



Resources and Governance Scrutiny Committee

Date: Tuesday, 4 February 2020

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Revised and Supplementary Agenda** containing an additional item of business (Item 5c) that was not listed on the original agenda and additional information about the business of the meeting that was not available when the main agenda was published

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Membership of the Resources and Governance Scrutiny Committee

Councillors - Russell (Chair), Ahmed Ali, Andrews, Clay, Davies, Lanchbury, Moore, B Priest, Rowles, A Simcock, Stanton, Wheeler and Wright

Revised & Supplementary Agenda

1. Urgent Business

To consider any items which the Chair has agreed to have submitted as urgent.

2. Appeals

To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.

3. Interests

To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.

4. Minutes – Previously Circulated

5. The Council's Updated Financial Strategy and Budget reports 2020/21

7 - 20

Report of the Chief Executive and the Deputy Chief Executive and City Treasurer attached.

This report provides an update on the Council's overall financial position and sets out the next steps in the budget process, including scrutiny of the budget proposals and budget report by this Committee.

Each Scrutiny Committee will receive a budget report aligned to its remit, showing the main changes proposed to delivery and funding. The report also outlines the proposals for how the Council could deliver a balanced budget for 2020/21, the details of which will be discussed at the relevant scrutiny committees.

5a. Corporate Core Budget Report 2020/21

21 - 42

Report of the Deputy Chief Executive and City Treasurer, and City Solicitor attached.

This report provides a further updated Corporate Core medium term financial plan and budget proposals for 2020/21, and the report has been updated to reflect feedback from the January round of scrutiny meetings. The report should be read in conjunction with the Council's overarching Business Plan report.

- 5b. Council's Capital Strategy 2020/21** 43 - 100
Report of the Chief Executive and Deputy Chief Executive and City Treasurer attached.
- The purpose of the report is to present the 2019/20 capital programme and forward commitments, alongside the Capital Strategy for the City Council.
- 5c. Housing Revenue Account 2020/21 to 2022/23** 101 - 118
Strategic Director (Development) and Deputy Chief Executive & City Treasurer attached.
- This report presents the details on the proposed budget for the Housing Revenue Account (HRA) for 2020/21 and an indication of the 2021/22 and 2022/23 budgets.
- 6. Domestic violence and abuse funding and commissioning review – Previously Circulated**
- 7. ICT update** 119 - 128
Report of the Interim Director of ICT attached.
- This report provides a further update on the proposed reshaping of Council's Information and Data Strategy and includes an update on the resilience of the Council's IT service provision.
- 8. Delivering the Our Manchester Strategy** 129 - 134
Report of the Executive Member for Finance and Human Resources attached.
- This report provides an overview of work undertaken and vision towards the delivery of the Council's priorities as set out in Our Manchester Strategy that are aligned with the Manifesto in those areas within the portfolio of the Executive Member for Finance and Human Resources.
- 9. Overview Report – Previously Circulated**
- 10. Legal Services Update** 135 - 166
Presentation of the City Solicitor attached.
- 11. Exclusion of Press and Public**
The officers consider that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of this item.

12. **Legal Services update (Public Excluded)**
Report the City Solicitor attached.

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Information about the Committee

Scrutiny Committees represent the interests of local people about important issues that affect them. They look at how the decisions, policies and services of the Council and other key public agencies impact on the city and its residents. Scrutiny Committees do not take decisions but can make recommendations to decision-makers about how they are delivering the Manchester Strategy, an agreed vision for a better Manchester that is shared by public agencies across the city.

The Economy Scrutiny Committee has responsibility for looking at how the city's economy is growing and how Manchester people are benefiting from the growth.

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Smoking is not allowed in Council buildings.

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Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This revised agenda was issued on **Friday, 31 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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Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee - 4 February 2020
Health Scrutiny Committee - 4 February 2020
Children and Young People Scrutiny Committee - 5 February 2020
Neighbourhoods and Environment Scrutiny Committee - 5 February 2020
Economy Scrutiny Committee - 6 February 2020
Communities and Equalities Scrutiny Committee - 6 February 2020

Subject: Updated Financial Strategy and Budget Reports 2020/21

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

Summary

This report provides an update on the Council's overall financial position and sets out the next steps in the budget process, including scrutiny of the budget proposals and budget report by this Committee.

Each Scrutiny Committee will receive a budget report aligned to its remit, showing the main changes proposed to delivery and funding. The services to be considered by each scrutiny committee are shown at table five. The report also outlines the proposals for how the Council could deliver a balanced budget for 2020/21, the details of which will be discussed at the relevant scrutiny committees.

Recommendations

The Committee is asked to consider and make recommendations to the Executive on the budget proposals which are within the remit of this Committee and to comment on initial Budget Reports which have been designed to ensure the Council invests in the services that are valued by its residents achieving both high quality services and outcomes for residents, as well as a balanced budget.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The proposed 2020/21 budget will reflect the fact the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

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

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Background documents (available for public inspection):

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

- 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
- Budget Update report to Executive 15 January 2020

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 to be presented to February Executive and Resources and Governance Budget Scrutiny 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 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 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
- Council Business Plan feedback and updates
- changes since the January Scrutiny meetings and further updates on funding
- 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.

- 2.3. With regard to homelessness, the service has identified a potential increase in income of £1m in 2020/21 relating to Housing Benefit for temporary accommodation which will be available from DWP based on a small scale transfer of existing properties to be managed by Registered Providers (RPs) by end of March 2020 and increasing incrementally throughout 2020/21, this will reduce the net cost to the Council. The option under consideration would target a transfer of properties outside of the city boundaries and the approach has been agreed in principle with registered providers. The financial due diligence is being undertaken to achieve the first transfer of 100 properties by the end of March 2020.
- 2.4. All proposals were presented to the relevant Scrutiny Committees in January for comment and the table below summarises these by Directorate.

Table One: Net Savings Options 2020/21

	2020/21 Savings/ Income Options Identified	2020/21 Pressures/ Priorities Identified	Net savings options supporting budget
	£'000	£'000	£'000
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)
Total Savings Options	(7,463)	4,626	(2,837)

3. Council Business Plan Feedback and Updates

- 3.1. Our Council Business Plan replaces individual directorate business plans produced in previous years. The plan is structured around the eight priority themes of our corporate plan and has been produced following the development of 41 service plans which describe in more detail the achievements, priorities and activities of the 41 services which collectively make up Manchester Council.

3.2. Each priority theme section describes:

- The priority theme, including key strategies and plans which are helping to drive delivery
- Key achievements driving delivery of this priority theme in the last year
- Planned activities and initiatives across council services which will drive delivery of the priority theme in 2020-21
- The key measures which will determine whether the activities have been successful

3.3. The full draft document was presented to all Scrutiny Committees for comment and feedback in January. A number of minor changes have been made to the document following the meetings, many of which were as a result of the queries and feedback which focused on:

- areas requiring clarification/further detail
- specific comments on a number of the metrics included in the document, and
- queries relating to the approach to Equalities, Diversity and Inclusion.

3.4. The Equalities, Diversity and Inclusion section in the Council Business Plan includes detail of the approach taken to meeting the Council's obligations under the Public Sector Equality Duty, building on successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions.

