,801
Total Resources Available	546,927	576,603	588,825
Resources Required - Corporate Costs:			
Levies/Charges	69,177	68,557	69,329
Contingency	1,537	2,600	2,100
Capital Financing	44,582	44,582	44,582
Transfer to Reserves	7,400	7,181	3,409
Sub Total Corporate Costs	122,696	122,920	119,420
Resources Required - Directorate Costs:			
Pension allowances and other pension costs	10,283	10,183	10,183
Insurance Costs	2,004	2,004	2,004

Table 5 - Summary of Resources Available and Budget Requirements	2017/18 Revised Budget £,000	2018/19 Proposed Budget £,000	2019/20 Proposed Budget £,000
Directorate Budgets	408,133	422,015	423,090
Cost Inflation and budgets to be allocated	3,811	19,481	34,128
Total Directorate Costs	424,231	453,683	469,405
Total Resources Required	546,927	576,603	588,825

We agreed that how the £19.481m provision for inflation and budgets to be allocated should be divided up and used through the year should be determined by the City Treasurer as considered necessary.

The report explained the significant changes that were expected to the levies the Council would have to meet. The breakdown of the total levies and charges was:

Table 6 – Levies and Charges	2018/19 £,000
Transport Levy	55,077
GM Waste Disposal Authority	13,792
Environment Agency	196
Probation (Residual Debt)	22
Magistrates Court (Residual Debt)	9
Port Health Authority	71
Total Levies	69,167
Use of Parking Reserve	(610)
Net Cost of Levies	68,557

The contingency of £2.6m for 2018/19 was an additional £2m for risks around waste and £0.6m as an unallocated contingency to meet future unforeseen expenses. The capital financing budget of £44.582m was to support the costs of borrowing for the capital programme.

The proposed budget allocations to the Council's directorates was detailed in other reports being presented to the meeting. The totals for each directorate were:

Table 7 – Directorate Budgets	2018/19 £,000
Children's	115,352
Adults	179,026
Corporate Core	78,283
Growth and Neighbourhoods	43,715
Strategic Development	5,639
Total	422,015

At the meeting it was explained that the Council also intended to establish an emergency welfare fund of £50,000 specifically to support children in the city who turn up to school without food or in need of food.

The report explained that the Council holds a number of reserves, all of which, aside from the General Fund Reserve, had been set aside to meet specific future expenditure or risks. A fundamental review of all the reserves held had been carried out as part of the budget setting process. The reserves include:

- statutory reserves – such as the Bus Lane and Parking Reserves, where the use of these monies was defined in statute
- PFI Reserves – held to meet costs across the life of the PFI schemes
- Reserves to offset risk and manage volatility – such as the Insurance Fund Reserve, and reserves to smooth volatility in for example adult social care placements due to winter pressures
- Schools reserves – schools funding which the council cannot utilise
- Reserves held to support capital schemes
- Reserves to support economic growth and public sector reform
- Grants and contributions which fall across more than one year – under accountancy standards these are held in a reserve.

The report set out the planned use of reserves in 2018/19 to support revenue expenditure. It also explained the statutory requirement to place income generated from on-street parking and bus lane enforcement into separate reserves. These reserves could only be used to fund certain types of highway and environmental improvements, and provided there was no requirement for the Council to provide additional off street parking or for financial support to existing off street parking. The expected balance on these reserves at the 1 April 2018 was £6.754m. It was estimated that £7.319m would be added to these reserves during 2018/19 and £7.092m used. The total planned use of reserves was:

Table 8 – Use of Reserves to support revenue	2018/19 £,000
Statutory Reserves:	
Bus Lane and Parking reserves	7,092
Other Statutory Reserves	38
Balances Held for PFI's	100
Small Specific Reserves	51
Reserves held to smooth risk / assurance:	
Airport Dividend Reserve	29,161
Adult Social Care Reserve	0
Business Rates Reserve	2,168
Historic Abuse Claims Reserve	2,500
Other Reserves held to smooth risk / assurance	521
Reserves held to support capital schemes:	
Capital Fund	6,507
Other reserves held to support capital schemes	3,639
Reserves held to support growth and reform:	
Clean City Reserve	2,013
Children's and Families Investment Reserve	3,514
Better Care Reserve	7,609
Town Hall Reserve	2,988
City Centre Reserve	2,720
Our Manchester Reserve	2,524

Table 8 – Use of Reserves to support revenue	2018/19 £,000
Other Reserves to support growth and reform	132
Grants and Contributions used to meet commitments over more than one year	950
General Fund	0
Total	74,227

The report and appendix one set out the Council's legal duties in relation to calculating the budget requirement and setting the Council Tax, and also the particular duties of the City Treasurer.

Under S25 of the Local Government Act 2003 the City Treasurer had to report to Council on the robustness of the estimates and the adequacy of reserves.

The City Treasurer had examined the major assumptions used within the budget calculations and the risks associated with the budget strategy and the savings requirements. Her opinion on the necessary level of reserves was set out in the report. It was the opinion of the City Treasurer that any significant budget risks to the General Fund and the Housing Revenue Account had been identified and that suitable proposals were being put in place to mitigate these risks where possible. Furthermore, the Council's budget monitoring procedures were well developed and were designed to specifically monitor high level risks and volatile budgets. Her view was that the assumptions on which the budget had been proposed, whilst still as challenging as they had been in recent years, were manageable within the flexibility allowed by the General Fund balance. However, it remained important that budget savings continued to be achieved in a timely manner.

As set out above, the City Treasurer's report had been prepared on the assumption of a 4.99% increase by the Council for the Council Tax for 2018/19. At the meeting it was proposed and agreed that a smaller increase should instead be recommended to the Council. There were concerns about the impact a significant increase in Council Tax could have on some residents in the city. As well as the increase in the City Council's element of the Council tax, residents were also going to face increases in the elements for the Police and the Greater Manchester Combined Authority. It was acknowledged that the Council should seek to help families plan how to cope with these extra costs. Therefore the 3% extra increase allowed by the government to raise funds for adult social care should be phased over the next two years, at 1.5% each year, instead of being charged in full in 2018/19. This would mean that for 2018/19 the Council Tax increase from the City Council would be 3.49% rather than 4.99%. In the following year, 2019/20, the increase would therefore be 3.49% rather than 1.99%.

This change would however, reduce the money raised from the Council Tax and so to ensure that the funding available to support adult social care costs was not reduced this reduction in Council Tax Income would be offset by a money to be refunded to the Council from the Greater Manchester Combined Authority, and in part by other resources available through business rates. It was agreed that these revised proposals should be the basis of the budget recommended to the Council.

