



## **Executive**

Date: Wednesday, 15 January 2020

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Revised and Supplementary Agenda** as an item of business has been withdrawn, and also publishing two papers and the minutes that were not available when the agenda was first published.

### **Access to the Council Antechamber**

Public access to the Antechamber is via the Council Chamber on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

### **Filming and broadcast of the meeting**

Meetings of the Executive are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

## **Membership of the Executive**

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### **Councillors**

Leese (Chair), Akbar, Bridges, Craig, N Murphy, S Murphy, Ollerhead, Rahman, Stogia and Richards

## **Membership of the Consultative Panel**

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### **Councillors**

Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

The Consultative Panel has a standing invitation to attend meetings of the Executive. The Members of the Panel may speak at these meetings but cannot vote on the decision taken at the meetings.

## Agenda

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|---|--|---------|
| <b>3. Minutes</b>   | To approve as a correct record the minutes of the meeting held on 19 December 2019 are now enclosed. | 5 - 14  |
| <br>  |  |         |
| <b>7. Financial Strategy - 2020/21 Budget</b>   | The report of the Deputy Chief Executive and City Treasurer is now enclosed.                         | 15 - 30 |
| <br>  |  |         |
| <b>8. Manchester Central Retail Park Strategic Regeneration Framework (WITHDRAWN)</b> | The report of the Strategic Director (Growth and Development) has been withdrawn.                    |         |
| <br>  |  |         |
| <b>9. Capital Programme Update</b>  | The report of the Deputy Chief Executive and City Treasurer is now enclosed.                         | 31 - 40 |

## Information about the Executive

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The Executive is made up of nine Councillors: the Leader and two Deputy Leaders of the Council and six Executive Members with responsibility for Adult Services, Children's Services, Finance and Human Resources, Neighbourhoods, Environment and Skills, and Schools, Culture and Leisure. The Leader of the Council chairs the meetings of the Executive.

The Executive has full authority for implementing the Council's Budgetary and Policy Framework, and this means that most of its decisions do not need approval by Council, although they may still be subject to detailed review through the Council's overview and scrutiny procedures.

It is the Council's policy to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting at which point members of the public and the press are asked to leave.

Joanne Roney OBE  
Chief Executive  
Level 3, Town Hall Extension,  
Albert Square,  
Manchester, M60 2LA

## Further Information

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For help, advice and information about this meeting please contact the Committee Officer:  
Donald Connolly  
Tel: 0161 2343034  
Email: [d.connolly@manchester.gov.uk](mailto:d.connolly@manchester.gov.uk)

This agenda was issued on **Thursday, 9 January 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA.

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## **Executive**

### **Minutes of the meeting held on Thursday, 19 December 2019**

**Present:** Councillor Leese (Chair)

**Councillors:** Akbar, Bridges, Craig, N Murphy, S Murphy, Ollerhead, Rahman, and Richards

**Also present as Members of the Standing Consultative Panel:**

**Councillors:** Karney, Leech, Sheikh, Midgley, Ilyas, Taylor and S Judge

**Apologies:** Councillor Stogia and M Sharif Mahamed

**Exe/19/99 Minutes**

#### **Decision**

To approve as a correct record the minutes of the meeting on 13 November 2019.

#### **Exe/19/100 Manchester Climate Change Update**

In November 2018, the Council's Executive agreed to the establishment of a science-based carbon budget for Manchester. The ambition for that was to limit the city's emissions to 15 million tonnes of CO<sub>2</sub> between 2018 and 2100, becoming net zero carbon by 2038 (Minute Exe/18/101). In July 2019 the Council then declared a climate emergency (Minute CC/19/52) which was considered and accepted by the Executive later that month (Minute Exe/19/59).

A report by the Deputy Chief Executive and City Treasurer provided the update on what the Council has been doing to address climate change both before and since the climate emergency was declared. It explained the role of the Manchester Climate Change Partnership that had been established in 2018 to help drive action across the city. Partnership members were all developing bespoke plans that they hoped to have ready by the end of February 2020. Those plans would span ten key sectors and organisations who were all committed to becoming zero carbon:

- Manchester City Council
- Bruntwood
- University of Manchester (UoM)
- Manchester Metropolitan University (MMU)
- Arts & culture sector / Manchester Arts Sustainability Team (MAST)
- Electricity NW (ENW)
- NHS Manchester
- Manchester City Football Club
- Faith sector / Our Faith Our Planet
- Manchester Housing Providers Partnership

The Council was now working to expand the membership of the Partnership to include other key organisations in the city.

The report went on to examine the work done within the Council. It explained that the most recent annual data, from 2018/19, showed that the Council had almost halved its carbon emissions from a 2009/10 baseline – a drop of 48.1%. Individual members of the Executive provided progress reports on the actions being taken by the services within their own portfolio.

The meeting was addressed by Ms Chloe Jeffries of Manchester Climate Emergency. She questioned what she considered to be deficiencies in the report, referring to the original Council resolution in July and asking why some information had not been included or referred to in this report, including: the 2009 action plan, the effects of the loss of staff and buildings since 2009, the exclusion of aviation emissions, and the need for elections for membership of the climate stakeholders steering group.

### **Decision**

To note the citywide progress and comment on and endorse the proposed approach to developing the Council's new five-year action plan.

### **Exe/19/101 Doing Buses Differently: Response to GMCA Consultation**

A report by the Strategic Director (Growth and Development) explained that the Greater Manchester Combined Authority (GMCA) was undertaking a formal consultation into proposals that would change the way buses in Greater Manchester would be run in the future. These proposals were set out in a Proposed Bus Franchising Scheme (the Scheme). The Scheme had been prepared by Transport for Greater Manchester (TfGM) on behalf of GMCA.

The report examined the way that bus services are currently configured and operated in the city and how that might change were the Scheme to be introduced. The powers for the GMCA to pursue proposed Scheme had been conferred on the GMCA in the Bus Services Act 2017, which had come into law in June 2017. That enabled the introduction of a range of new delivery models for bus services by combined authorities.

To make sure the transition from the current deregulated bus system to a fully franchised bus system would be as smooth as possible, the GM Bus Franchising Scheme was proposing that a franchised system be introduced in three phases. For this, Greater Manchester would be split into sub-areas. The provisional dates currently proposed for entering into franchise contracts for these sub-areas areas being:

Sub-Area A – 2 April 2021 - North West of Greater Manchester including Manchester city centre

Sub-Area B – 25 March 2022 - North East of Greater Manchester including the northern area of the City of Manchester

Sub-Area C – 10 March 2023 - Southern area of Greater Manchester (including the Southern area of the City of Manchester)

A draft of a proposed response to the consultation was appended to the report. That was endorsed and it was agreed that the sending of the final response on behalf of the Council should be delegated to the Chief Executive.

## **Decisions**

1. To confirm the Council's support for the Scheme which had been proposed by the GMCA in the exercise of its powers as a "franchising authority" under the Bus Services Act 2017.
2. To note the current GMCA consultation exercise to which the Council is a statutory consultee and to endorse the suggested outline response attached at Appendix 1 of the report.
3. That authority to agree the final Council response to the TfGM consultation be delegated to the Chief Executive in discussion with the Deputy Leader, Councillor Nigel Murphy and the Executive Member for Planning, Environment and Transport.