3.5. The changes made to the plan are as follows:

- In the 'measures of success' section in each priority section, the illustrative outturn figures from 2017/18 and 2018/19 have been removed to enable focus on future performance.
- Some wording updates have been made to the Young People and Neighbourhoods sections to ensure accurate read-across and reference to other strategies and plans.
- Notes and changes have been added to some of the metrics to clarify the availability of data, to better articulate trends in the narrative, and for metrics which were previously described as only a 'rate per 1,000' the actual number is now also referred to.
- The 'Healthy, Cared for People' section now includes reference to a number of metrics and has been restructured to more clearly align to the wider health and social care partnership planning arrangements.

3.6. The final document will be presented to the meeting of the Executive on 12th February.

4. Changes to budget position from the January Scrutiny meetings to the current date

4.1. The position shared with Scrutiny Committees in early January was an expected 2020/21 budget surplus of £256k. A balanced budget is now

proposed and the changes are shown in the table below. The details will be set out in the February reports to individual Scrutiny Committees, the Executive and Resources and Governance Budget Scrutiny Committee.

Table Two: Impact of changes since January scrutiny meetings

	2020/21 £000
Estimated Surplus (reported to Scrutiny Committees early January)	(256)
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
Increase to Waste budget to reflect reduction in trade waste disposed through the Levy	283
Application of waste contingency	(134)
Reduction in Council Tax Support Admin Subsidy	18
Additional pressure - Children's Services	1,701
Increase in Business Rates income - final NNDR	(3,780)
Contribution to Business Rates Reserve	2,079
Net Budget	0

Local Government Provisional Finance Settlement

4.2. 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)¹ in line with inflation from £14.6bn to £14.8bn
- Confirming the proposals for Council Tax referendum limits for 2020/21

¹ Settlement Funding Assessment (SFA) consists of: local share of retained business rates, plus Revenue Support Grant plus top-up or less tariff.

- 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%
- 4.3. New Homes Bonus (NHB) will continue for another year, however the government 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%.
- 4.4. 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 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 Council will fund this out of the devolved budget, which is a council decision.
- 4.5. The Council has submitted a response to the settlement consultation which was published alongside the settlement, and closed on 17 January 2020.

Statutory National Living Wage

- 4.6. On 31 December 2019, the Government announced the new statutory National Living Wage of £8.72 per hour to apply from April 2020. This was slightly higher than the original hourly rate assumptions within the budget and resulted in a further budget requirement of £0.550m.

Council Tax referendum principles

- 4.7. The budget assumes that the 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 is consulting on the 2% Adult Social Care precept increase.
- 4.8. The overall council tax increase to Manchester residents may be higher as the total council tax payable will also include changes to the Greater Manchester Mayoral precept and the Police precept. No referendum limit is proposed for Mayoral Combined Authorities in 2020/21.

Council Tax Base

- 4.9. It is to be noted that the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, has agreed under her delegated powers to set the tax base for Council tax setting purposes in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 4.10. This calculation has to be based on data available on 30 November 2019 and the decision must be made between 1 December 2019 and 31 January 2020. The Council has to notify the precepting authorities of its calculation for 2020/21 by 31 January 2020. The tax base for tax setting purposes for the year 2020/21 was agreed on 8 January 2020 at 118,864.8. This is in line with the existing assumption.

Decisions for Council Tax Surplus and Business Rates Surplus

- 4.11. The Council Tax surplus of £5.988m for 2019/20 has been declared, of which Manchester will retain £5.028m. The Business Rates surplus is £12.202m and Manchester will retain £12.080m. These are reflected in the budget as set out in table three below. All budget changes will be detailed in the reports to the Executive and Resources and Governance Budget Scrutiny Committee later in February.

5. Revised budget position 2020/21

- 5.1. The changes outlined above would enable a balanced budget to be achieved for 2020/21 as shown in the table below. As requested by Resources and Governance Scrutiny Committee both the original and revised budget for 2019/20 are shown.
- 5.2. The provisional cash limit budget for each directorate is shown in the table below

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

	2019/20 Original	2019/20 Revised	2020/21 Proposed
	£000	£000	£000
Resources Available:			
Business Rates Related Funding	314,653	314,653	339,547
Council Tax	166,507	166,507	174,465
Other non-ring fenced Grants	54,426	65,752	66,717
Dividends and Use of Airport Reserve	62,390	62,390	62,890
Use of other Reserves	12,859	12,859	21,481
Total Resources Available	610,835	622,161	665,100
Resources Required			
Corporate Costs:			

Levies/Statutory Charge	69,990	69,990	71,327
Contingency	1,600	850	860
Capital Financing	44,507	44,507	44,507
Transfer to Reserves	7,067	18,393	18,338
Subtotal Corporate Costs	123,164	133,740	135,032
Directorate Costs:			
Additional Allowances and other pension costs	10,030	10,030	9,580
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	9,945	1,764	10,271
Directorate Budgets	465,692	474,623	508,213
Total Directorate Costs	487,671	488,421	530,068
Total Resources Required	610,835	622,161	665,100
Shortfall / (surplus)	0	0	0

- 5.3. The provisional cash limit budget for each directorate is shown in the table below:

Table Four: Cash Limit budgets 2019-21

	Original Budget 2019/20	Revised Budget 2019/20	Proposed Budget 2020/21
	£'000	£'000	£'000
Children's and Education	120,434	120,432	130,320
MHCC Pooled Budget	194,050	193,604	216,864
Adult Social Care - Services out of scope of Pooled Budget	4,213	4,303	4,389
Homelessness	13,375	13,933	15,285
Corporate Core	67,838	69,554	69,960
Neighbourhoods	60,267	66,981	63,751
Growth and Development	5,515	5,816	7,644
Total	465,692	474,623	508,213

6. Other budget Issues

- 6.1. There remains some potential movement in the 2020/21 position and further changes are anticipated following the publication of the Final Local Government Finance Settlement expected in February and other funding announcements, 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
- Confirmation of the allocations for the remainder of the government funding for homelessness support
- 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. Local Authority level allocations have not yet been published.

7. Scrutiny of the Draft Budget Proposals and Budget reports

- 7.1. The service budget reports and Council Business Plan are attached for the Committee's consideration. These reports contain details of how services will support the delivery of the Council's priorities as set out in the Corporate Plan. The reports have been tailored to the remit of each scrutiny as shown in the table below.
- 7.2. The Committee is invited to consider the options which are within its remit, alongside the draft business plan and to make recommendations to the Executive before it agrees the final budget proposals.

Table Five: Scrutiny Reports

Date	Meeting	Budget Paper
4 February	Resources and Governance Scrutiny Committee	Report covering the Corporate Core and the relevant parts of Growth and Development Directorate (Operational and Investment estate and facilities management) Housing Revenue Account
4 February	Health Scrutiny Committee	Adult Social Care and Population Health This is supplemented by: <ul style="list-style-type: none"> • Draft MHCC Plan on Page, Joint Budget Report 2020/21 and refreshed Manchester Locality Plan
5 February	Children and Young People Scrutiny Committee	Children and Education Services Dedicated Schools Grant

5 February	Neighbourhoods and Environment Scrutiny Committee	Report covering Neighbourhoods and Relevant services from Growth and Development (Housing and Residential growth)
		Homelessness report
6 February	Economy Scrutiny Committee	Report covering Growth and Development and the relevant parts of Neighbourhoods (Business Units) and Housing and Residential growth
6 February	Communities and Equalities Scrutiny Committee	Report covering Neighbourhoods

8. Next Steps

- 8.1. Recommendations from the February Scrutiny Committees will be considered by the Executive at its meeting 12 February 2020 where it will agree its final budget recommendations. 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.
- 8.2. The timeline is detailed below.