Decisions

1. To note that the financial position has been based on the Provisional Local Government Finance Settlement issued on 19 December 2017.
2. To note that there has been a review of how the resources available are utilised to support the financial position to best effect, including use of reserves and dividends, consideration of the updated Council Tax and Business Rates position, the financing of capital investment and the availability and application of grants.
3. To agree to consider the detailed reports from individual Strategic Directors (Directorate Budget and Business Plans) and the proposals for service and expenditure changes, together with the feedback from the Scrutiny Committees, in reaching decisions regarding the final budget recommendations for 2018/19 to 2019/20.
4. To note the anticipated financial position for the Authority for the period 2018/19 to 2019/20 which is based on all proposals being agreed.
5. To note that the Capital Strategy and Budget 2018/19 to 2022/23 was also presented to this meeting.
6. To note the City Treasurer's review of the robustness of the estimates and the adequacy of the reserves.
7. To recommend that the Council to approve for 2018/19:
 - (a) an increase in the basic amount of Council Tax (i.e. the City's element of council tax) by 3.49% (including 1.5% for adult social care);
 - (b) the contingency sum of £2.6m;
 - (c) the inflationary pressures and budgets to be allocated sum of £19.481m; and delegate authority to make the final allocations to the City Treasurer in consultation with the Executive Member for Finance and Human Resources;
 - (d) the proposals for investment and to delegate to the City Treasurer in consultation with the Executive Member for Finance and Human Resources the process for drawing them down and allocating into cash limit budgets and the Manchester Health and Care Commissioning (MHCC) pooled budget;
 - (e) corporate budget requirements to cover the cost of levies / charges of £68.557m, capital financing costs of £44.582m, additional allowances and other pension costs of £10.183m and insurance costs of £2.004m;
 - (f) the estimated utilisation of £7.092m of the surplus from the on street parking and bus lane enforcement reserves after determining that any surplus from these reserves is not required to provide additional off street parking in the authority;

- (g) the position on reserves as identified in the report and in Appendix 2 of the report subject to the final call on reserves after any changes are required to account for final levies etc; and
- (h) the use of the rebate from the Combined Authority and Business Rate Reserves to offset the income forgone by including a 1.5% rather than 3% increase in Council Tax for adult social care.
8. To delegate authority to the City Treasurer and Chief Executive, in conjunction with Executive Member for Finance and Human Resources, to agree the use of the Children and Families Investment Reserve, Adult Social Care Reserve, City Centre Review Reserve and Our Manchester Reserve.
 9. To approve the Directorate cash limits as set out in Table 7 above.
 10. To approve the in principle contribution to the MHCC Section 75 (s75) Pooled Budget subject to the future approval of the s75 agreement.
 11. To delegate authority to the City Treasurer and Chief Executive, in consultation with the Executive Member for Finance and Human Resources and the Leader of the Council, to draft the budget resolution to be recommended to the Council in accordance with the legal requirements outlined in the report, taking into account the decisions of the Executive and any final changes and other technical adjustments.
 12. To note that there is a requirement on the authority to provide an itemised council tax bill which, on the face of the bill, informs council tax payers of that part of any increase in council tax which is being used to fund adult social care; and to provide specific information about the purpose of the council tax increase in the information supplied with demand notices.

Exe/18/011 Growth and Neighbourhoods Budget and Business Plan

The Deputy Chief Executive (Growth and Neighbourhoods) presented the final proposals for the directorate's budget for 2018/19 and forecast budgets for the following two financial years. The report set out the detailed breakdown and allocation of the directorate's revenue budget of £55.402m for 2018/19. It also explained the source of the directorate's contribution of £1.25m of savings for 2018/19.

The report described the range of services that are part of the directorate, and the function and role of each is ensuring the success of the Council's "Our Manchester Strategy".

The report set out in detail how the elements of the financial and business plan had been developed and a copy of the "Growth and Neighbourhoods Delivery Plans 2018/19 - 2019/20" was appended to the report. It explained the investment proposals and priorities for the directorate. Additional Investment of £1.607m was

being proposed with £1.407m to cover increased costs of waste collection and disposal, and £0.2m to maintain the fly tipping enforcement team. Those investment were to be funded through the reduction in the waste levy budget. The report also explained proposals to use centrally held funds to spend a further £0.5m to address priorities in respect of the increased costs of street cleansing and waste collection costs. Also to investment in City Centre priorities of tackling crime, anti-social behaviour and environmental issues.

The overall financial plan for the service was:

Service Area	Net 2017/18 £,000	Growth & Changes £,000	Savings £,000	Net 2018/19 £,000
Neighbourhoods Service				
Commissioning & Delivery (Incl Waste and Recycling; Parks Leisure and Events; Grounds maintenance)	74,500	(35,336)	(1,160)	38,004
Community Safety & Compliance	7,248	200		7,448
Libraries, Galleries & Culture	8,714		(30)	8,684
Core Cities	56			56
Community Association Fund	412			412
Neighbourhood Teams	2,440			2,440
Total Neighbourhoods	93,370	(35,136)	(1,190)	57,044
Business Units	(3,601)	0	(60)	(3,661)
Work & Skills / Adult Education	1,706	0	0	1,706
Planning & Building Control	178	0	0	178
Licensing	(640)	0		(640)
Directorate Support	775	0	0	775
Town Hall Project	0	0	0	0
Total	91,788	(35,136)	(1,250)	55,402

It was noted that the Neighbourhoods and Environment Scrutiny Committee, the Communities and Equalities Scrutiny Committee, the Economy Scrutiny and the Resources and Governance Scrutiny Committee had each recently considered this report on the directorate's plan for 2018/19 and had endorsed the recommendations in the report (Minutes NESC/18/14, CESC/18/10, ESC/18/10 and RGSC/18/10).

Decision

To approve the final proposals in this report and agree that these be included in the budget presented to the Council.

Exe/18/012 Corporate Core Budget and Business Planning 2018-2020

A joint report was submitted by Deputy Chief Executive (People, Policy, Reform), the City Treasurer, the City Solicitor, the Chief Information Officer and Director of Highways, Transport and Engineering. This report presented the final proposals for the Corporate Core's budget for 2018/19 and forecast budgets for the following two

financial years. The report set out the detailed breakdown and allocation of the directorate's revenue budget of £76.028m in 2018/19. It also explained the source of the directorate's contribution of £3.065m of savings for 2018/19.

The report described how the role of the Core as providing strategic leadership to drive delivery of the Our Manchester Strategy ambitions, sustain growth across the city, better connect residents to that growth, create attractive places to live work and visit, and reduce the costly demands placed on public services. As well as driving change, the Core supported the rest of the organisation through Human Resources and Organisational Development, ICT, Finance, Legal, Communications and other services. The Core also delivers a range of services directly to residents including revenues and benefits, customer services and registrars and the Highways service has responsibility for the ongoing maintenance of the Highway.