## **Exe/19/102 Co-living in Manchester**

A report submitted by the Strategic Director (Growth and Development) explained the co-living concept as having no standard definition, but as including accommodation which comprised a mix of private studios and 'cluster-style flats' (with shared communal areas) in which bedrooms could be rented out individually or in groups. Schemes could also share many of the common characteristics of build-to-rent, such as shared amenity space, and traditional private rented sector (PRS) apartment tenure profiles of one, two and three bed units.

The report examined the issues and concerns raised by the arrival of this sort of provision in the housing market in Manchester. The report examined how the Council should respond to emerging market demand, on the basis that there was no current planning policy context at national or local level. The report also examined the possible implications of these types of properties on the size of the Council Tax base.

The report suggested that whilst an overall planning policy was being formulated, a set of considerations could be applied to any co-living schemes that came forward in the interim period. Those were:

- Co-living should be restricted to a limited number of key areas of high employment growth within the city centre, and would only be considered as part of an employment-led, Strategic Regeneration Framework (SRF), where it can be demonstrated that a co-living development will provide added value to the wider commercial offer in the area.
- Schemes must demonstrate that they command support from recently arrived or new employers located in, or in the vicinity of, the regeneration area they form part of. The size and scale of the developments need to be underpinned

by the generation of employment opportunities from those employers. Evidence will need to be provided that a scheme will attract specific employers and committed jobs if they are not already present, as well as talent retention and attractiveness for proposed new employees, as part of growth in key sectors in the city.

- A robust justification demonstrating evidenced need should be provided to underpin each scheme. Developments should target young workers, including professionals and graduates where there is an identified need for a flexible co-living product that can attract and retain talent, supporting economic growth.
- Safe and secure, zero carbon developments will only be considered. Schemes should be in city centre locations that are well connected, to ensure residents can access public transport, walking and cycling routes in the city.

To help develop a policy for the Council it was proposed and agreed that there should be consultation with stakeholders. The consultation would include consideration of these issues:

- Development should provide an appropriate mix of cluster flats and private studios, with each scheme tested on its merits. Schemes will be expected to demonstrate how they comply with MCC's adopted space standards, as part of the Manchester Residential Quality Guidance.
- In order to ensure appropriate management, a long-term operational management platform will need to be provided for across each scheme in its entirety. This should include a single management and lettings entity, with a long-term commitment.
- Developers should be required to legally commit to renting only to working households, or households actively seeking work, and precluding letting to students.
- A maximum stay should be defined for short-term studio lets, for example, six months.
- Developments must contribute to Council Tax revenue, with Council Tax paid by the operator, in order to strengthen the tax base.
- A contribution should be made in accordance with the city's affordable housing policy. Rents should be affordable, but co-living accommodation cannot be seen per se to directly contribute to the delivery of the affordable housing targets for the city.
- Developments must have a clear place-making delivery strategy, including open spaces and public realm.
- Planning applications should include a conversion plan to demonstrate how the building could be repurposed through interventions to the layout.

It was agreed that the Council should seek to establish a Manchester Standard for future co-living development in the city, and that the proposals in the report would all help bring that about.

## **Decisions**



1. To note the concept of co-living, the issues around its development, the nature of the product, and the limited contribution that it could make to the city's housing offer.
2. To request that the Strategic Director (Growth & Development) undertakes an appropriate consultation process with key stakeholders on co-living, and reports on the outcomes of that consultation.
3. To request that this report and the outcomes from the consultation be used to help inform the development of a policy approach as part of the review of the Local Plan, which will be subject to separate further consultation.

### **Exe/19/103 Manchester Armed Forces Covenant - Progress Report and Action Plan**

A report submitted by the Strategic Director of Children and Education Services explained that Councillor T Judge had served as Lead member for the Armed Services since 2013. In that role he had developed strong links across the armed services and veterans' networks and provided consistent support to the Lord Mayor in respect of remembrance celebration and military events.

the Strategic Director of Children and Education Services, a member of the Senior Management Team, fulfilled the officer role of Armed Forces Champion. That officer chaired the Armed Forces Covenant Steering Group of the Council.

The role of the Steering Group was to maintain oversight and ensure delivery of the Armed Forces Covenant Action Plan. That plan brought together Armed Forces Leads from across Manchester City Council and engaged with colleagues from Manchester health commissioners and providers (MHCC, MLCO and GMMHFT)

The report described the work of the Steering Group and the planning for the VE Day celebrations that were to be held in early May 2020 to mark 75 years from the victory in Europe in World War 2. The proposed actions were all endorsed.

### **Decisions**

1. To agree to Manchester hosting and/or contribute to North West VE 75 commemorative event on the May Bank Holiday 2020 which has been rearranged to the Friday 8th May 2020, as part of a programme of national commemorations.
2. To support the following in support of the outline covenant action plan:
  - to refresh and re-sign the Armed Forces Covenant, secure MHCC, MLCO Board support and in partnership with GMMHFT, the Royal British and Walking With the Wounded secure a joint signing with aligned pledges and action plan;
  - Individual Executive Members to promote contribution and delivery of Manchester's Armed Forces Covenant within their respective Portfolios and Civic duties;

- to promote all customer-facing staff to complete Armed Forces Covenant Awareness E-Learning training reinforced by a presentation to all teams by the Royal British Legion and Walking With The Wounded in respect of the needs of the armed forces community and the resources that may be mobilised in their support;
- a comprehensive review of the Armed Forces Covenant Website and the Armed Forces Self-Help Toolkit to complement the Veterans Gateway at local level.

### **Exe/19/104 Waste Levy Allocation Methodology Agreement**

As a Waste Disposal Authority (WDA), the Greater Manchester Combined Authority (GMCA) has a statutory duty to dispose of waste and so is responsible for the provision and maintenance of household waste and recycling centres and for compliance with recycling requirements. The individual district authorities within Greater Manchester, including Manchester City Council, are Waste Collection Authorities with the duty to collect waste and deliver it to the WDA. In 2017 individual district authorities in Manchester had agreed to support the GMCA in the discharge of its duties and so entered into a Levy Allocation Management Agreement (LAMA). Manchester had done so late in November 2017 (Minute Exe/17/143). Following the award by the GMCA in June 2019 of new disposal contracts to SUEZ recycling and recovery UK, the LAMA now needed to be revised to reflect the new payment mechanism arrangements that arose from the new contract. A copy of the proposed new Agreement was appended to the report, explaining all the proposed changes.

#### **Decision**

To approve the revisions to the Levy Apportionment Methodology Agreement which will then be applied from 2020/21 financial year onwards.

### **Exe/19/105 Capital Programme Update**

A report concerning requests to increase the capital programme was submitted. We agreed to recommend one change to the Council and to make a further two changes under delegated powers. These changes would increase Manchester City Council's capital budget by £0.72m across 2019/20 and 2020/21, funded partly from borrowing, the use of HRA Reserves and an external contribution.

We also noted a further change that had been approved by the Deputy Chief Executive and City Treasurer: £208K for the Factory Project, the allocation of an external contribution.

#### **Decisions**

1. To recommend that the Council approve the following change to Manchester City Council's capital programme:

- (a) Public Sector Housing – Northwards – Harpurhey 200 Estate Internal Works. A capital budget virement of £0.936m is requested, funded by a transfer from Northwards Housing Programme budget.
2. To approve the following changes to the City Council's capital programme:
- (b) Highways – Northern Gateway Cheetham Hill Road to Pollard Street – Development Costs. A capital budget increase of £0.720m is requested, funded by an External Contribution from the Mayor's Challenge Fund.
- (c) Highways Services – Highways Corridor Development. A capital budget virement of £0.437m is requested, funded by a transfer from the Highways Investment Plan – Other Improvement Works budget.
3. To note increases to the programme of £0.208m as a result of a decision of the Deputy Chief Executive and City Treasurer.