Table Six: 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

9. Budget Position from 2021/22

- 9.1. Work is ongoing to establish 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. The government is expected to make a budget announcement on 11 March 2020 which may give some clarity on the direction of funding for Local Government.
- 9.2. With regard to the Fair Funding review, little detail is, as yet, available on the potential impact. However, on 24 January 2020 the Local Government Association released an exemplification for adult social care funding based on research by the Personal Social Services Research Unit (PSSRU); and which is expected to inform the individual Local Authority allocations. This calculation has been widely reported and shows a potential reduction in funding of c14% overall for Manchester. At 2018/19 national spend levels (on which the exemplification is based) this would equate to a cut of around £22m, though it is noted the weighting of Adults in the 2021/22 formula is yet to be determined. It is recognised that this is just one element of the overall funding envelope for Local Government, but nevertheless is very concerning for Manchester. It is expected that there will be time limited transition funding. However, at this stage, the Government is yet to announce its formal funding proposals.

10. Conclusions

- 10.1. 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.
- 10.2. The draft budget is based on the best information available to date, however there will be potential changes arising from the outcome of the Final Local Government Finance Settlement and other government funding announcements.

11. Recommendations

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

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny - 4 February 2020
Executive - 12 February 2020

Subject: Corporate Core Budget Report 2020/21

Report of: Deputy Chief Executive and City Treasurer, and City Solicitor

Purpose of Report

This report provides a further updated Corporate Core medium term financial plan and budget proposals for 2020/21, and the report has been updated to reflect feedback from the January round of scrutiny meetings. The report should be read in conjunction with the Council's overarching Business Plan report.

Recommendation

The Committee and the Executive are each invited to review and comment on the directorate budget report.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Maintaining growth in order to continue developing the City's trading relationships, making the case for investment in infrastructure and housing growth and the Northern Powerhouse, leading devolution negotiations and local government finance localisation opportunities and the Council's response to European Union exit process with government
A highly skilled city: world class and home grown talent sustaining the city's economic success	Lead on key programmes of reform such as work and health, providing support and responding to the continuing changes to the welfare reform agenda.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Drive leadership for reform, health integration and support for the delivery of all Council strategic priorities. Lead changes to the organisation to deliver Our Manchester through improved and more consistent management, engagement of staff and lean fit for purpose systems supported through ICT investment
A liveable and low carbon city: a	Effective prioritisation of investment in low carbon

destination of choice to live, visit, work	initiatives and leading the city's zero carbon ambitions and declaration of the climate emergency.
A connected city: world class infrastructure and connectivity to drive growth	Focus on the ICT infrastructure and resilience to deliver future efficiencies, enable improved ways of working and support devolution, health and social care integration and the changing shape of back office support for Manchester and other Greater Manchester Authorities.

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets.

The proposals set out in this report will be considered as part of the City Council preparation of the 2020/21 budget which will be submitted to the Executive on 12th February 2020.

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Background documents (available for public inspection):

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

Corporate Core Budget and Business Planning: 2018-2020 - Executive – 7 February 2018

Corporate Core Business Plan 2019/20 - Executive 13 February 2019

1. Introduction

- 1.1 This report provides the draft 2020/21 revenue and capital budget proposals for the Corporate Core. The proposed budget includes the outcome of a comprehensive review across all service areas in order to ensure that the existing budgets are realistic and sufficient to ensure that the service area can deliver its objectives and deliver the Corporate Plan priorities.
- 1.2 The report also includes those areas of service which are in the remit of Resources and Governance Scrutiny Committee but not within the Corporate Core, namely operational property, facilities management and the investment estate from within the Growth and Development directorate and details of these areas are set out in section 4 of this report.
- 1.3 This report presents a one year budget plan to reflect the Government's Spending Round for local government, it is in effect a roll forward budget from 2019/20, although a longer term budget strategy is being developed that will ensure that Corporate Core services are delivered as efficiently and effectively as possible in order to protect the delivery of front line services.

2. Background and Context

- 2.1 The Corporate Core plays a key role in supporting the delivery of the Our Manchester Strategy and all eight Corporate Plan priorities, through providing a range of universal services, services which enable the wider organisation to function effectively and through specific and focused support to other parts of the Council to deliver the Corporate Plan.
- 2.2 This includes supporting relationships with a wider range of key partners across Manchester, Greater Manchester, nationally and internationally to enable delivery of all of **Our Corporate Plan priorities** and the wider vision for the city.
- 2.3 The Core has a direct delivery role in delivering our Corporate Plan '**well managed council**' priority theme. This is both through the provision of front line universal services and through providing effective support services.
- 2.4 The key universal services include:
 - Revenue and Benefits
 - Customer Contact Centre
 - Shared Service Centre
 - Coroners
 - Registrars
- 2.5 The Core has a strategic role to work with directorates across the Council and key partners to drive delivery of our key priorities in the corporate plan, including:
 - Manchester's approach to place-based reform - Bringing Services Together for People in Places

- Integration of Health and Social Care through partnership arrangements with the NHS
- Delivery of the Local Industrial Strategy which will deliver inclusive and green growth for the city of Manchester
- Delivery of Our Transformation - a new Council-wide portfolio of programmes which has been set up with a view to changing how we work as an organisation to ensure we can deliver our corporate priorities and specifically ensure that we are a 'well managed council'
- Continuing to ensure that the 'Our Manchester' approach is the way we do things here, rather than a thing we do
- Leadership for the Council's action plan to being zero carbon by 2038 at the latest, and support arrangements with partners to meet the city's ambition to live within the science-based carbon budget and be zero carbon by 2038 at the latest

2.6 The Corporate Plan priority of being a 'well managed Council' has the following priorities in the draft 2020/21 Council Business Plan:

Delivery of 'Our Transformation'

- Continue to deliver Our Transformation through strengthening accountability and the role of our managers, improving our ways of working including the introduction of key new ICT infrastructure, improving our processes and developing a longer term model for the core, leading to efficiencies
- Continue to deliver the strategic vision for the city by collaborating with internal and external partners to: create new strategies and policies; attract funding and resources; implement complex projects and programmes; and create effective strategic partnerships.
- Drive service reform across the Council and with partners and residents

Delivery of High Quality Support Services

- Provide financial support, insight and intelligence to maximise budgets and deliver on the Council's priorities
- Promote information as an asset working with stakeholders to recognise the importance of data and intelligence in decision making and development of service provision.
- Drive the Our People Delivery Plan, in particular work to:
 - Reduce sickness absence levels
 - Develop a more diverse workforce, at all levels, particularly in relation to Black, Asian and Minority Ethnic (BAME) and Disability representation
 - Support health and social care workforce integration and the Manchester Locality Workforce Plan
 - Create a strengthened approach to development, talent management and succession planning
- Support and enhance the reputation of the Council, through effective strategic communications, professional executive support for the Chief Executive and Senior Management Team and successful civic and ceremonial events and programmes.

- Provide stable, scalable, secure and resilient ICT services, including migration to the new data centre
- Deliver innovation and excellence in public sector legal services that provides value for money
- Provide a first class procurement service to the council and its partners, from supporting services in the upfront design to delivering successful contract awards
- Deliver key Corporate Estates projects and programmes including the refurbishment at Alexandra House, the refurbishment of Hammerstone Road, the Gorton Hub, the Asset Management Programme and support the Town Hall Project 19/20

Front Line Service Delivery

- Deliver all statutory services related to the registration of births, deaths and marriages and Coroner Services, and to meet the required statutory and non statutory targets.
- Deliver effective and efficient customer services and develop effective online systems which enhance the customer experience and support channel shift towards digital services where appropriate
- Provide support to residents and maximise the collection of money owed to the Council and manage the expected reduction in new claims and caseload driven by Universal Credit

- 2.7 In order to support the Corporate Core in the delivery of the Corporate Plan and the above priorities there are a number of proposals for both investment and use of resources included for consideration by Members and these are detailed below at section 5.