The report set out in detail how the elements of the financial and business plan had been developed and a copy of the "Corporate Core Delivery Plans 2018/19 - 2019/20" was appended to the report.

The report explained that the proposed capital strategy included significant investment for Corporate Core services including Highways, Street Lighting and ICT, which will all bring longer term cost reductions. The investment in ICT systems would benefit the whole Council as other directorate are able to deliver services more efficiently and in new and innovative ways. Ongoing investment of £1.490m was being proposed from 2018/19 to support the revenue and benefits budgets: £1m of which would provide additional capacity to support residents following the roll out of Universal Credit to provide additional resources to support an increased number of Discretionary Housing Payments or Hardship Payments; the other investment of £0.49m would provide funding for additional capacity within Revenue and Benefits to enable the Contact Centre to better support Children's Services, help maximise the collection of business rates, and provide improved funding for food banks.

The financial plan for the service was:

Service Area	Net 2017/18 £,000	Growth & Changes £,000	Savings £,000	Net 2018/19 £,000
Highways Services	14,202			14,202
ICT	14,100		(520)	13,580
HR/OD	3,803			3,803
Policy	6,508			6,508
Reform and Innovation	1,057			1,057
Legal Services	2,752		(50)	2,702
Democratic and Statutory Services	3,368		(55)	3,313
Executive	3,665			3,665
Communications	2,939			2,939
Chief Executives Corporate Items	2,384	(630)		1,754
Commissioning	350			350
Revenue and Benefits	7,395			7,395
Performance, Research & Intelligence	4,210			4,210
Procurement	920			920

Service Area	Net 2017/18 £,000	Growth & Changes £,000	Savings £,000	Net 2018/19 £,000
Financial Management	5,563		(100)	5,463
Audit, Risk and Resilience	1,349		30	1,379
Shared Service Centre	1,262			1,262
Capital Programmes	(270)			(270)
Customer Services	3,790			3,790
Corporate Services Corporate Items	256			256
Corporate Services			(2,250)	(2,250)
Total Corporate Core	79,603	(630)	(2,945)	76,028

It was noted that the Neighbourhoods and Environment Scrutiny Committee and the Resources and Governance Scrutiny Committee had each recently considered this report on the Corporate Core's plan for 2018/19 and had endorsed the recommendations in the report (Minutes NESC/18/14 and RGSC/18/10).

Decision

To approve the final proposals in this report and agree that these be included in the budget presented to the Council.

Exe/18/013 Strategic Development Budget and Business Planning: 2018-2020

The Strategic Director (Development) presented the final proposals for the directorate's budget for 2018/19 and forecast budgets for the following two financial years. The report set out the detailed breakdown and allocation of the directorate's revenue budget of £5.639m for 2018/19.

The report described the significant contribution the service was making to the development and regeneration in the city, referencing many of the commercial and residential development schemes across the city.

The report set out in detail how the elements of the financial and business plan had been developed and a copy of the "Strategic Development Delivery Plans 2018/19 - 2019/20" was appended to the report.

The financial plan for the service was:

Service Area	Net 2017/18 £,000	Growth & Changes £,000	Savings £,000	Net 2018/19 £,000
Operational Property	17,525			17,525
Investment Estate	(14,443)			(14,443)
Sharp, Space & OCP	6			6
City Centre Regeneration	419			419
Strategic Development	552			552
Housing & Residential Growth	1,580			1,580
Total	5,639			5,639

It was noted that the Neighbourhoods and Environment Scrutiny Committee, the Economy Scrutiny and the Resources and Governance Scrutiny Committee had each recently considered this report on the directorate's plan for 2018/19 and had endorsed the recommendations in the report (Minutes NESC/18/14, ESC/18/10 and RGSC/18/10).

Decision

To approve the final proposals in this report and agree that these be included in the budget presented to the Council.

Exe/18/014 Children's Services and Education Budget and Business Planning 2018-2020

The Director of Children's Services and Director of Education presented the final proposals for the directorate's budget for 2018/19 and forecast budgets for the following two financial years. The report set out the detailed breakdown and allocation of the directorate's revenue budget of £108.470m for 2018/19. It also explained the source of the directorate's contribution of £0.22m of savings for 2018/19.

The report set out in detail how the elements of the financial and business plan had been developed and a copy of the "Children's Services Delivery Plans 2018/19 - 2019/20" was appended to the report. The report explained the proposal for a net additional investment in the region of £7m in each of 2018/19 and 2019/20. This additional funding was to enable the directorate to continue to improve social work capacity and Early Help and provide the appropriate level of service to those who would most need it.

The financial plan for the service was:

Service Area	Net 2017/18 £,000	Growth & Changes £,000	Savings £,000	Net 2018/19 £,000
LAC Placements	26,634	2,450		29,084
Permanence & Leaving Care	13,760			13,760
Children's Safeguarding	28,965	500		29,465
Education Service	4,116	1,856		5,972
School Organisation & Planning	937			937
Education Transport Services	6,508		(220)	6,288
Quality Assurance & Early Years	15,483			15,483
Early Help & Youth Service	3,019			3,019
Other Services	79	560		639
Core & Back Office Services	3,823			3,823
Total	103,324	5,366	(220)	108,470

It was noted that the Children and Young People Scrutiny Committee had recently considered this report on the directorate's plan for 2018/19 and had endorsed the recommendations in the report (Minute CYP/18/07).

Decision

To approve the final proposals in this report and agree that these be included in the budget presented to the Council.

Exe/18/015 Manchester Health and Care Commissioning - Joint Financial Plan 2018-2020

Manchester Health and Care Commissioning (MHCC) had been established in April 2017 (Minute Exe/17/033). It was responsible for commissioning health, adult social care and public health services for the city. This service was to operate a single planning, delivery and assurance process from April 2018 to oversee all of MHCC's commissioning responsibilities.

A joint report was submitted by the Chief Accountable Officer Manchester Health and Care Commissioning and the Executive Director for Strategic Commissioning to set out the priorities for 2018/19. The report also describes the arrangements for developing MHCC's operational plan and provided an update on MHCC's financial plan for 2018/19 and 2019/20. The MHCC operational plan for 2018/19 was based on seven priorities, with a number of objectives under each priority, and executive leads identified for each priority and each objective. The priorities were:

1. develop high quality, effective residential, nursing and home care
2. deliver effective out of hospital care
3. develop core primary care services
4. tackle health inequalities to reduce the variation in health outcomes across Manchester
5. deliver strategic programmes in line with Manchester's priorities
6. deliver a transformed health and care system
7. deliver national and statutory requirements and drive the transformation of health and care in Manchester.

The report explained the detail of the new care models, the savings plans, the overall joint financial position and the allocation of risk and benefits across the MHCC.