### **Exe/19/106 Global Monitoring report to the end of October 2019**

A report was submitted to provide a summary of the position of the 2019/20 revenue budget as at the end of October 2019. The report gave details of the projected variances to budgets and the state of the Council's contingency funds. Projecting forward from the position at the end of October 2019 it was forecast that by the year-end in March 2020 the revenue budget would be overspent by £4.169m, an improved position on the £6.027m overspend that had been predicted at the meeting in October (Minute Exe/19/85). The report explained that the overspend was still mainly arising from service pressures on the adult social care budgets and Children's Services.

### **Budgets to be Allocated**

When setting the 2019/20 budget the Council has agreed to hold some funds for contingencies, and other money that was to be allocated throughout the year. The report proposed the use of some of these budgets to be allocated. These were agreed:

- £71k in 2019/20 and £150k from 2020/21 for increase in Pathology Testing costs as the Manchester City Pathologist fees had now increased to £200 per examination.
- £0.5m from corporate budgets (waste contingency) to be allocated to Neighbourhoods Directorate to reflect an adjustment to the waste income target following a decrease in the amount of Trade Waste.
- £250k from corporate budgets (waste contingency) to be allocated to Neighbourhoods Directorate to reflect savings made on the waste levy.
- £368k from Budgets to be Allocated, initially earmarked for increases to the Climate Change Levy rate, as the anticipated additional levy costs had been absorbed within electricity budgets so allowing this to be redirected to the cross cutting commissioning savings target.
- £183k from Contingency to fund dilapidation works for Early Years centres for a condition survey of all Manchester owned day-care buildings.

- £100K for the costs of provisions for school meals as they had been subject to a higher than inflationary increase of c4%.

### **Use of Reserves**

The report also addressed the use of the Council's reserves. A new draw-down from reserves had been requested. This was approved.

- Highway line marking - £100k in 2019/20 and £100k in 2020/21 from the on-street parking reserve to refresh approximately 6.5km of line markings on key routes across the city.

### **Proposed Virements**

The report proposed two funding virements which were both agreed.

- £343k from non-pay to pay within the Highways Service to maintain Highway structures to allow patching and drainage work to be more programmed than reactive.
- £303k from non-pay to pay within the Highways Service to help manage and co-ordinate an increasing number of highways schemes and to recruit a small number of additional Network Co-ordination Officers.

### **Use of Additional Grants**

The report also explained that notification had been received in relation to a specific external grant, the use of which had not confirmed as part of the 2019/20 budget setting process. Approval was given to the use of these funds.

- £325k from NHS Digital England to develop social care systems to support the discharge from hospitals into care.

### **Decisions**

1. To note the report.
2. To approve the use of budgets to be allocated as set out above.
3. To approve the use of reserves as set out above.
4. To approve the proposed virements as set out above.
5. To approve the use of grants as set out above.

### **Exe/19/107 Proposed Disposal of land at Former Oakwood Resource Centre, Longley Lane, Northenden (Part A)**

The site of the former Oakwood Resource Centre was in the Northenden ward, approximately 1.7 miles west of Wythenshawe town centre. The 1.5 acre site comprised a single-storey former adult services building, car parking and formal garden areas. The Community Centre was no longer operational and had been declared surplus to requirements. The Council owned the freehold of the site and it

had been deemed suitable for residential development to help further the Council's ambitions for the construction of affordable homes across the city.

The report proposed the disposal of the site to Wythenshawe Community Housing Group at an undervalue, for development of affordable homes for social rent. The Group had submitted indicative plans for 20 homes on the site, all for social rent and being 14 x 2 bed semi-detached house of 83m<sup>2</sup> each, and 6 x 3 bed semi-detached house of 96 m<sup>2</sup> each.

The financial details of the proposal, including the site's open market value and proposed disposal price, were set out in another report (Minute Exe/19/110 below).

### **Decisions**

1. To approve the disposal of the Subject Land at and under value for development of affordable homes for social rent to Wythenshawe Community Housing Group.
2. To delegate authority to the Head of Development and Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Regeneration, to finalise the terms for the disposal of the Subject Land by agreement.
3. To authorise the City Solicitor to enter into and complete all documents and agreements necessary to give effect to these decisions and complete the disposal.

### **Exe/19/108 Decisions of the Greater Manchester Combined Authority on 29 November 2019**

#### **Decision**

To note the decisions of the meeting of the Greater Manchester Combined Authority on 29 November 2019.

### **Exe/19/109 Exclusion of the Public**

#### **Decision**

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons, and on the terms to be proposed by the Council in negotiations for the acquisition or disposal of property, and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### **Exe/19/110 Proposed Disposal of land at Former Oakwood Resource Centre, Longley Lane, Northenden (Part B)**

(Public excluded)

A report described the terms of the proposed disposal of the land known as the Former Oakwood Resource Centre site with the intention to develop new build housing, comprising 100% affordable homes for social rent.

**Decision**

To note this report as providing additional information that relates to the recommendations in the Part A report (Minute Exe/19/108 above).

## Manchester City Council Report for Information

**Report to:** Executive - 15 January 2020

**Subject:** Financial Strategy - 2020/21 Budget

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

### Summary

This report sets out the budget position for 2020/21 based on the outcome of the Provisional Local Government Finance Settlement and the issues which need to be taken into account prior to the Council finalising the budget and setting the Council Tax for 2020/21.

### Recommendations

The Executive is requested to:

- (i) Agree the proposals in this report as the basis for the 2020/21 budget
- (ii) Note that the financial position has been updated to reflect the provisional Local Government Finance Settlement issued on 20 December 2019;
- (iii) Note that the detailed budget reports were presented to all Scrutiny Committees over the period 7-9 January setting out the investment and savings proposals for each Directorate.
- (iv) Note that the full suite of budget reports will be presented to the Executive in February 2020.

**Wards Affected:** All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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The proposed 2020/21 budget will reflect the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.
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Our Manchester Strategy outcomes	Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report provides an update on the Council's overall financial position for 2020/21 which will underpin all of the

A highly skilled city: world class and home grown talent sustaining the city's economic success	Council's priorities as determined through the Our Manchester Strategy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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### **Financial Consequences – Revenue**

This report sets out a number of proposals which are subject to consideration by Executive following scrutiny committee meetings. The implications for the Council's revenue budget in 2020/21 are set out within the report.