3. Revenue Strategy

- 3.1 For 2019/20 the latest gross budget is £309.507m, with a net budget of £69.554m, and 1,823 full time equivalent employees. The table below provides a breakdown by service area and includes the movement from the original budget to revised budgets.
- 3.2 The main movements in gross budget are in respect of revenue and benefits and the allocation of cross cutting savings across service areas. The revenue and benefits movement in gross budget is due to the forecast reduction in numbers of claimants for rent allowances as people transition over to Universal Credit.
- 3.3 The Corporate Core revised net budget has increased by c£2.8m, and this is due to the allocation of £1.8m contingency budgets to meet the costs of the agreed pay award, £150k from non inflationary pay to meet increased Coroners costs, £0.840m virements to offset the Cross Cutting savings and a net £10k other minor adjustments.

Table 1: 2019/20 Budget

Service Area	2019/20 Original Gross Budget £'000	2019/20 Original Net Budget £'000	2019/20 Revised Gross Budget £'000	2019/20 Revised Net Budget £'000	2019/20 Budgeted Posts (FTE)
Legal Services	11,565	6,243	12,040	6,455	261.8
Elections	1,146	1,047	1,162	1,064	12.3
Coroners and Registrars	2,994	1,728	3,204	1,897	56.0
Executive	1,029	1,029	979	979	12.5
Communications	4,851	3,026	4,784	3,108	83.4
CEX Corporate items	2,271	1,627	2,152	1,358	0
Procurement and Commissioning	1,612	1,311	1,635	1,339	31.7
Revenue and Benefits	246,924	9,926	211,209	10,026	345.3
Financial Management	5,680	5,285	5,926	5,424	150.3
ICT	13,483	13,433	13,625	13,575	160.8
HR/OD	4,644	4,454	4,715	4,525	93.2
Audit, Risk and Resilience	1,732	1,399	1,847	1,434	42.8
Shared Service Centre	1,427	772	1,518	863	92.7
Capital Programmes	274	(199)	360	(113)	90.1
Corporate Services Corporate Items	381	314	550	256	0
Customer Services	4,108	4,007	4,267	4,198	175
Commercial Governance	469	246	475	252	6
Decriminalised Parking Enforcement	10,864	(649)	10,864	(649)	18
Bus Lane Enforcement	6,376	(334)	6,582	(334)	18
Policy, Partnership, Research and Culture	16,731	9,148	16,658	9,215	57.5
Performance, Research and Intelligence	4,536	4,404	4,667	4,535	101.2
Reform and Innovation	1,179	902	961	820	15
Cross Cutting Savings	(2,447)	(2,447)	(673)	(673)	0
Grand Total Corporate Core	341,829	66,672	309,507	69,554	1,823

- 3.4 The revised 2019/20 cash limit budget is £69.554m and this is net of £3.349m savings that were approved as part of the 2019/20 budget process. The Directorate is on target to deliver the proposed savings and is forecasting an underspend of £2.306m in 2019/20. The primary reason for the underspend is from employee related budgets, due to a combination of staff not being at the top of grade and vacancies across the service along with the timing of

recruitment and whether this has been internal or external. As part of the budget proposals within this report, a detailed analysis of the existing staffing budgets and the options available to review these to better reflect the staffing budget requirements has been undertaken. This will ensure all budgets are more realistic with expected activity; the outcome is set out in paragraph 3.9 below.

- 3.5 The subjective budget breakdown for the Core is provided at Appendix 1, this includes c£183m of Government Grants and this relates to the Government funding for Housing Benefit expenditure.
- 3.6 As set out above the report sets out a one year budget for 2020/21, however, the longer term implications have been considered and these will be reflected in the Medium Term Financial Plan.
- 3.7 As part of the work undertaken to review all Corporate Core budgets a **net total of £0.577m** has been identified that can support the wider Council budgets.

Efficiency Proposals

- 3.9 The work that has been undertaken to identify budget options for 2020/21 has included the following strands:-
- A review has been undertaken of all Corporate Core staffing budgets in order to ensure that they are more reflective of the likely staffing costs.
 - All heads of service have been reviewing their budgets as part of the Our Transformation work which has included consideration of how efficiencies and service improvement can be achieved through looking at options for how services are delivered.
 - All Corporate budgets have been reviewed to identify opportunities whereby existing budgets can be revised in order to contribute to the overall Council budget position. There is a section on corporate budgets later in this report.
- 3.10 All staffing budgets have been reviewed across each service area looking at spend across the past three years. Currently staffing budgets are set using the top of each grade for all posts, and a percentage allowance reduction is made to reflect the anticipated turnover in staffing throughout the year. Based on the historic turnover it is proposed to introduce variable turnover allowances for individual services. The proposed percentages will vary from 2.5% to 6%. The overall savings proposed following this review is £0.801m from across the services in the Core.

Service Area	Vacancy Factor % increase
Policy, Partnership, Research & Culture	2%
Revenues and Benefits	2%
Performance, Research & Intelligence	2%

Communications	1%
ICT	1%
HR/OD	2%
Shared Service Centre	2%
Customer Services	2%
Audit	1%

Other work to identify efficiencies has been carried out as follows:

- 3.10 Revenues and Benefits and the Shared Service Centre - As part of the continued roll out of Universal credit and the increasing amount of administration that will be undertaken by the Department for Works and Pensions, as well as increasing requirements supporting the Council's strategic agenda including homelessness and the funding of supported housing and HB subsidy maximisation, a review of the existing capacity within the Revenues and Benefits Service is to be undertaken, taking into account the particular challenges associated with welfare reform policy roll out and changes. This will look to strengthen resources in some technical areas and reduce benefits processing resources in line with the reduced demand following the roll out of Universal Credit. A review of resources will also be undertaken with the Customer Service Organisation and the Shared Service Centre. From consideration of existing vacancies and the changes in workload the target is to achieve **savings of £400k** by 1 April 2020 from across all three services.
- 3.11 Schools particularly those converting to academies are undertaking more functions in-house such as recruitment, payroll and out-of-hours alarm monitoring. Whilst this has reduced the income to the council of £290k the Shared Service Centre has seen an increase in the technical advice it provides such as pensions and has therefore not been able to reduce resources to mitigate the income pressure.
- 3.12 The net position for Revenues and Benefits including the vacancy factor will be **£0.547m efficiency contribution** towards the overall council budget.
- 3.13 *Human Resources and Organisational Development (HROD)* - Human Resources currently undertake large amounts of data analysis in order to provide management information and prepare reports. Performance, Research and Intelligence (PRI) currently undertake this work for the rest of the Corporate Core and it is proposed to transfer the responsibility for this work to PRI which will also **achieve a net efficiency of £50k**.
- 3.14 As part of the three year 2017/20 budget strategy £3m savings were proposed from revisions to the Council's human resources policies, the changes were cross cutting across all departments. To date over £2.9m of savings have been delivered, and areas reviewed have included review of travel arrangements, the introduction of annual leave purchase scheme and reviewing of all vacant posts. There is a **small balance of c£96k** that is still to

be achieved. As part of the HROD cross cutting savings the option for staff to purchase additional leave was introduced and an initial savings target of £200k was approved in 2017/18. Due to the higher than forecast take up of the annual leave purchase scheme the target is exceeded annually by over £100k. It is proposed to **increase the annual budget for annual leave purchase by £96k** which will enable the final balance of the cross cutting saving to be achieved.