The summary financial plan for 2018/19 was:

MHCC 2018/19 Joint Financial Plan	Health £,000	ASC £,000	Total £,000
Funding: Recurrent			
2017/18 base budget	893,476	165,617	1,059,093
Health Visiting		10,352	10,352
Savings		-4,814	-4,814
ASC Grant Reduction		-5,273	-5,273
Growth	20,264	10,834	31,098
Investment / Reduction		-3,845	-3,845

MHCC 2018/19 Joint Financial Plan	Health £,000	ASC £,000	Total £,000
Subtotal	913,740	172,871	1,086,611
Funding: Non Recurrent			
GMTF - New Care Models*	6,203	917	7,120
ASC grant - New Care Models*	742	2,928	3,670
MCC Proposed Investment		5,759	5,759
Public Health - New Care Models	72		72
GMTF - Primary Care	2,313		2,313
Other non recurrent investment	6,000		6,000
Additional mitigations	1,841	4,000	5,841
Subtotal	17,172	13,604	30,775
Total funding	930,912	186,475	1,117,387
Expenditure:			
Previous year forecast outturn	900,359	165,617	1,065,976
Non-recurrent mitigation		4,000	4,000
Less: previous year non recurrent spend	-6,017	-5,273	-11,290
Less: NCM savings	-11,096	-6,344	-17,440
Less other savings	-4,244	-2,175	-6,419
Add: Growth / inflation / Investment	23,693	16,593	40,286
Add: new care models expenditure	7,170		7,170
Add: Health Visiting		10,352	10,352
Add: GMTF primary Care	2,313		2,313
Add: pressures	10,671	3,705	14,376
Add: business rules / other	8,138		8,138
Less: release of 0.5% reserve	-4,069		-4,069
Add: PbR risk reserve	3,994		3,994
Total expenditure	930,912	186,475	1,117,387
Surplus / (Deficit)	0	0	0

It was noted that the Health Scrutiny Committee had recently considered this report and had endorsed the recommendations in the report (Minute HSC/18/09).

Decisions

To approve the final proposals in this report and agree that these be included in the budget presented to the Council.

Exe/18/016 Adult Social Care Directorate Budget and Business Plan 2018-2020

A report in two parts was considered. The first part was a joint report submitted by the Executive Director for Strategic Commissioning and the City Treasurer setting out details on the proposed arrangements for delivery of Health and Social Care from 1

April 2018 and the contribution that the Council would put into the single pooled budget for integrated health and social care. The purpose of this report was to:

- update the Budget and Business Plan for the period 2017-2020 in the context of the arrangements with the integrated commissioning arrangements for Health and Social Care;
- update the financial position for the Adult Social Care 2017-20 budgets; and
- propose the Council's contribution of £156.77m to the MHCC pooled budget with the CCG.

The report set out in detail how the elements of the financial and business plan had been developed and a copy of the "Adults Services including Homelessness Delivery Plans 2018/19 - 2019/20" was appended to the report.

The report explained the proposed investment of almost £6m of additional expenditure on services to vulnerable people including older people and those with learning disabilities and mental health needs. These included:

- funds to address locality issues relating to the budget;
- more people requiring social care as a result of people with Learning Disability cases moving from the NHS following the findings of the Winterbourne review into people in long stay hospitals;
- increased Medicines Management costs as a result of the service being provided through adult social care that cannot be charged for under the Care Act 2014;
- meeting the increased demand for services and support;
- help with the growing number of older people with dementia who require support;
- meeting the increasing demand for services for people with learning disabilities;
- addressing the growing demand for home care so as to avoid putting unsustainable pressure on the whole health and social care system;
- addressing the budget shortfall for the Community Alarm Service and Manchester Support Living Service;

The financial plan for the service was:

Adult Social Care Budget 2018/18	2018/19 Net Budget £,000
Assessment Care & Support	8,991
In House Adult Social Care	16,552
Care	21,648
Learning Disability Services	1,992
Transformation Schemes	4,996
Business Support	1,100
Subtotal LCO In Scope 18/19	55,279
Care	36,805
Commissioning	8,844
Learning Disability Services	42,513
Public Health	21,975
Business Support	400
Subtotal LCO In Scope 19/20	110,537
Mental Health Services	23,555

Adult Social Care Budget 2018/18	2018/19 Net Budget £,000
Public Health Children's	3,737
Business Support	100
Subtotal LCO in Scope 20/21	27,392
Back Office	2,173
Commissioning	1,975
Public Health Staffing	2,560
Locality Plan	3,476
Business Support	1,550
Coporately Held Budgets	0
Subtotal MHCC Commissioning Function	11,734
MHCC Income	-48,172
Subtotals MHCC Pooled Budget	156,770
Adult Social Care	7,318
Total	164,088

The second part was a joint report by Director of Homelessness and the City Treasurer setting out the financial plan for homelessness services in 2018/19, and summarising progress so far with the implementation of the homelessness charter during 2017/18. The report had been divided in this was as homelessness was not within the scope for integrated health and social care commissioning.

The second report included proposals for further investment during 2018/19 and 2019/20 to support the service in meeting need and tackle homelessness effectively and to prevent people from becoming homeless. These investments would be:

- £2.1m additional funding for Homelessness, mainly to compensate for the reduction in government funding for temporary accommodation following the move to the new Flexible Housing Support Grant;
- £0.5m towards the costs of the Homelessness Hub; and
- £0.9m of support from the City Centre review.

The overall financial plan for Homelessness services was:

Homelessness Services Budget 2018/19	Net Budget 2018/19 £,000
Rough Sleepers / Outreach	210
Specialist Accommodation	241
Bed & breakfast	1,087
Singles Accommodation	849
Family Accommodation	(301)
Homelessness Management	326
Homelessness Assessment	1,123
Homelessness Prevention	1,864
Tenancy Compliance	231
Asylum	54
Total	5,684

It was noted that the Health Scrutiny Committee had recently considered this report and had endorsed the recommendations in the report (Minute HSC/18/09).

Decision

To approve the final proposals in this report and agree that these be included in the budget presented to the Council.

Exe/18/017 The Manchester Local Care Organisation

A joint report submitted by The Chief Executive, the Executive Director for Strategic Commissioning (DASS), the City Treasurer and the City Solicitor provides an update on arrangements which the Council will enter into to create the Manchester Local Care Organisation (LCO) to provide integrated health and social care services to the city.

The report sought approval to the entering into a Partnering Agreement with local NHS partners to govern the terms upon which the Council will be a partner within the LCO. It was proposed that the City Council enters into a Partnering Agreement with Manchester University Foundation Trust (MFT), Manchester Primary Care Partnership (MPCP), Greater Manchester Mental Health Trust (GMMHT) and Manchester Clinical Commissioning Group (MCCG) to formally establish the LCO and ensure the delivery of integrated health and social care services.