### **Financial Consequences – Capital**

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

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### **Contact Officers:**

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

Name: Janice Gotts  
Position: Deputy City Treasurer  
Telephone: 0161 234 1017  
E-mail: j.gotts@manchester.gov.uk

Background documents (available for public inspection):



The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Suite of budget reports to Executive, 13 February 2019

Spending Round Announcement 2019 report to Resources and Governance Scrutiny Committee – 8 October 2019

Updated Financial Strategy and Budget Reports 2020/21 to Resources and Governance Scrutiny Committee 7 January 2020

Provisional local government finance settlement: England, 2020 to 2021, 20 December 2019

## 1. Introduction and Approach

- 1.1. This report updates on the overarching revenue budget for 2020/21. The direction for the budget is underpinned by the Our Manchester Strategy for the City, with the Council's updated Corporate Plan setting out the priorities for the Council. The Locality Plan 'Our Healthier Manchester' is also set within the context of the Our Manchester Strategy.
- 1.2. The full suite of budget reports will be presented to February Executive and will include: the Budget 2020/21 Covering Report; the Revenue Budget 2020/21; the Directorate Business Plans; the Housing Revenue Account; the Dedicated Schools Grant; the Capital Strategy and Budget; and the Treasury Management Strategy and Borrowing Limits and Annual Investment Strategy. These reports together underpin the detailed financial spend of the Council for the coming year and provide a framework for Revenue and Capital planning from 2020/21. A Single Council Business Plan has also been developed, which replaces the individual directorate business plans produced previously. This will also be considered by the Executive in February.
- 1.3. At its meeting on 13 February 2019 Executive agreed to the 2019/20 budget, which was the final year in the three year budget strategy for 2017-20. At this point it was expected that there would be a spending review in 2019, resulting in a new multi-year settlement from 2020/21. However, the review did not take place and a one year Spending Round was announced on 4 September 2019. Following this the Provisional Local Government Finance Settlement 2020/21 was released on 20 December 2019.
- 1.4. The budget proposals for 2020/21 will continue to reflect the priorities identified in the three-year budget strategy and as set out in the Corporate Plan. These have been updated to include action required to address the climate emergency declared by the City Council. The priorities are:
  - Zero carbon Manchester - Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide.
  - Young People - From day one, support Manchester's children to be safe, happy, healthy and successful, fulfil their potential, and make sure they attend a school graded 'good' or better.
  - Healthy, cared-for people - Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives.
  - Housing - Ensure delivery of the right mix of good-quality housing so that Mancunians have a good chance of quality homes.
  - Neighbourhoods - Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of.
  - Connections - Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks.
  - Growth that benefits everyone - Boost the city's productivity and create a more inclusive economy that all residents can participate in and benefit

from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy.

- Well-managed Council - Support our people to be the best and make the most of our resources.

1.5. Due to the announcement of a one year Spending Round by government the City Council will publish a single year budget for 2020/21, however, it will continue to plan for a three year position based on the best information available. This is critical to demonstrate forward planning and support resilience, ensuring the Council is in the best position to respond to the national funding changes. Work has begun on the budget requirements for 2021/22 and beyond in the context of considerable changes to Local Government funding including the outcome of the Spending Review, changes to how local government funding is distributed, changes to the Business Rates Retention scheme, and the future of Adult Social Care funding.

1.6. This report will provide an update on:

- the position reported to January Scrutiny Committees including the proposed savings and efficiencies
- changes since January Scrutiny meetings and impact on the budget position
- the budget setting process and next steps

## **2. Position reported to January Scrutiny Committees**

2.1. As set out in the budget strategy report to the January Scrutiny Committees the forecast 2020/21 budget position was a small surplus of £256k. This was based on the best information available to date, including:

- Government funding announcements in the September Spending Round and the technical provisional settlement consultation released early October.
- Forecast changes to spend including the impact of expected increases to the National Living Wage, pension contribution costs, the waste levy and other pressures outlined in the scrutiny budget reports.
- Identification of savings and/or efficiencies to support the overall financial position including meeting current budget pressures through the realignment of budgets.

2.2. Savings totalling a net £2.837m, once cost pressures have been met, have been identified in Corporate Core, Neighbourhood Services and Growth and Development Directorates. These are being found through a combination of efficiencies, income generation and innovation and should not impact on frontline services to residents. In recognition of the challenges faced by Adults and Children's Social Care and the Homelessness Service, any efficiencies identified in these areas will be used to help achieve a balanced budget in 2020/21, with a focus on stabilising the position and preparing for possible changes from 2021/22 onwards. The proposals were discussed at the relevant Scrutiny Committees in January, the table below summarises these by Directorate and they are detailed in Appendix 1. Due to the timing of the Scrutiny Committees it has not been possible to reflect their comments in this

report and therefore feedback from the Scrutiny Committees will be provided at the meeting.

Table One: Net Savings Options 2020/21

	<b>2020 / 21 Savings Options Identified £'000</b>	<b>2020 / 21 Pressures/ Priorities Identified £'000</b>	<b>Net savings options supporting bottom line £'000</b>
Homelessness	(1,000)	1,000	0
Corporate Core	(3,449)	2,872	(577)
Neighbourhood Services	(2,324)	754	(1,570)
Growth and Development	(690)	0	(690)
<b>Total Savings Options</b>	<b>(7,463)</b>	<b>4,626</b>	<b>(2,837)</b>

### 3. Changes since January Scrutiny meetings

#### Local Government Provisional Finance Settlement

- 3.1. The 2020/21 Local Government Provisional Finance Settlement was announced on 20 December 2019, delayed from the expected date of 5 December due to the December general election. With the delay in both the Fair Funding Review and reform of business rates, combined with a one-year spending round, the 2020/21 funding is largely a roll-over settlement with some inflationary increases and specific increases for Social Care as announced in the Spending Round. The provisional settlement confirmed all announcements in the 2020/21 Spending Round including:
- Increasing Settlement Funding Assessment (SFA) in line with inflation from £14.6bn to £14.8bn
  - Confirming the proposals for Council Tax referendum limits for 2020/21
  - An additional £1 billion Social Care Grant for both adult and children's services and maintaining improved Better Care funding at 2019/20 levels
  - £900m top slice to pay for New Homes Bonus in 2020/21 and maintaining the growth threshold at 0.4%
  - Upholding the decision to eliminate "negative RSG" in 2020/21 at a cost of £152.9 million.
  - Maintaining Rural Services Grant in 2020/21 at £81m
- 3.2. The settlement has been highlighted by the government as providing a 6.3% increase to local authorities, as national Core Spending Power has increased from £46.2bn to £49.1bn. This is the highest increase in a decade, reflecting the increase in Settlement Funding Assessment and the increases available in council tax (particularly adult social care precept). The largest portion of the £2.9bn Spending Power increase is from locally raised Council Tax (£1.6bn) which benefits authorities to different levels and makes assumptions around growth in the base which may not reflect the actual position. For the first time in many years, annual growth in Core Spending Power for Manchester at 7%

has exceeded the national average, though growth since 2015/16 of 8% is still below the national average of 10%.