- 3.15 *PRI, City Policy and Reform & Innovation* - The services have been brought together under the leadership of the Director of Policy, Performance and Reform. As a result work has been carried out to consider how the functions can work more effectively together. The work and closer alignment of their workloads will enable a number of existing vacancies to be deleted to achieve **savings of £125k** against staffing budgets.
- 3.16 *Communications* - **£18k net savings** have been achieved through reviewing existing vacancies which will enable two posts to be deleted (£50k) and following the resignation of the former Director of Communication the proposed redesign of the senior structure will realise a further £18k. In addition, the current intranet is over 12 years old and does not provide staff with the necessary functionality and access to information. As part of the ICT investment strategy a procurement exercise has been undertaken for a new cloud hosted solution that will offer improved, intuitive functionality with universal access to all staff and partner organisations. As part of ensuring the new intranet is maintained there are increased annual ongoing running costs of c£50k and it is proposed that this will be met from the service efficiencies leaving a net saving of £18k.
- 3.17 *ICT* has delivered £1.140m of savings over the last two years and there are further proposed savings of £260k identified. This is because of the change in how the data centre operation will function in future years and the reduced associated annual running costs. It is proposed that rather than deliver saving to the revenue budget the £260k will be used to offset both the existing £1m income target from staff time charged against capital projects (£120k) and potential increased costs of licenses that are anticipated due to the move from on premise to cloud based, and the proposed changes to the collaboration platform (£140k). This will help ensure that the costs of delivering the capital investment programme are minimised and the ICT structure is sustainable in the longer term.
- 3.18 *Capital Programmes* are looking at opportunities for collaborating with other Local Authorities in order to help strengthen the capacity for delivery, and help share some specific resources. It is anticipated that this will save **£50k through the sharing of management costs and other overheads.**
- 3.19 *Commissioning and Procurement* - As part of the 2018/19 budget, cross cutting commissioning and procurement savings of £0.75m were approved. During 2018/19 the work was focused on supporting directorates in delivering savings through procurement in order to achieve the savings. The team has also undertaken significant work to improve contract management through the

creation of contract registers, revised processes to improve efficiency and work to improve systems. The £0.75m savings have been achieved in 2019/20, £275k were permanent savings through reductions in the price of utilities following procurement, and the balance (£475k) was made through one off savings, which included specialist audit work undertaken on payments made by the Council and some savings through staff vacancies. Work will continue to look for further efficiencies through procurement and commissioning and this will support all directorates in delivering their priorities. As part of the work to realign budgets across the Core it is proposed that the £475k balance will be offset against corporate efficiencies through the use of the historic pension contribution (£450k) and the reduction in external audit fees (£30k).

- 3.20 The budget for external audit fees is held corporately and the procurement of external auditors is undertaken on a regional basis. The annual audit fees payable for Manchester are going to **reduce by c£30k** compared with the fee payable in 2019/20.
- 3.21 The £0.5m savings target associated with the Our Transformation work has been fully achieved in 2019/20 through one off measures which consisted mainly of staff savings through vacant posts. The work carried out has identified the permanent measures to be implemented through realigning work, deleting vacancies and the other efficiencies set out above. This is shown in table 2.

Budget Pressures

- 3.22 This section of the report sets out the budget pressures in the Corporate Core. These have been reported as overspends during 2019/20 and offset by vacancies and underspends in other areas. As part of the work to rebase the budgets across the Core it is recommended that the efficiencies identified above are applied to offset the following:
- 3.23 *The Coroners Service* - Although technically appointed by the Local Authority the Coroner is not an employee of the Local Authority but is an independent Judicial Office holder who holds office under the Crown although the service is funded through the Local Authority. Manchester is a particularly complex area given that it covers a large NHS Trust with leading specialist units, an international airport and a category 1 prison. There has been an ongoing pressure within the Coroners service due to an increase in both the complexity of cases being heard, and an increase in the volume of cases. Whilst a review of the Coroners service is to be undertaken to ensure that the service is as effective and efficient as possible there is currently a forecast **ongoing pressure of c£400k** that will need to be mitigated from 2020/21. If there are any savings identified as part of the review they can be used to support future budget planning cycles.
- 3.24 *Legal Services* - Due to the continuing increased caseloads the cost of legal support for Children's Services has continued to increase this year. The Strategic Director of Children's Services and the City Solicitor having

considered the cost drivers are working together to manage need, reduce the use of experts, streamline decision making/legal advice processes to create solicitor capacity. Children's Services and the Corporate Legal Service are working to address this position. For 2020/21 the Corporate Legal Service pressure of £300k will need to be mitigated to reduce the use of external legal services by improving the recruitment and retention of solicitors within the Council and to increase capacity to deal with more additional judicial review and age assessment challenges, this is in addition to the £0.6m investment proposed for Children's Services to address the need for legal services and to meet the requirements of the courts.

- 3.25 *Business Support* - As part of both reviewing the existing business support arrangements and the outcome of the recent job evaluation exercise undertaken to review existing salaries of a number of business support functions, given the increasing complexity of their roles the independent process determined that their existing salaries were not aligned to the roles that they were undertaking and the grades should increase. The overall increased costs are **c£360k** and this budget increase will be reflected as part of the 2020/21 budget.
- 3.26 City Policy currently has a shortfall on their budgeted income targets of c£226k which is due to some Resources and Programmes officers no longer undertaking rechargeable work for both GMCA and other external projects. They are now primarily focusing on delivering the Council's corporate priorities such as the Our Manchester Funds and Cultural investments which are not rechargeable. In order to close the gap the service has reduced staffing budgets by £118k through deleting 1.4 vacant FTEs (£62k) and increasing the vacancy factor by 2% (£56k), it is also proposed to reduce non staff budgets by £68k. If these proposals are accepted it will leave a **shortfall of £40k**.
- 3.27 As a result of the continued improvement in council tax collection rates there has been a reduction in the number of enforcement summons issued for non-payment and this has reduced the level of assumed summons income within Revenues and Benefits by c£200k. The benefits of improved collection rates are reflected within the overall Council resources and it is proposed to realign these budgets as part of the overall budget process.

Corporate Savings Proposals

- 3.28 Currently the Council pays the employers pension contribution on a monthly basis following each payroll run, the pension scheme have approached the Council and advised that if the pension payments are made up front for a period of three years the Council could benefit from a 0.9% reduction in the level of contributions, This equates to **c£0.75m per annum**, and this would be used to support the Council budgets.
- 3.29 From reviewing all the historic corporate budgets there is **£450k budget saving** available through reducing the available budget to support historic pension fund contributions.

- 3.30 Increased rental income of £0.5m has been identified, this is due to the higher than forecast level of rental income received from Manchester Central.
- 3.31 The net efficiencies identified from the above are £0.577m, details are set out in table 2 below.