The report explained that it was not possible at this time to establish the LCO as the single legal entity that had been envisaged 12 months previously (Minute Exe/17/034). The procurement process then envisaged was for a single contract between MHCC and a single provider or consortium of providers acting together. However, legal and financial issues had meant it had not been possible to award a single contract for health and care. Those issues had proved to be national constraints outside of the control of the local partners.

In spite of that all of the partner organisations wished to work together as closely as possible to deliver a seamless integrated service that meets the objectives of the Locality Plan. The Partnership Agreement was therefore to set out the governance arrangements for the LCO Board and Executive; the relationship of the parties to the LCO; the reserved matters and delegations to the Board members and Executive officers; scope of services; risk and gain share arrangements; and a HR protocol.

It was explained and noted that as the LCO would not be a partnership nor a legal body it was not possible to delegate any functions to the Board or Executive. However, as the majority of adult social care functions were to be exercised through the LCO it would be important to ensure that all decisions be taken lawfully and partners understood the Council's decision making processes. Within the Council, the Executive Director for Strategic Commissioning currently had delegated authority as the statutory DASS to carry out all adult social care functions of the Council. This would not change. The delivery of adult social care was to be undertaken by Council

staff operating within the ambit of the LCO, with line management through to both the LCO Chief Executive and the Executive Director for Strategic Commissioning.

The report also sought approval for the Council to enter into the “The Manchester Agreement - Transforming the health & social care system in Manchester – A Partnership Agreement” which was to formalise the joint commitment of the partner organisations to the Locality Plan. This agreement included the performance outputs of the new care models within the LCO, the benefits of these in terms of better outcomes for Manchester people and the principles of financial risk and gain share between partners. A copy of the proposed agreement was appended to the report and it was agreed that the Council should commit to this.

Appended the report was a copy of a report that had been submitted to the LCO Partnership Board on 26 January 2018 “Local Care Organisation 2018/19 Business Plan Update – Version 2”. That report set out the proposals and the business plan for the LCO Organisation, including:

- LCO Establishment Update;
- LCO Business Plan Framework;
- LCO Strategy;
- LCO Partnering Agreement;
- LCO Target Operating Model and Mobilisation; and
- LCO Financial Plan.

It was agreed that the content of that report be endorsed as the basis for establishing the Manchester LCO. It was noted that a summary financial plan for the LCO for 2018/19 and indicative figures for 2019/20 were included in section 8 of the 26 January report to the LCO Partnership Board. That report also described the specific assumptions and risks relating to the Council’s budget for adult social care, and those were noted.

Decisions

1. To endorse the progress report on the Local Care Organisation (LCO) Business Plan that had been submitted to the LCO Partnership Board on 26 January 2018 (a copy being appended to this report) as the basis for establishing the Manchester LCO, beginning from 1st April 2018 and covering its first year of operation 2018/19.
2. To agree to enter into a Partnering Agreement with Manchester University Foundation Trust (MFT), Manchester Primary Care Partnership (MPCP), Greater Manchester Mental Health Trust (GMMHT) and Manchester Clinical Commissioning Group (MCCG) to establish the Manchester LCO
3. To agree to enter into the Manchester Agreement as appended to the report relating to investments from the Greater Manchester Transformation Fund, Adult Social Care Grant and other sources to the implementation of new models of service delivery through the LCO and to enable such investments to be monitored for their impact on improved outcomes for residents and financial sustainability of the City’s health and social care services

4. To delegate authority to the Chief Executive, the Executive Director for Strategic Commissioning (DASS), the City Treasurer and the City Solicitor, in consultation with the Executive Members for Adult Health and Wellbeing and for Finance and Human Resources, to agree the final terms of the Manchester Agreement and the LCO Business Plan for 2018/19.
5. To note the statutory responsibilities for adult social care remain with the Council and that the arrangements set out the report for one of the Council's representatives on the LCO Partnership Board and the Director of Adult Services, who will be a Member of the LCO Executive Team, to be authorised to undertake certain of those functions will be, in both cases, on the basis of accountability to the Executive Director for Strategic Commissioning (DASS).
6. To note the financial consequences of the LCO on the Council's budget.
7. To authorise officers to proceed with the deployment of staff and services to the LCO in accordance with the Business Plan and the HR protocol to be included within the Manchester Agreement.

Exe/18/018 School Funding (Dedicated Schools Grant 2018/19)

The budgets for schools are funded by the Dedicated Schools Grant (DSG), a ring-fenced grant that can only be applied to meet costs that fall within the schools' budgets. Any under or over-spend of grant from one year must be carried forward and applied to the schools' budgets in future years. The DSG is provided by Government to local authorities and each local authority distributes the grant to the local educational establishments. A report submitted by the Head of Finance for Adult Services Directorate and Children's Services Directorate explained that the DSG had been distributed to the individual schools based on the local funding formula. However, the Government was encouraging areas to move their local formula values to the National Funding Formula (NFF) values during 2018/19 – 2019/20. The Government had previously stated that it intends to implement the NFF in 2020/21 so from then the school allocations will be determined by the Department of Education.

The Council had consulted with schools and other key stakeholders on this change to the NFF in 2018/19. That had concluded that retaining the local formula for primary and secondary schools could achieve more short-term stability of schools' funding levels. With the uncertainties around the timing and values to be applied to the NFF after 2019/20 the Schools Forum had recommended that Manchester does not move to the National Funding values in 2018/19 and 2019/20 (Minute SF/17/23).

A report from the Director of Education and Skills explained that for 2018/19 the DSG would be made up of four blocks: schools block, early years block, high needs block and central services schools block. It was reported that Manchester was to receive a DSG of £518.57m. In December 2016 the Manchester School Forum had agreed that the Council would be able to retain a small portion of the DSG to provide for central support services to schools (Minutes SF/16/21 and SF/16/22). The breakdown of the DSG in 2018/19 would be as set out below.

	Schools £M	Early Years £m	Central Services £m	High Needs £m	Total £m
Dedicated Schools Grant	398.47	42.73	3.989	73.39	518.58
Movement between blocks	+0.32	0	-0.32	0	0
Total Grant Income	398.79	42.73	3.67	73.39	518.58
Retained School Budgets	5.90	1.79	3.67	21.51	32.87
Individual School Budgets	392.89	40.94	0	51.88	485.71
Total Planned Spend	398.79	42.73	3.67	73.39	518.58

Given that the individual budgets for schools now had to be finalised and set we agreed to delegate authority to set these to the Director of Education and Skills and the City Treasurer, in consultation with the appropriate members of the Executive.