- 3.3. As mentioned previously, overall direct grant funding for social care has been increased by £1bn to £3.487bn. There are two elements to the funding:
  - Winter Pressures Funding: £240m continued from 2019/20 for councils to spend on adult social care services to help councils alleviate winter pressures on the NHS. This has now been rolled into the Improved Better Care Fund (£1.837bn) and the ring fence has been removed. Manchester will receive £30.815m.
  - Social Care Support Grant: £410 million continued from 2019/20 for adults and children's social care and an additional £1bn in 2020/21. Manchester will receive £17.564m.
- 3.4. The two grants continuing from 2019/20 will be distributed using the Adult Social Care Relative Needs Formula (RNF). The grant allocation basis for the £1bn has been confirmed as the hybrid proposed in the technical consultation which takes some account of the additional social care precept to equalise the grant allocation.
- 3.5. No new Business Rates discounts or reliefs were announced in the settlement. The Queen's Speech confirmed proposals for a further one-year retail discount available in 2020/21 (£310m in 2020/21 only) and an extension of the discount to music venues, cinemas and pubs (£10m per year 2020/21 through to 2023/24). It is expected that Local Authorities will be compensated via Section 31 grants for these discounts. More detail may be provided in the budget announcement on 11 March 2020.
- 3.6. New Homes Bonus (NHB) will continue for another year, however the government very clearly intends to phase it out by 2023/24. There is no change in the operation of the scheme in 2020/21 and the threshold has been retained at 0.4%. The new amounts earned 2020/21 (Year 10) will only attract a grant for that year. In the following year (2021/22), rewards will only be paid in respect of years 8 and 9, and in year 2022/23 only for year 9, effectively ending by 2023/24. The government intends to replace NHB with a more targeted incentive which will be subject to consultation in the Spring.
- 3.7. The impact of the announcements on the council's budget position are:
  - New Homes Bonus is £0.662m higher than budgeted following the baseline threshold remaining at 0.4%.
  - Settlement Funding Assessment is £165k less because Government have inflated by 1.63% rather than 1.7% originally assumed as per the CPI announcement
  - Public health (CPI + 1%) has not yet been confirmed within the figures, however, bearing in mind the level of inflation used above, it is considered prudent to include an increase of 2.63% (rather than 2.7%) which is £36k lower than originally assumed. For the City Council Public Health expenditure is not currently grant funded but is now met from retained business rates. The Council's business rates tariff payment to the government should be reduced accordingly. The funding announcements

made assume that the City Council will fund this out of the devolved budget, which is a council decision.

- 3.8. The Council will be submitting a response to the consultation which has been published alongside the settlement and closes on 17 January 2020.

#### Council Tax referendum principles

- 3.9. The government assumes that the City Council will increase the council tax precept by 3.99%, made up of a general precept element of 1.99% and the specific social care precept element of 2%. The Council has agreed to consult on the 2% Adult Social Care precept increase, which would raise an additional £3.3m. If agreed it is proposed to prioritise this to support adults with Learning Disabilities to meet increased need and complexity of citizens.
- 3.10. The overall increase to Manchester residents may be higher as the total council tax payable will also include any changes to the Greater Manchester Mayoral precept and the Police precept. No referendum limit is proposed for Mayoral Combined Authorities in 2020/21.

#### Statutory National Living Wage

- 3.11. It was announced on 31 December 2019 that the statutory National Living Wage is to increase from £8.21 to £8.72 per hour from April 2020. This compares to the OBR forecast of £8.63 (although Brexit and election uncertainty had limited the OBR's ability to update their forecasts). This does not have a budget impact in relation to directly employed staff as the lowest pay point on the National Local Government Pay Scale is already above £8.72 per hour.
- 3.12. The commitment to raise the Statutory National Living Wage to £10.50 by 2024 was included within the recent Queen's Speech, with the additional caveat that it would only happen "provided economic conditions allow." The amount is predicated on being two-thirds of median earnings (currently projected to be £10.50 by 2024). For planning purposes it remains prudent to work to the assumption of £10.50 whilst recognising that this is unlikely to follow a straight line path.
- 3.13. In relation to commissioned services within Adult Social Care the budget allowance was for a linear increase from £8.21 to £10.50 over five years which gave a 2020/21 estimate of £8.66. The December announcement of £8.72 changes this timeline and increases the 2020/21 cost estimate by £0.550m from £4.124m to £4.674m.

#### Homelessness

- 3.14. Funding announcements for homelessness and rough sleeping were released on 23 December. This confirmed that for 2020/21 Manchester City Council has the same funding as in 2019/20 for the core Flexible Housing Support Grant of £2.1m, the national total remains at £200m.

- 3.15. The Homelessness Reduction Act Grant (HRA) was introduced as New Burdens funding to allow authorities to fulfil their duties under the Homelessness Reduction Act 2017, which required authorities to intervene at earlier stages to prevent homelessness in their areas. In 2020/21 £62.9m has been allocated, a £38m increase on the 2019/20 grant. Manchester's allocation is £461k for 2020/21, compared to £194k in 2019/20 (part of £0.509m awarded over three years 2017-2020).
- 3.16. Manchester also currently receives MHCLG Prevention funding of £202k and additional Flexible Housing Support Grant of £0.803m in 2019/20. This is being used to prioritise prevention activity, carry out homelessness activities in line with the principles of the Homelessness Reduction Act and reduce or eliminate the use of emergency Bed and Breakfast accommodation. Continuation of this funding has not yet been confirmed.
- 3.17. The possible loss of funding of £1.005m, partly offset by increased HRA grant of £267k means there is a risk of an overall funding reduction of £0.738m, compared to current assumptions. However it is noted the Spending Round 2019 referenced £422m resource funding to reduce homelessness and rough sleeping. The detailed allocations to date total £263m therefore additional announcements are considered likely.

#### 4. Impact of changes on the Budget position 2020/21

- 4.1. The impact of the settlement announcements and other changes outlined above is a net increase in costs for 2020/21 of £89k as set out in the table below.

Table Two: Impact of recent budget announcements

	2020/21 £000
Additional New Homes Bonus Grant	(662)
Revised Inflation on Settlement Funding Assessment	165
Revised Inflation on Public Health Funding	36
Updated Statutory National Living Wage from 1 April 2020	550
<b>Net change</b>	<b>89</b>

- 4.2. The changes outlined above would still enable a balanced budget to be achieved for 2020/21, with a contribution to the General Fund reserve of £167k as shown in the table below.

Table Three: Budget Position 2019/20 (Latest) and 2020/21 (Proposed)

	2019/20 £'000	2020/21 £'000
<b>Resources Available:</b>		
Business Rates Related Funding	314,653	327,866
Council Tax	166,507	169,852

	2019/20 £'000	2020/21 £'000
Other non-ring fenced Grants	65,752	66,735
Dividends, Commercial Income and Use of Airport Reserve	62,390	62,890
Use of other Reserves	12,859	21,481
<b>Total Resources Available</b>	<b>622,161</b>	<b>648,824</b>
<b>Resources Required:</b>		
<b>Corporate Costs:</b>		
Levies/Charges	69,990	71,327
Contingency	850	994
Capital Financing	44,507	46,907
Transfer to Reserves	18,393	1,595
<b>Sub-Total Corporate Costs</b>	<b>133,740</b>	<b>120,823</b>
<b>Directorate Costs:</b>		
Additional Allowances and other pension costs	10,030	9,580
Insurance Costs	2,004	2,004
Directorate Budgets	474,124	505,730
Inflationary Pressures and budgets to be allocated	2,263	10,520
<b>Sub - Total Directorate Costs</b>	<b>488,421</b>	<b>527,834</b>
<b>Total Resources Required</b>	<b>622,161</b>	<b>648,657</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>(167)</b>

4.3. There remains volatility in the final position for 2020/21 and further changes are anticipated following the publication of the final Local Government Finance Settlement, these include:

- Confirmation of the redistribution of the surplus held in the national levy account in 2019/20, which should be confirmed in the final settlement
- Public Health allocations are yet to be confirmed. The Spending Round announced a real terms increase to the Public Health Grant budget, expected to be 2.63%, an increase of £1.328m.
- The Spending Round announced an additional £40m funding for Discretionary Housing Payments to tackle affordability pressures in the private rented sector in England and Wales. The authority level allocations are yet to be announced. The Council currently receives £2.2m in Discretionary Housing Payments Grant.
- The Conservative Party manifesto announced £500m funding for a Potholes Fund. It is expected that allocations will be published in the New Year.