4. Scrutiny Arrangements

- 4.1 As part of looking to support scrutiny committee with their roles all service areas from across the Council under the remit of each scrutiny panel have been included in one overall report.
- 4.2 This section includes both background and proposed budget changes for two service areas outside of the Core which form part of the remit for Resources and Governance Scrutiny Committee. They are operational property, facilities management and the Investment estate from Growth and Development. Budget changes arising from these are not included in the Directorate summary in tables 2 and 3.
- 4.3 **Operational Property** - The service has a gross budget of £12.2m and a net budget of £7.2m, and there are 36 full time equivalent employees within the service. The main responsibility is for managing and maintaining the Council's operational estate. The service will continue to manage the operational estate in the most efficient manner, but there are no proposed changes to the existing approved budget for this service in 2020/21.
- 4.4 **Facilities Management** - Provides the facilities management function across all the Council's properties, along with some external properties. The gross budget is £13.3m and the net budget is £9.1m and there are 176fte's. The service also engages a number of external contractors to provide some services that include repairs and maintenance and security services.
- 4.5 **Investment Estate** - continues to generate income from the for the Council despite the challenges faced in respect of increased competition for office accommodation across the City and changing behaviour in respect of retail activity. New opportunities to generate long term income will continue to be explored and evaluated along with ongoing reviews to ensure costs against the estate are controlled.
- 4.6 As part of the budget proposals facilities management has two pressures that need to be managed for 2020/21 and they are as follows.
- 4.7 Following a procurement exercise a new contractor (Engie) was appointed to undertake the repairs and management works for the Corporate Estate. As part of the changeover arrangements there are some additional transitional costs of c£300k, the contractor is continuing to look for ways of reducing this cost, but until this is done the additional costs are to be funded through existing facilities management budgets and virements will be undertaken to ensure budgets are correctly aligned.

- 4.8 Lloyd St toilets are the City Council only owned public toilets within the City centre and in order to ensure there is 24/7 facilities available within the city centre and to support the homeless agenda it has been agreed that Lloyd St toilets will be opened and in order to do this it was recognised that additional security would be required. The forecast cost of this is £155k per annum and the part year costs have been met from within existing budgets during 2019/20, but as part of the budget options additional resources of £155k are required to fund the ongoing costs and it is proposed that additional investment will be made from Corporate resources.
- 4.9 Investment estate are proposing to generate additional income of £490k in 2020/20 through the following:
- Manchester Airport Group (MAG) approached the Council in 2018 with a proposal to re-gear part of the main Airport leases in respect of their non-core investment assets and any increase in lease income is shared with the Greater Manchester districts. In order to facilitate this it is proposed that the Council grant a lease of these assets for a term of 275 years that will be on standard commercial terms capable of attracting investment to the assets. The grant of this lease has a significant value and the ground rent has been assessed at £0.603m p.a and agreed between the parties. **The additional income due to the City Council will be £340k per annum.**
 - The Council has been in commercial negotiation around leasing a currently vacant Council asset to new occupiers, it is expected that the annual lease income for these premises will be around **£300k per annum**, but because it is anticipated that new occupier will only take up the space around September 2020 there is currently **only £150k assumed in 2020/21** with a further £150k to be realised in 2021/22.

5. Priorities for Investment and Use of Reserves

- 5.1 *City Policy - Zero Carbon* - In order to deliver the city's zero carbon ambitions there will be a requirement for additional resources across a number of core areas this will include both staffing and non-staffing resources. The Council has committed to underwriting the cost of a new Chief Executive role at the Manchester Climate Change Agency for 1 year, subject to unlocking financial contributions (£196k) from other strategic partners in the city, in addition to the £104k costs of strengthening the existing climate change team. Other non-staffing requirements will include *Our City* Carbon Literacy Training for Council staff and additional service specific training and external expert advisors to support the programme. Therefore it is proposed an annual budget of £300k is established within the Core to support the delivery of this agenda.
- 5.2 *City Policy - Culture* - The Council has committed to maintaining funding of £1.5m per annum to support the Factory /Manchester International Festival as part of the commitment to match the c.£9m ongoing revenue support from the Arts Council England and other Government grants. The Corporate Core currently has a mainstream budget of £1m, and this is supplemented by £0.5m

every other year from the MIF reserve to support the costs of the operating costs of the MIF.

- 5.3 Delivery of the Council's strategic development priorities such as the Northern and Eastern Gateways to the highest possible environmental standards, retrofitting social housing properties and retrofitting the Council's operational estate will also require additional capital investment which is being picked up separately in the Capital Strategy.
- 5.4 *Revenues and Benefits* - £350k has been identified from within existing mainstream budgets to provide additional funding to help mitigate the implications of the welfare reform changes and increases in Council Tax. If this is agreed then more detailed proposals will be brought included in the February scrutiny report.
- 5.5 *Our Transformation* - Our Transformation work will require some additional investment into capacity to assist the council in reviewing, modernising and digitising its business processes. The Council has a reserve on the balance sheet to meet future transformation costs and it is proposed that £1m of this reserve is ring fenced to support the Our Transformation programme over the next three years 2020/21 - 2022/23. Use of the reserve and the anticipated future benefits will be reported back to Members as part of the Global Monitoring reports.
- 5.6 *Digital Transformation & Digital Cities* - Within the Capital Strategy it is proposed that £1m is earmarked from within the ICT strategy funding to support the Digital Cities agenda, there is also £250k earmarked within Corporate revenue budgets to support with additional capacity to progress with the longer term digital cities strategy.
- 5.7 Table 2 below sets out details of both investment and efficiencies from both Corporate Core directorate budgets, and other Corporate budgets. The Corporate core net change is £73k investment and this is reflected in table 3 below, in addition to this there are the following changes to the Corporate budget's that are included as part of the budget proposals and these are included in table 2 below and reconcile to the overall £0.577m contribution to the wider council budgets;
- (£450k) - Historic pension contribution budgets
 - (£0.5m) - Additional commercial income
 - £300k - Additional legal costs - Children's services.

Table 2: Budget Proposals 2020/21

Service Area	Description of Savings/ Efficiency Option	Amount £,000	FTE Impact (estimate)
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)	

Shared Service Centre	Reduction in income	290	
Revenue and Benefits/CSC/SSC Net		(546)	
HR/OD	Reduction in staffing	(50)	1
	Changes to vacancy factor	(85)	
HR/OD Net		(135)	
Chief Executive Corporate items	HR policy savings	96	
	Increase annual leave purchase scheme	(96)	
CEX Corporate items Net		0	
Performance Research & Intelligence (PRI)	Release of investment funding no longer required	(125)	
	Changes to vacancy factor	(91)	
PRI Net		(216)	
Communications	Delete vacant posts	(50)	2
	Changes to vacancy factor	(38)	
	Senior management changes	(18)	
	Intranet maintenance costs	50	
Communication Net		(56)	
Capital Programmes	Increased income	(50)	
Commissioning and Procurement	Realignment of commissioning savings	150	
Commissioning and Procurement	Reduced audit fee	(30)	
Commissioning and Procurement Net		120	
ICT	Increase in vacancy factor	(76)	
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	
	Reduction in staffing	(62)	1.4
	Increase in vacancy factor	(56)	
	Reduction in non staff budgets	(68)	
City Policy Net		40	
Audit	Changes to vacancy factor	(18)	
Revenue & Benefits	Reduction in Enforcement notices	200	
City Policy	Zero Carbon - staffing	300	
Corporate Budgets	Pension Fund cash flow savings	(750)	
Total Net Investment		73	16.4
Corporate Items/Other Directorates			
Pension fund contribution		(450)	

Increased commercial income		(500)	
Legal cost pressure		300	
Total Corporate Core Savings/Efficiency		(577)	16.4