It was noted that the Children and Young People Scrutiny Committee had recently considered and noted this report on the DSG for 2018/19 (Minute CYP/18/08).

Decisions

1. To note the Dedicated Schools Grant (DSG) funding in 2018/19.
2. To note the statutory requirement for the Council to distribute school budgets by the end of February 2018.
3. To delegate authority to the Director of Education and Skills and the City Treasurer, in consultation with the Executive Member for Schools, Culture and Leisure and the Executive Member for Finance and Human Resources, to decide the final allocation of the DSG to individual schools based on the Council's local funding formula.

Exe/18/019 Housing Revenue Account 2018/19 to 2020/21

A report by the Strategic Director (Development) and City Treasurer presented the proposed budget for the Housing Revenue Account (HRA) for 2017/18 and indicative budgets for 2018/19 and 2019/20.

The report set out the requirements placed on the Council with respect to the HRA budget:

- the Council had to formulate proposals for income and expenditure for the financial year which sought to ensure that the HRA would not show a deficit balance;
- to keep a HRA in accordance with proper practice to ensure that the HRA is in balance taking one year with another; and
- the HRA must, in general, balance on a year-to-year basis so that the costs of running the Housing Service must be met from HRA income.

Under a variety of arrangements, the Council owns and manage just under 16,000 properties within the HRA. The arrangements included three PFI schemes and the

stock managed by either Northwards Housing or other Registered Social Landlords. During 2017/18 the Council was anticipating selling around 270 properties under the Right to Buy scheme.

Included in the report was the forecast for the HRA in 2017/18 to have an in-year surplus of £3.012m, compared to a budgeted deficit of £15.428m and the main reasons for that change were explained in the report.

The proposed budget reflected the latest information on implementation of recent legislation from the Housing and Planning Act 2016 and Welfare Reform Act 2016. This required social housing rents to be reduced by 1% each year for four years from April 2016. The 2018/19 to 2019/20 budget period were the last two years of that four year period. The mandatory 1% rent reduction had been reflected in the financial plan being put forward. The proposed rents levels included a reduction of 1% to all properties except for housing properties managed under a Private Finance Initiative (PFI) contract, where the rent would be increased by 4% (CPI + 1%).

The report explained that work had been undertaken in 2016/17 to review communal heating systems across the Council's stock. The individual scheme charges had been reviewed in more detail and the apportionment between those who pay as part of their weekly rent and those who use a prepayment card had begun to be adjusted. This had resulted in the need to increase the charge for those on prepayment cards and reduce the charge for those who pay through their rent. Gas prices had also reduced during 2017/18 and the proposed charges for 2018/19 had been set taking this into account.

For residents paying by prepayment cards at the point of sale, in order to ensure that the costs of gas would be recouped through the tariffs it would be necessary to make a range changes to tenant's heat charges. It was proposed that reductions ranging from 0.4% to 35.8% be made and where increases were required that they be limited to 10% as they had been in 2017/18. For those tenants paying for heating through their rent the charges needed to be either reduced or left at current levels in order to cover anticipated costs. As of April 2018, that would involve a set of amendments ranging from a reduction of between 0% and 20%. Appended to the report was a complete schedule of proposed heating tariffs for pay by rent and pay by prepayment card, showing the percentage change for 2018/19.

The report explained that an external review had recommended that in order to allow Northwards to have some certainty around the level of management fee available to them, a three year fee should be agreed. Given that the Council was now in the first year of the three-year budget cycle it was proposed and agreed that the fee be set for the two years 2018/19 and 2019/20. Negotiations were ongoing with Northwards and they had provisionally agreed, that for 2018/19 and 2019/20, their management fee could be reduced by 1% each year in line with the rent reduction.

In 2015/16 it had been agreed that garage rents should be brought in line with dwelling rents (Minute Exe/15/021). To achieve that, it was agreed that garage rents were to be increased by 3.92% on top of the increase applied to dwelling rents for the five year period 2015-2020. Given the reduction in rents, it was therefore proposed

and agreed that garage rents increase by 2.92% in 2018/19, as they had done in 2017/18.

The report also explained the other key changes in the HRA budget for 2018/19, and the full budget was presented as set out below.

HRA Account	2017/18 (Forecast) £,000	2018/19 Budget £,000	2019/20 Budget £,000	2020/21 Budget £,000
Income				
Housing Rents	(60,846)	(59,940)	(60,409)	(60,698)
Heating Income	(1,010)	(809)	(825)	(842)
PFI Credit	(23,600)	(23,600)	(23,600)	(23,374)
Other Income	(1,574)	(1,149)	(1,110)	(1,082)
Funding from General HRA Reserve	3,012	(6,154)	(17,733)	(15,784)
Total Income	(84,018)	(91,652)	(103,677)	(101,780)
Northwards R&M / Fee	20,750	20,376	20,088	20,339
PFI Contractor Payments	31,641	34,380	34,220	30,262
Communal Heating	1,068	866	883	901
Supervision and Management	5,544	5,272	5,342	5,414
Contribution to Bad Debts	922	1,206	1,519	1,831
Depreciation	14,000	14,347	14,621	14,845
Other Expenditure	1,340	1,423	1,563	1,321
RCCO	5,319	10,513	22,637	24,035
Interest Payable / similar charges	3,434	3,269	2,804	2,832
Total Expenditure	84,018	91,652	103,677	101,780
Total Reserves:				
Opening Balance	90,991	94,003	87,849	70,116
Funding (from)/to Revenue	3,012	(6,154)	(17,733)	(15,784)
Closing Balance	94,003	87,849	70,116	54,332

It was noted that the Resources and Governance Scrutiny Committee had recently considered this report on the Housing revenue Account for 2018/19 and had endorsed the recommendations in the report (Minute RGSC/18/10).

Decisions

1. To note the forecast outturn in 2017/18 as detailed in the report.
2. To approve the 2018/19 HRA budget as presented above and note the indicative budgets for 2019/20 and 2020/21
3. To approve the 1% decrease to dwelling rents (subject to the exceptions outlined in the report where the rent would increase by 4% for PFI properties).

4. To delegate authority for the setting of the individual property rents to the Director of Housing and the City Treasurer, in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.
5. That where the 2018/19 rent is still not at the formula rent level, the rent is revised to the formula rent level when the property is re-let.
6. To approve the communal heating charges in 2018/19 as described in the report and set out in the schedule of heating charges appended to the report.
7. To approve a reduction in the management fee paid to Northwards as set out above.
8. To approve the proposed increase in garage rental charges as set out above.

Exe/18/020 Capital Strategy and Budget 2018/19 to 2022/23

Consideration was given to the report submitted by the City Treasurer. The report presented the capital budget proposals before their submission to the Council for approval.