4.4. Local forecast which are yet to be finalised include:

- Business Rates - growth assumed in line with the most recent data and developments; the final budget for 2020/21 will be based on the December 2019 business rates figures and must be notified to the government by 31 January 2020.
- Council Tax base.



- Formal notifications of any contributions or rebates from the Greater Manchester Combined Authority.

## 5. Next Steps

- 5.1. The Executive will agree its final budget recommendations on 12 February 2020 following the Scrutiny Committee meetings on the 4-6 February which will review the budget proposals within their remit.
- 5.2. These recommendations will be considered by the Resources and Governance Scrutiny Committee at its special budget meeting on 24 February. Chairs of the other five Scrutiny Committees will be invited to attend this meeting to articulate the views of their Committee regarding the proposals. The Council will then make its final decisions and will set the budget on 6 March 2020.
- 5.3. The timeline is detailed below.

Table Four: Remaining Budget Timeline

Date	Event
4 - 6 February 2020	Scrutiny Committees receive budget reports and associated savings proposals
12 February 2020	Executive - proposes budget - suite of budget reports (revenue and capital)  Final Corporate Plan
24 February 2020	Budget Resources and Governance Scrutiny - Revenue and Capital
6 March 2020	Budget Council

- 5.4. Work will begin shortly on the budget requirements for 2021/22 and beyond. This is in the context of considerable changes to Local Government Funding including the outcome of the Spending Review, a review of local authorities relative needs and resources (also known as the Fair Funding Review) which will consider how local government funding is distributed, reform of the Business Rates Retention scheme, and the government proposals on the future of Adult Social Care funding and interaction with the NHS 10-year long term plan.

## 6. Conclusions

- 6.1. The Council remains committed to the priorities within the Our Manchester strategy and the Council's revised corporate plan. The proposed 2020/21 budget reflects changes arising from the Spending Round announcements, the Provisional Local Government Finance Settlement 2020/2, forecast pay awards, notifications from GMCA and a robust review of all council service spend to realign budgets and identify savings options.

- 6.2. The Local Government Provisional Finance Settlement for 2020/21 represented a one year rollover budget, generally the settlement was in line with expectations and followed the Spending round announcements in September 2019 and subsequent announcements in the settlement technical consultation in October 2019. There has been additional funding for Local Government this financial year following Social Care grant funding announcements, inflation on settlement funding and a better than expected allocation of New Homes Bonus Grant next year, following the baseline threshold remaining at 0.4%.
- 6.3. The draft budget is based on the best information available to date, however there will be changes arising from the outcome of the Final Local Government Finance Settlement and other government funding announcements, changes to Council Tax and Business Rates (when figures are finalised in January), and final notifications from the GMCA of the allocations to Districts.
- 6.4. Whilst the additional funding from the Government is welcomed, it is not considered sufficient to address the underlying need, particularly following the austerity measures implemented since 2010/11. There remains no clear longer term national funding plan beyond 2020/21, with uncertainty in a number of key funding areas. Most notably, the outcome of the 2020 Spending Review (delayed from this year), the distribution of funding across local government (through the Fair Funding Review) and the impact of the anticipated business rates reforms and reset. Whilst the Council is publishing a one-year budget for 2020/21 in line with the single year spending round announcement from Government, work is ongoing to plan for a three year position based on the latest information available. This is critical to demonstrate the financial resilience of the Council and assist services in their future planning, ensuring the Council is in a good position to respond to national funding changes.

## **7. Recommendations**

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

**Appendix 1 - Savings and Efficiency Proposals 2020/21**

<b>Homelessness Directorate</b>	<b>Description of Efficiency/Increased Income/Realignment/Pressure</b>	<b>Amount £000</b>	<b>FTE Impact (indicative)</b>
<b>Savings/Efficiencies</b>	A reduction in the cost to the Council of temporary accommodation through transfer to registered providers	1,000	
<b>Pressures</b>	Investment to facilitate the permanent recruitment of staff in posts which support the prevention activity	(1,000)	(33)
<b>Net Savings Homelessness Directorate</b>		<b>0</b>	<b>(33)</b>

<b>Corporate Core Directorate Service Area</b>	<b>Description of Efficiency/Increased Income/Realignment/Pressure</b>	<b>Amount £000</b>	<b>FTE Impact (indicative)</b>
<b>Savings/Efficiencies:</b>			
Revenue and Benefits	Delete vacant posts	400	12
Revenue and Benefits	Changes to vacancy factor	228	
Shared Service Centre	Changes to vacancy factor	63	
Customer Services	Changes to vacancy factor	145	
HR/OD	Reduction in staffing	50	1
HR/OD	Changes to vacancy factor	85	
Chief Executive Corporate items	Increase annual leave purchase scheme	96	
Performance Research & Intelligence (PRI)	Reduction in staffing	125	
Performance Research & Intelligence (PRI)	Changes to vacancy factor	91	
Communications	Delete vacant posts	50	2
Communications	Changes to vacancy factor	38	
Communications	Senior management changes	18	
Capital Programmes	Increased income	50	
Commissioning and Procurement	Reduced audit fee	30	
ICT	Increase in vacancy factor	76	
City Policy	Reduction in staffing	62	1.4
City Policy	Increase in vacancy factor	56	
City Policy	Reduction in non-staff budgets	68	
Audit	Changes to vacancy factor	18	
Corporate Budgets	Pension Fund cash flow savings	750	
Corporate Items	Pension fund contribution	450	
Corporate Items	Increased commercial income	500	
<b>Total Savings/Efficiencies</b>		<b>3,449</b>	<b>16.4</b>
<b>Pressures:</b>			
Revenue & Benefits	Reduction in Enforcement notices	(200)	

<b>Corporate Core Directorate Service Area</b>	<b>Description of Efficiency/Increased Income/Realignment/Pressure</b>	<b>Amount £000</b>	<b>FTE Impact (indicative)</b>
City Policy	Zero Carbon - staffing	(300)	
Our Transformation	Reprofiling in delivery of savings	(500)	
Coroners	Investment to support increased caseloads	(400)	
Business Support	Investment to cover job evaluation implications	(360)	
City Policy	Income pressure	(226)	
Communications	Intranet maintenance costs	(50)	
Commissioning and Procurement	Realignment of commissioning savings	(150)	
Chief Executive Corporate items	HR policy savings	(96)	
Shared Service Centre	Reduction in income	(290)	
Children's services	Legal cost pressure	(300)	
<b>Total Pressures / realignments</b>		<b>(2,872)</b>	<b>0</b>
<b>Net Savings Corporate Core</b>		<b>577</b>	<b>16.4</b>

<b>Neighbourhoods Directorate Service Area</b>	<b>Description of Efficiency/Increased Income/Realignment/Pressure</b>	<b>Amount £000</b>	<b>FTE Impact (Indicative)</b>
<b>Savings/Efficiencies:</b>			
Compliance and Community Safety	Increase income generation through review of fees and charges across compliance	105	
Highways	Apply the annual Inflationary increase for car parks Joint venture	300	
Highways	Increase permit/license fees (skips, hoardings, scaffold etc.) by 3.5%	35	
Highways	Increase capital programme fees by revising fee model	75	
Highways	Cease existing car park lease arrangement	1,200	
Libraries, Galleries and Culture	Galleries exhibition tax relief	40	
Libraries, Galleries and Culture	Increase income generation across libraries and galleries.	57	
Parks, Leisure, Youth and Events	Increase pay and display car park income at Heaton Park	20	
Parks, Leisure, Youth and Events	Increase income from Heaton Park	30	
Commercial and Operations	Grounds Maintenance - Rationalisation of machinery	20	