Table 3: Proposed budget 2020/21

Service Area	2019/20 Net Budget £'000	Savings Options £'000	Investment and other changes £'000	Growth and other adjustments £'000	2020/21 Net Budget £'000
Legal Services	6,455				6,455
Elections	1,064				1,064
Coroners and Registrars	1,897		400		2,297
Executive	979		360		1,339
Communications	3,108	(106)			3,002
CEX Corporate items	1,358	(846)	96		608
Procurement and Commissioning	1,339		40		1,379
Revenue and Benefits	10,026	(628)	200		9,598
Financial Management	5,424				5,424
ICT	13,575	(76)	50		13,549
HR/OD	4,525	(135)			4,390
Audit, Risk and Resilience	1,434	(18)			1,416
Shared Service Centre	863	(63)	240		1,040
Capital Programmes	(113)	(50)			(163)
Corporate Services Corporate Items	256	(30)			226
Customer Services	4,198	(146)	51		4,103
Commercial Governance	252				252
Decriminalised Parking Enforcement	(649)				(649)
Bus Lane Enforcement	(334)				(334)
Policy Partnership, Research and Culture	9,215	(186)	526		9,555
Performance, Research and Intelligence	4,535	(216)			4,319
Reform and Innovation	820			333	1,153
Cross Cutting Savings	(673)		610		(63)
Grand Total Corporate Core	69,554	(2,500)	2,573	333	69,960

6. Workforce Implications

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year. The proposals in this report will require the deletion of 16.4

posts on the establishment and this can largely be achieved by the deletion of vacant posts. Work is continuing to review the overall vacancies to determine if they are true vacancies that are essential or can be offered as a further reduction to make further efficiencies.

- 6.2 In recognition of the relatively large staffing underspends that are reported annually within the Core, considerable work has been done to analyse the reasons for the underspend and look at ways that the budget can be better aligned to reflect the likely spend, and addressing a number of ongoing pressures. This has been done through revising the staffing vacancy factor applied to each budget, this is now variable for each service area and reflects the size of the overall structure and the historical turnover rates. Whilst this will have no direct impact on a reduction in workforce it will be essential that we continue to support the 'Our Manchester' behaviours to guarantee these are embedded across the various services as well as engaging with our staff to ensure they continue to feel supported and valued. All the workforce changes will be underpinned by improved technology and more modern effective ways of interacting with colleagues and customers.
- 6.3 The Core is fully engaged with the opportunity to continue the focus on workforce skills and development needs. It recognises that supporting employees to maintain high attendance levels is a fundamental element of Our Ways of Working and the Our People Strategy.

7. Equality, Diversity and Inclusion

- 7.1 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases at both Corporate and Directorate levels to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.

8. Risk Management

- 8.1 The Core will seek to manage all expenditure within the approved budget available and performance against budgets will be monitored and reported to members on a regular basis, this will include a risk register with any mitigations identified.

9. Legal

- 9.1 There are no legal implications arising from this report.

10. Consultation

- 10.1 As part of the budget proposals the main savings areas proposed are in respect of efficiencies, with no impact on front line service delivery so there will be no need for public consultation on any of the proposals included within this report.

11. Capital Strategy / Programme

- 11.1 The capital programme for the Corporate Core totals £63.5m over the period 2019/20 - 2023/24, this includes the ICT programme and loans to third parties. A summary of the current capital budget is shown in the table below, and details of the individual projects will be found in the Capital Strategy and Budget report for Executive in February:

Table 4: Capital Programme

	2019/2 £m's	2020/21 £m's	2021/22 £m's	2022/23 £m's	Future Years £m's	Total £m's
ICT	5.7	5.7	10.9	9.4	7.7	39.4
Corporate Investment	12.1	8.8	3.2	0.0	0.0	24.1
Total	17.8	14.5	14.1	9.4	7.7	63.5

- 11.2 During the 2019/20 financial year to date, the ICT Investment Programme has continued, with the recent decision to adopt a new ICT collaboration platform to replace existing systems and allow better joint working with external partners. A new social care system, incorporating a new social care payments system, has also gone live. Investment in the biomedical research facility has also continued, supporting the development of this sector in the city.
- 11.3 The Capital Strategy and Budget represents a continuation of the existing approved capital budget and will also provide information on the expected future investment requirements for the Council, including the need to be able to intervene in markets if existing outputs do not support the Council's wider aims perhaps through loan finance, and also the continued investment required to ensure that the Council is well-managed, and in particular the role that ICT infrastructure can play in increased digitisation of services, this will also include c£1m resources to support the Digital Cities Strategy.
- 11.4 A revised ICT Strategy is being prepared as part of the full suite of reports for Budget Executive, Scrutiny and Council. Both this, and the Technology route map which will follow will help inform the future investment requirements in this area.

12. Conclusion

- 12.1 The budget strategy provides information on the work that has been undertaken and is ongoing within the Directorate to both ensure that we are

able to meet the existing budget pressures, whilst also contributing savings towards the wider council budgets.

- 12.2 The proposed revenue budget for 2020/21 is a one year budget which is aligned to both the Governments one year budget settlement and the Council one year budget proposals.
- 12.3 The Directorate budget proposals have already been subject to Scrutiny review in January, and this report reflects feedback from the original meeting. The report will be submitted to Scrutiny and Executive in February 2020 for final approval.

Appendix 1 - Delivery Plans

1. Revenue Financial Plan

Subjective Heading	2019/20 Latest Net Budget £'000	2020/21 Indicative Budget £'000
Expenditure:		
Employees	75,353	74,462
Running Expenses	232,614	234,194
Capital Financing Costs	1,221	1,221
Contribution to reserves	11,299	11,299
Total Subjective Expenditure	320,487	321,146
Less:		
Other Internal Sales	(10,980)	(10,980)
Gross Expenditure	309,507	310,196
Income:		
Government Grants	(183,981)	(183,981)
Contribution from reserves	(9,124)	(9,124)
Customer and Client Receipts	(4,904)	(4,904)
Other Grants Reimbursements and contributions	(30,213)	(30,496)
Other Income	(11,731)	(11,731)
Total Net Budget	69,554	69,960

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**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 4 February 2020
Executive – 12 February 2020
Council – 6 March 2020

Subject: Capital Strategy and Budget 2019/20 to 2023/24

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

Summary

The purpose of the report is to present the 2019/20 capital programme and forward commitments, alongside the Capital Strategy for the City Council.

Recommendations

The Resources and Governance Scrutiny Committee is requested to note and comment on the report.

The Executive is requested to:

1. Approve and recommend the report to Council, including the projects for Executive approval in section 6.2.
2. Note the capital strategy.
3. Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2019/20 to 2023/24 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

The Council is requested to:

1. Approve the budget changes for the 2019/20 capital programme.
2. Approve the capital programme as presented in Appendix 3 (for £318.0m in 2019/20, £378.4m in 2020/21, £288.8m in 2021/22, £208.3 in 2022/23 and £55.3m in 2023/24) which will require prudential borrowing of £710.7m to fund non-HRA schemes over the five year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).
3. Delegate authority to:
 - a) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to approve capital

expenditure on schemes which have budget approval.

- b) The Chief Executive and Director of Highways in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
- c) The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.
- d) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2020/21 and then £5m per year thereafter.
- e) The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years when necessary within the programme subject to resource availability.
- f) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and approve where appropriate the programme of schemes for the delivery of the corporate asset management programme.
- g) The Deputy Chief Executive and City Treasurer and City Solicitor in consultation with the Executive Member for Finance and Human Resources to agree and approve the governance process for bids to the proposed VCSE Fund.