The capital programme for 2018/19 to 2022/23 that was proposed in the report comprised the continuation of the existing programme and the new proposals approved by the Capital Strategy Group. The figures relating to the programme continuation were based on estimates compiled as at the end of December 2017 (Minute Exe/18/009 above).

The projects and schemes being put forward for consideration as part of the capital programme had each been assessed for “strategic fit”: the project’s contribution to support the Council’s priorities around growth, reform and place. Projects had been assigned one of three classifications:

- Priority – the proposal was a good strategic fit and deemed to be deliverable, the project would form part of the capital budget and move forward subject to certain conditions being met;
- In Principle Agreement – the scheme met the criteria for strategic fit and/or economic value but further work was required to detail the financial implications therefore the funding for the scheme may be reserved as part of the capital budget; and
- In Abeyance – further work was required.

Details on the projects within the programme were set out in the report and the full list of the proposed projects was appended to the report.

If agreed, then the proposals contained in the report would create a capital programme of £595.4m in 2018/19, £497.4m in 2019/20, £204.4m in 2020/21, £286.3m in 2021/22 and £3.1m in 2022/23. That programme would require £1,020.3m of prudential borrowing over the five year period, with £792.2m required for Manchester City Council projects and £228.1m required for projects carried out on

behalf of Greater Manchester. Provision to finance those borrowings had been made in the revenue budget above.

Decisions

1. To commend the report to Council.
2. To note the proposed capital strategy.
3. To delegate authority to the City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2017/18 to 2022/23 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

Exe/18/021 Treasury Management Strategy Statement 2018/19

The Council's Treasury Management policy complies with the revised CIPFA Code of Practice on Treasury Management. The Council adopted this in March 2010.

The Local Government Act 2003 and supporting regulations require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The proposed strategy for 2018/19 was based upon the views of Treasury officers on interest rates, informed by leading market forecasts. The Strategy covered:

- Treasury Limits and Prudential Indicators
- Impact of 2012 HRA reform
- Current Portfolio Position
- Borrowing Requirements
- Treasury Limits and Prudential Indicators for 2018/19 to 2020/21
- Prospects for Interest Rates
- Borrowing Strategy
- Annual Investment Strategy
- MIFID II Professional Client Status
- The Scheme of Delegation
- Minimum Revenue Provision Strategy
- Treasury Management Policy Statement
- Treasury Management Scheme of Delegation
- The Treasury Management Role of the Section 151 Officer
- Economic Background
- Prospects for Interest Rates
- Treasury Management Implications of HRA Reform

We noted the proposed Annual Investment and Borrowing Strategies set out in the report, and agreed to commend them to the Council.

Decisions

1. To commend the report to the Council.
2. To delegate authority to the City Treasurer, in consultation with the Executive Member for Finance and Human Resources, to approve changes to the borrowing figures as a result of changes to the Council's Capital or Revenue budget, and to submit those changes to the Council.

Exe/18/022 Draft Clean Air Plan and the development of the Greater Manchester Mayor's Congestion Plan

In July 2017, the Government had published its latest plans to improve air quality and to achieve compliance with legislation across the country. Under that plan 22 local authorities across the country, including Manchester, Bolton, Bury, Salford, Stockport, Tameside and Trafford in Greater Manchester, were required to produce Clean Air Plans containing measures to address the Nitrogen Dioxide problem in their area. A draft of these local plans had to be produced by March 2018 and the final plans by December 2018, which would be subject to government approval.

A joint report from the Strategic Director for Highways, Transportation and Engineering and the Deputy Chief Executive, People, Policy and Reform provided an update on work that is being undertaken to prepare a Draft Clean Air Plan (Strategic Outline Case (SOC)) for submission to Government, and also work to develop a Congestion Plan for Greater Manchester.

The report described some of the key the measures under consideration for inclusion in the draft plan including:

- differential parking charges
- retrofitting or upgrade of public transport fleet and introduction of stringent emissions standard through contracts or partnership
- increase capacity of public transport on specific routes
- Use of Gas to Liquid fuel as a diesel alternative for switch bus, heavy goods vehicles and light goods vehicles
- Incentives for the use of electric vehicle
- Improve the Council's vehicle fleet to electric/LPG/low emission through a procurement policy
- Congestion Plan traffic management to increase capacity
- Congestion Plan traffic management to encourage alternatives
- Congestion Plan traffic management for network management and signal optimisation
- incentives for taxis to change to EV vehicles. Installation of rapid EV charging infrastructure for taxi vehicles.
- increase LPG refuelling infrastructure for taxis
- communications campaigns/awareness raising of health and cost benefits of different modes or around a particular community/schools
- travel choices programme for businesses and individuals
- more public engagement in active travel programmes
- infrastructure to promote cycling and walking

The programme for completing and submitting this plan to government was set out in the report. That included submitting a "Strategic Outline Case" (SOC) (Draft Plan) to the Joint Air Quality Unit (JAQU) by the end of March 2018; submitting the Outline Business Case (OBC) by August / September 2018, and the Full Business Case (FBC) by the end of December 2018.

The report also explained that Transport for Greater Manchester had been working to develop a Congestion Plan for Greater Manchester in collaboration with the 10 local authorities and with Highways England. The intention was for the GM Mayor to publish a Congestion Plan at the end of February 2018. It was proposed and agreed that authority be delegated to officers to give the City Council's approval to the GM Congestion Plan.

It was noted that the Neighbourhoods and Environment Scrutiny Committee had also recently considered and welcomed this report (Minute NESC18/10).

Decisions

1. To note the emerging content of the Draft Clean Air Plan (SOC) and the GM Mayor's Congestion Plan.
2. To delegate authority to the Strategic Director for Highways, Transport and Engineering and the Deputy Chief Executive (People, Policy and Reform), in consultation with the Leader and the Executive Member for the Environment, to approve the submission of the SOC to the Joint Air Quality Unit by the end of March 2018, and the approval of the final version of the Congestion Plan, as far as Manchester City Council is concerned.
3. To direct officers to seek further approval for the measures to be contained in the next iterations of the Clean Air Plan, the Outline Business Case (OBC) in August / September 2018, and the Full Business Case (FBC) (the final draft), which is due to be submitted in December 2018.

Exe/18/023 Mayfield Strategic Regeneration Framework Update

(Councillor S Murphy declared a prejudicial interest in this matter and withdrew from the meeting for this item of business).

In July 2016 we had considered a report on the implementation of the Strategic Regeneration Framework (SRF) for the Mayfield area (Minute Exe/16/097). We had authorised the Chief Executive to develop a selection process for a development partner, and also to negotiate the commercial arrangements with the development partner, along with London & Continental Railways (LCR) and Transport for Greater Manchester (TfGM). In September 2016 a further report advised on the outcome of the procurement process, which had resulted in U&I being selected as preferred developer. At the time the commercial and contractual arrangements between the developer and public sector partners were established (Minutes Exe/16/111 and Exe/16/115).