<b>Neighbourhoods Directorate Service Area</b>	<b>Description of Efficiency/Increased Income/Realignment/Pressure</b>	<b>Amount £000</b>	<b>FTE Impact (Indicative)</b>
Commercial and Operations	Revised operating model at Piccadilly Market	86	
Commercial and Operations	Increase volume of external commercial income in pest control	21	
Commercial and Operations	Increase volume and fees in Bereavement Services by 3.9%	91	
Directorate Wide	Review of staffing budget below top of grade as appropriate	244	
<b>Total Savings/Efficiencies</b>		<b>2,324</b>	<b>0</b>
<b>Pressures:</b>			
Neighbourhood Teams	Managing and maintaining additional canal barriers	(25)	
Parks, Leisure, Youth and Events	Traffic management and increased security costs	(50)	
Operations and Commissioning	Realignment of income budget for Sunday Market Car Boot	(262)	
Operations and Commissioning	Realignment of income budget for New Smithfield market	(417)	
<b>Total Pressures / realignments</b>		<b>(754)</b>	<b>0</b>
<b>Net Savings Neighbourhoods Directorate</b>		<b>1,570</b>	<b>0</b>

<b>Growth and Development Directorate Service Area</b>	<b>Description of Savings/ Efficiency Option</b>	<b>Amount £000</b>	<b>FTE Impact (indicative)</b>
Investment Estate	Additional airport lease income	340	
Investment Estate	Additional lease income	150	
Housing and Residential Growth	Income from solar panel feed in tariff	200	
<b>Net Savings Growth and Development Directorate</b>		<b>690</b>	<b>0</b>

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## Manchester City Council Report for Resolution

**Report to:** Executive - 15 January 2020

**Subject:** Capital Programme Update

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

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### Summary

This report informs members of requests to increase the capital programme, seeks approval for those schemes that can be approved under authority delegated to the Executive and asks Executive to recommend to the City Council proposals that require specific Council approval.

### Recommendations

1. To recommend that the Council approve the following changes to Manchester City Council's capital programme:
    - a) Children's Services – Special educational needs and disability (SEND) Expansions. A capital virement of £0.866m is requested from Education Basic Need Unallocated, funded by Government Grant.
    - b) Neighbourhoods – Abraham Moss Leisure Centre. A capital budget increase of £7.249m in 2021/22 is requested funded by borrowing, and revenue budget increase of £0.210m, funded by Capital Fund.
    - c) Children's Services – Acquisition of Land at Hyde Road. A capital budget increase of £13.169m is requested, initially funded by borrowing.
  2. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
    - d) Children's Services – Ghyll Head. A capital budget increase of £1.116m is requested, funded by capital receipts.
    - e) ICT – Data Centre Programme Additional Funding Request. A capital budget virement of £0.450m is requested from the ICT Investment Plan, funded by borrowing.
  3. To note increases to the programme of £0.416m as a result of delegated approvals.
  4. To note update on Integrated Working - Gorton Health Hub project.
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**Wards Affected - Various**

**Environmental Impact Assessment** - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

<b>Our Manchester Strategy outcomes</b>	<b>Contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Contributions to various areas of the economy including investment in ICT services, Housing, and leisure facilities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improvements to services delivered to communities and enhanced ICT services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in cultural and leisure services and housing.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in ICT and the City's infrastructure of road networks and other travel routes.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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**Financial Consequences – Revenue**

The recommendations in this report, if approved, will increase the revenue budget by £0.210m.

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**Financial Consequences – Capital**

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £21.534m across the financial years as detailed in Appendix 1.

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**Contact Officers:**



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

Name: Tim Seagrave  
 Position: Group Finance Lead – Capital and Treasury Management  
 Telephone: 234 3445  
 E-mail: t.seagrave@manchester.gov.uk

Name: Kirsty Cooper  
 Position: Principal Finance Manager – Capital  
 Telephone: 234 3456  
 E-mail: k.cooper@manchester.gov.uk

**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to the Executive 13<sup>th</sup> February 2019 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 13<sup>th</sup> March 2019 - Capital Programme Update

Report to the Executive 26<sup>th</sup> June 2019 - Capital Programme Update

Report to the Executive 24<sup>th</sup> July 2019 – Capital Programme Update

Report to the Executive 11<sup>th</sup> September 2019 – Capital Programme Update

Report to the Executive 16<sup>th</sup> October 2019 – Capital Programme Update

Report to the Executive 13<sup>th</sup> November 2019 – Capital Programme Update

Report to the Executive 19<sup>th</sup> December 2019 – Capital Programme Update

## **1.0 Introduction**

- 1.1 This report outlines the requests for changes to the capital budget from 2019/20.

## **2.0 Background**

- 2.1 In February each year, the Executive receives a report on the capital budget for the forthcoming five financial years and approves a series of recommendations to make to the City Council. The City Council's resolutions on these recommendations constitute the approval of the five-year capital programme for the City Council. Proposals for the capital budget were presented to the Executive on 13<sup>th</sup> February 2019.
- 2.2 The capital programme evolves throughout the financial year, and as new projects are developed they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.
- 2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 19<sup>th</sup> December 2019.
- 2.4 Please note that where requests are made in the report to switch funding from capital to revenue and to fund the revenue spend from the Capital Fund, this is a funding switch from within the capital programme and will not have a negative impact on the Fund itself.
- 2.5 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

## **3.0 City Council's Proposals Requiring Specific Council Approval**

- 3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2.0m, where the use of borrowing is required or a virement exceeds £0.500m. The following proposals require Council approval for changes to the capital programme.
- 3.2 Children's Services – SEND Expansions. The projects will provide additional special school places to meet growing demand for provision by Manchester residents. Ashgate Primary School and Melland High School will increase pupil admission numbers by 16 places each to facilitate admittance of pupils with Education, Health and Care plans. A capital budget allocation and transfer of £0.866m in 2019/20 from the Education Basic Need Unallocated budget is requested, funded by Government Grant.
- 3.3 Neighbourhoods – Abraham Moss Leisure Centre. In 2017, the Council approved a new investment strategy with an indicative financial budget of £16.1m to demolish the existing library and leisure centre building, provide a temporary sports hall (school curriculum and community use) and library on site and to construct a new build library and leisure centre in the existing

location. This was prior to the site investigations and design work. In August 2018 the invasive surveys were undertaken and £3m was approved to spend to cover pre-construction design fees, surveys and temporary works costs.

- 3.4 The project is now at RIBA stage 3 and the priced returns have been received from the market. This indicates a total scheme cost, including expenditure to date, of £23.6m. This will cover the additional costs of the Stage 3 design of £5.3m including additional works required to deal with surface water drainage, ground conditions, works required for the temporary library, inflation and related costs. Construction inflation has been running between 7% and 14% since the scheme was originally devised.
- 3.5 A capital budget increase of £7.249m in 2021/22 is requested funded by borrowing, and revenue budget increase of £0.210m, funded by Capital Fund.
- 3.6 Children's Services - Acquisition of Land at Hyde Road. Purchase of land at Hyde Road, Gorton, currently in use as a cinema, to deliver affordable housing in accordance with the council's affordable housing agenda, and potential future use for a secondary school in line with the current projection of required school places. A capital budget increase of £13.144m in 2019/20 and £0.025m in future years is requested, initially funded by borrowing.

#### **4.0 Proposals Not Requiring Specific Council Approval**

- 4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, the use of capital receipts, the use of reserves below £2.0m or where the proposal can be funded from existing revenue budgets and where the use of borrowing on a spend to save basis is required. The following proposals require Executive approval for changes to the City Council's capital programme:
- 4.2 Children's Services – Ghyll Head. In a report to Children and Young People Scrutiny Committee in November 2019 the work to examine the option of progressing a new operating arrangement for Ghyll Head as part of the Council's wider leisure contract was supported, to increase use by Manchester educational facilities and to increase occupancy levels. To facilitate this it was noted that capital investment would be required to support these aims. This project will, therefore, deliver refurbishment of Manchester City Council's only outdoor education centre facility to improve the asset condition and enable the site to become financially viable. A capital budget increase of £0.025m in 2019/20 and £1.091m in 2020/21 is requested, funded by Capital Receipts.
- 4.3 ICT – Data Centre Programme Additional Funding Request. The project is comprised of three distinct but integrated projects, Core Infrastructure Refresh, Network redesign and implementation and Data centre facility migration. The project has slipped due to a delay with implementation of the data centre network. The delays are mainly attributable to complex design sign-offs by multiple stakeholders and supplier implementation delays,

delaying network delivery by nine weeks. That, coupled with the Election change freeze has delayed the project testing sign-off and migration start dates, impacting the resource profiles needed. Migrations have now commenced and are expected to complete at the end March 2020. A capital budget virement is requested of £0.200m in 2019/20 and £0.250m in 2020/21 from the ICT Investment Plan, funded by borrowing.

## **5.0 Delegated budget Approvals**

- 5.1 There have been increases to the programme totalling £0.416m as a result of delegated approvals since the previous report to the Executive on 19<sup>th</sup> December 2019. These are detailed at Appendix 2.

## **6.0 Update on Integrated Working – Gorton Hub**

- 6.1 The last Executive Report for this project was in March 2017 which gave approval to develop the scheme design, establish final costs and report back. The project will deliver an integrated public service hub in the heart of Gorton District Centre, which will bring together primary care, social care and community health care services as well as services from One Manchester, Job Centre Plus, Manchester Adult Education Service (MAES) and the re-provision of Gorton Library. Office accommodation is also proposed for Manchester City Council teams currently based in leased accommodation, as well as additional office space to help meet the needs of the public estate in the future. The project budget is £19.636m.
- 6.2 The project has been designed to RIBA Stage 4 and the cost plan has been market tested. The site has been assembled and cleared, and the scheme has planning permission. The Council will fund the proposed development through Prudential Borrowing. Partners will commit to a lease of space in the building, with a rental payment that will see the cost of construction paid off over the lease term. In addition, all tenants will cover the costs of their respective utilities, business rates, and facilities management costs, and will contribute funds, based on the size of their accommodation, to the lifecycle maintenance plan for the building. Partners have confirmed their commitment to the scheme. MFT and One Manchester have Board approval, MHCC and Primary Care Manchester Board approval expected January 2020, and DWP Departmental Property Board approval also expected in January 2020.
- 6.3 This unique integration of public services will deliver outcomes including: increasing provision of community services to release acute hospital capacity; improving both capacity of, and access to, primary care; strengthening the service offer focussed on increasing employment, reducing dependency, improving community skills provision and digital inclusion. Outcomes will also include increased footfall to the heart of Gorton. The hub will improve the public realm at the heart of the district centre, acting as a visible investment in the area. The services relocating into the hub will release areas of land for onward development, further supporting the needs of Gorton. Lifecycle investment in the new asset will provide better value than continuing to invest in poorer quality existing properties, which are reaching the end of their

functional life, with significant quality and back-log maintenance issues. Office space created in the hub will be used to accommodate teams from the Council that are currently in leased accommodation, reducing the use of Council resources used on property rental. The hub provides a significant opportunity to increase the sustainability, and reduce the carbon emissions of the public estate, by replacing dated, inefficient buildings with a modern asset.

## **7.0 Prudential Performance Indicators**

- 7.1 If the recommendations in this report are approved the General Fund capital budget will increase by £21.534m, across financial years as detailed in Appendix 1.
- 7.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital Monitoring Report.
- 7.3 There is an increase in the requirement for prudential borrowing, however, this has already been assumed within the City Council's revenue budget and therefore there is no impact on the City's Council Tax.
- 7.4 The increases to the programme totalling £0.416m as a result of delegated approvals have been included within the prudential indicators. These are detailed at Appendix 2.

## **8.0 Contributing to a Zero-Carbon City**

- 8.1 All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

## **9.0 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

- 9.1 Contributions to various areas of the economy including investment in ICT services, housing, and leisure facilities.

### **(b) A highly skilled city**

- 9.2 Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

### **(c) A progressive and equitable city**

- 9.3 Improvements to services delivered to communities and enhanced ICT services.

**(d) A liveable and low carbon city**

- 9.4 Investment in cultural and leisure services and housing.

**(e) A connected city**

- 9.5 Through investment in ICT and the City's infrastructure of road networks and other travel routes.

**10.0 Key Policies and Considerations**

**(a) Equal Opportunities**

- 10.1 None.

**(b) Risk Management**

- 10.2 Risk management forms a key part of the governance process for all capital schemes. Risks will be managed on an ongoing and project-by-project basis, with wider programme risks also considered.

**(c) Legal Considerations**

- 10.3 None.

**11.0 Conclusions**

- 11.1 The Capital budget of the City Council will increase by £21.534m, if the recommendations in this report are approved.
- 11.2 The capital budget has increased by £0.416m as a result of the delegated approval detailed in Appendix 2.

**12.0 Recommendations**

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

## Appendix 1 - Requests for Adjustments to the Capital Budget Provision - January 2020 Executive

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
<b>Council Approval Requests</b>							
Children's Services	SEND Expansion	Government Grant	866				866
Children's Services	Basic Need Unallocated Funds	Government Grant	-866				-866
Neighbourhoods	Abraham Moss Leisure Centre	Borrowing			7,249		7,249
Children's Services	Acquisition of land at Hyde Road	Borrowing	13,144	13	12		13,169
<b>Total Council Approval Requests</b>			<b>13,144</b>	<b>13</b>	<b>7,261</b>	<b>0</b>	<b>20,418</b>
<b>Executive Approval Requests</b>							
Children's Services	Ghyll Head	Capital Receipts	25	1,091			1,116
ICT	Data Centre Programme Additional Funding Request	Borrowing	200	250			450
ICT	ICT Investment Plan	Borrowing	-200	-250			-450
<b>Total Executive Approval Requests</b>			<b>25</b>	<b>1,091</b>	<b>0</b>	<b>0</b>	<b>1,116</b>
<b>Total Budget Adjustment Approvals</b>			<b>13,169</b>	<b>1,104</b>	<b>7,261</b>	<b>0</b>	<b>21,534</b>

## Appendix 2 - Approvals under authority delegated to the City Treasurer - January 2020 Executive

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
Highways Services	Exchange Square Water Feature Refurbishment	RCCO	60	-	-	-	60
Highways Services	Levenshulme Active Neighbourhood	External Contribution	-	106	-	-	106
Corporate Services	FC United	Capital Receipts	250	-	-	-	250
<b>Total Delegated Approval Requests</b>			<b>310</b>	<b>106</b>	<b>0</b>	<b>0</b>	<b>416</b>