A report now submitted by Strategic Director (Development) explained that following the appointment of U&I, a draft updated SRF had been developed to reflect a refreshed vision for the area to take into account the current market context. As before, this revised SRF sought to be the guide the future comprehensive regeneration of the Mayfield area. The key updated proposals in this new draft included the retention of some of the existing structures, including the Mayfield depot; the potential mix and location of buildings; and the ideas for the Mayfield Park. Details of those were explained in the report. The new draft would result in the overall development potential of the Mayfield area as being: 154,800 m² of commercial space; 32,300 m² of retail and leisure space; 1,500 homes; 650 hotel rooms; and 5.3 hectares of public realm.

It was proposed and agreed that there should be public consultation on this draft SRF document.

Decisions

1. To endorse in principle the updated regeneration framework for the Mayfield SRF area.
2. To request that the Chief Executive undertake a public consultation on the regeneration framework with local stakeholders and report the outcome of that consultation to a future meeting.

Exe/18/024 Great Ducie Street Strategic Regeneration Framework

The Great Ducie Street Strategic Regeneration Framework (SRF) area is positioned to the north of the city centre, extending northwards from Manchester's Inner Ring Road adjacent to the Manchester Arena. It encompasses but does not include the former Boddington's Brewery Site, which itself has a regeneration framework that was endorsed in June 2015. The site lies in close proximity to a number of key city centre strategic regeneration initiatives, including NOMA, Northern Gateway, New Victoria and the Medieval Quarter. The area is a commercially led district, and has traditionally been a focal point for textiles businesses, wholesalers and distributors. The legitimate textile and wholesale businesses are concentrated within the Warehousing District to the north. Currently some of the properties are in decline.

A report submitted by the Strategic Director (Development) explained that a draft Strategic Regeneration Framework (SRF) had been prepared for the Great Ducie Street area. The report described the principles set out in this draft with specific reference to the future mix of uses, the public realm, economic growth, vehicle parking, community amenity, development density and connectivity with the area and with adjacent areas to improve accessibility to public transport as well as promoting cycling and walking.

It was explained that this SRF area presented a strategic opportunity capable of delivering extensive and comprehensive redevelopment. The draft SRF sought to direct development to ensure that investment complements adjacent city centre regeneration initiatives. The intention was to provide innovative and flexible

commercial accommodation that is suitable for start-up and embryonic businesses. It is envisaged this will support the development of key growth sectors including digital, creative and tech industries. The residential development detailed within the framework would provide high quality new homes and make a significant contribution to citywide residential growth requirements, and provide residential accommodation in a highly accessible location and in close proximity to the job opportunities within the city centre.

It was proposed and agreed that there should be public consultation on this draft SFR document.

Decisions

1. To endorse in principle the updated regeneration framework for the Great Ducie Street SRF area.
2. To request that the Strategic Director undertake a public consultation on the regeneration framework with local stakeholders and report the outcome of that consultation to a future meeting.

Appendix A – Minute Exe/18/009 - Capital Budget Monitoring Q3 2017/18

Proposed Capital Programme in-year budget transfers (virements)

Capital Project	2017/18 Virement £,000	2018/19 Virement £,000
Highway Programme		
Highways Planned Maintenance Programme		
Large Patching repairs	-1,040	
Capitalised Repairs	1,040	
Public Sector Housing		
Northwards - External Work		
Door replacements - Phase 5		-7
Riverdale external & cyclical works phase 1/4		-2
New Lightbowne (Walderton Ave)		-2
Collyhurst Environmental programme		-1,080
Ancoats Anita St and George Leigh external cyclical works ph 3b	1	
Moston Mill estate (excl timber framed) external cyclical works ph 3b	-77	-50
Newton Heath Donleigh & Plantagenet estates external cyclical works ph 4a	-13	
Higher Blackley Central House solid wall insulation	-35	
Collyhurst environmental works		-5
Moston Miners Low Rise externals	-67	-57
Cheetham Smedley Rd externals	-4	
Moston Bannatyne/Lightbowne Rd/St George's Drive externals	-32	
Upgrade external lighting to retirement blocks		-1
Bin chute replacement at Mossbrook Ct	6	
External cyclical works ph 4b Charlestown Chain Bar low rise		-116
External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes	17	
External cyclical works ph 4b Cheetham Appleford estate	-5	-56
External cyclical works ph 4b Crumpsall Blackley Village	81	
External cyclical works Ph 4b Newton Heath Troydale Estate	-324	-42
External cyclical works Ph 5 New Moston (excl corrolites)		30
Environmental improvements Moston corrolites		-433
Various Multi-storey communal fire door and other upgrading works	-2	
Lift replacement / refurbishment programme		-3
Ground Source Heat Pumps in 2/4 blocks	-5	
Decent Homes mop ups - Phase 7, and voids	-7	
Boiler replacements		-100
Retirement blocks lift programme	-12	
Charlestown Whitebeck Court communal areas	-6	
Retirement blocks lift programme	-2	
Boiler Replacement at Cheetham Hill Local Services Office	-32	
Lift replacement / refurbishment programme	30	
Fire precaution works - installation of fire seal box to electric		-8

Capital Project	2017/18 Virement £,000	2018/19 Virement £,000
cupboards on communal corridors in retirement blocks		
Community Room emergency lighting at Victoria Square		-10
Electrical surge protection		-8
Northwards - Unallocated		
Northwards Housing 14/15 Unallocated		
Northwards Housing Programme 2017/18	488	1,950
Children's Services Programme		
Basic Need Programme		
Co-op Academy expansion		4,315
Sacred Heart RC Expansion	41	
Matthews Lane		-1,143
Beaver Rd Primary Expansion		385
Lily Lane Primary		128
St. James Primary Academy		161
Crossacres Primary School		182
Ringway Primary School		-420
Webster Primary Schools	1,283	2,666
Basic need - unallocated funds	-1,324	-6,274
Universal Infant Free School Meals (UIFSM) - Allocated	154	
Universal Infant Free School Meals (UIFSM) - Unallocated	-154	
Schools Maintenance		
Abbot Community Primary Joinery	-16	
Ravensbury Highways Improvements	9	
Armitage CofE Primary Joinery	-45	
Schools Capital Maintenance -unallocated	52	
ICT Capital Programme		
ICT Infrastructure & Mobile Working Programme		
PSN Windows 2003	-80	
Data Centre UPS Installation	-136	
Core Infrastructure Refresh	2,520	539
Income Management	54	
CRM	54	
ICT Investment Plan	-2,412	-539
TOTAL CAPITAL PROGRAMME	0	0