Wards Affected: Various

<p>Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city</p>
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Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved.

For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also 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	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards the strategy, notably investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in areas such as 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

Financial Consequences – Revenue

The capital programme report as presented will require £710.7m (all non-HRA) of prudential borrowing over the period 2019/20 to 2023/24, all for Manchester City Council projects. Provision has been made in the proposed revenue budget for the associated financing costs, and for the revenue contributions to capital outlay (RCCO) which are forecast to be received from the General Fund and HRA.

Financial Consequences – Capital

For the City Council programme the latest budget for 2019/20 is £248.0m, of which £131.9m is forecast to be funded from borrowing. Across the forecast period 2020/21 to 2023/24, the budget is £930.8m, of which £578.8m is forecast to be funded from borrowing.

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Attachments

Appendix 1: Capital Approval Process flowchart
Appendix 2: Proposed Amendments to the Capital Budget
Appendix 3: Detailed Capital Programme 2019/20 – 2023/24
Appendix 4: Comparison of Capital Financing Requirement to External Debt and Internal Borrowing

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 February 2019 (Capital Strategy and Budget 2019/20 to 2023/24)
Report to Council 8 March 2019 (Capital Strategy and Budget 2019/20 to 2023/24)
Report to the Executive 13 March 2019 (Capital Programme Update)
Report to the Executive 26 June 2019 (Capital Programme Outturn Position 2018/19)
Report to the Executive 26 June 2019 (Capital Programme Update)
Report to the Executive 24 July 2019 (Capital Programme Update)
Report to the Executive 11 September 2019 (Capital Programme Update)
Report to the Executive 16 October 2019 (Capital Programme Update)
Report to the Executive 13 November 2019 (Capital Programme Monitoring 2019/20)
Report to the Executive 13 November 2019 (Capital Programme Update)
Report to the Executive 19 December 2019 (Capital Programme Update)
Report to the Executive 12 February 2020 (Capital Programme Monitoring 2019/20)

1 Introduction

- 1.1 As part of the suite of budget reports submitted on this agenda, Executive and Council are recommended to approve the updated Capital Strategy for 2019-24. This report details the latest position on the Strategy, the governance process and progress on delivery.
- 1.2 The capital strategy provides the medium to long term context in which capital investment decisions are made and the governance for those decisions, and also gives a summary of the Council's approach to investments and treasury management strategy which is elsewhere on the agenda. The Council's capital strategy also meets the requirements in the CIPFA Prudential Code.
- 1.3 The strategy sets out the priorities for the Council for its capital investment and forms the framework against which future investment decisions are made. Section 3 of the report sets out the priority areas for future investment, including carbon reduction and housing. Schemes and projects are only added to the budget at the point they have been fully developed and agreed as part of the checkpoint process. As the potential future investment proposals develop they will follow the governance process laid out in this report before they are approved.

2 Strategic Context

- 2.1 Global and national economic uncertainty mean that it is challenging to forecast how the UK Economy will perform over the next three to five years. This is as a consequence of weaker economic global growth, partly driven by trade protectionism, and Brexit-related uncertainties. If any significant economic slowdown materialises, there will need to be a national response from Government and a clear local response. Following the December 2019 General Election, the new Government has indicated that new funding opportunities will be announced in the March 2020 Budget which will require a Manchester response to in order to capture investment from such opportunities. It is against this backdrop that our overarching capital strategy should be considered.
- 2.2 Manchester is an ambitious city with a strong track record of delivery through partnerships and effective strategic leadership, improving the quality of life for residents and delivering a vision of making Manchester a world class city. As encapsulated in the Our Manchester Strategy the vision is for Manchester in 2025 to be in the top flight of world class cities:
 - with a competitive, dynamic and sustainable economy that draws on its distinctive strengths in science, advanced manufacturing, culture, creative and digital business, cultivating and encouraging new ideas;
 - with highly skilled, enterprising and industrious people;
 - that is connected, internationally and within the UK;
 - that plays its full part in limiting the impacts of climate change;
 - where residents from all backgrounds feel safe, can aspire, succeed and live well; and

- that is clean, attractive, culturally rich, outward looking and welcoming.

2.3 To be internationally competitive the City Council has grasped the need to:

- deliver on meeting the need to reduce dependency and improve the productivity outcomes for residents - connecting all of the City's residents to the opportunities created by economic growth;
- embrace the need to be a zero carbon exemplar - as part of the City's aims to be zero carbon by 2038 at the latest;
- invest in, and strengthen, the council's existing economic and infrastructure asset base;
- ensure that there is a diverse housing offer for the city including homes that are affordable to those households on low and average incomes; and
- support the City's cultural and sporting offer.

2.4 The Our Manchester Strategy demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The development of a longer term, five-year, Capital Strategy forms a critical part of the City Council's strategic and financial planning from 2018/19.

2.5 Residents helped to devise the Our Manchester Strategy, and the benefits to residents of capital investment is a key concern for the Council. Through investment in housing, parks, leisure centres and highways, the capital programme seeks to prioritise the views and needs of the City's residents.

2.6 The last few years have witnessed a number of significant developments that have had, and will continue to have, a major influence on the future shape and approach to capital investment within the City. These include the "Our Manchester" Strategy, the Manchester Residential Growth Strategy, the proposals to strengthen policies on Affordable Housing in the city, new commercial development opportunities, and delivering on the outcomes of the reviews of the Highways Estate, the Operational Built Estate and the ICT Estate. The Council's declaration of a Climate Emergency and our stated ambitions to be a zero carbon city made in 2019 now provides an added dimension that cuts across all of these strategies and reviews.

2.7 The challenge for the future is to maximise the capital resources available to the Council in order to deliver the priorities for the City. This will require continued investment for transformation to define Manchester as an attractive place to live and further improve the quality of life for residents. The following will be important to achieving this:

- to support employment growth through a strengthening and diversification of the economic base and efficient use of land;
- investment in new and upgraded transport infrastructure including delivering the Highways Investment Programme
- to provide an expanded, diverse and affordable housing offer, creating the conditions to increase the supply of affordable and social housing, and that all new homes in the city are supported by good local public services and an accessible public transport infrastructure;

- to support new and expanded high quality primary and secondary school facilities for a growing population;
- to ensure that there is a sufficiency of facilities in the city to support the demands within our adults and social care system;
- securing investment for an internationally competitive cultural and sporting offer and sustaining core assets such as parks, leisure facilities and libraries for Manchester residents
- to support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer; and
- to promote the role and continuing growth of the City Centre as a major regional, national and international economic driver.

Underscoring all of the above will be the need to pursue interventions that both encourage and deliver the City's zero carbon goals.

- 2.8 Within a wider City Region and regional context the ambition is for Greater Manchester to become a financially self-sustaining region, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global region.
- 2.9 Greater Manchester has been working hard, with Government, to turn that vision into a reality. The conurbation's priorities around growth and reform are widely recognised to be distinctive, evidenced and wholly appropriate for the long term success of the area. The City Region is still one of a few economic geographies capable of becoming a national engine of growth for the North and the UK as a whole, and in doing so, becoming a net contributor to the economy. Greater Manchester has made a strong, evidence-based case for the devolved, place-based management of local services, alongside innovative funding arrangements that remove unnecessary ring-fences to enable consistent prioritisation against Greater Manchester and Northern Powerhouse growth objectives.
- 2.10 Against this backdrop the new Greater Manchester Strategy "Our People, Our Place" sets out a Vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old. The Plan sets out the ambitions for Greater Manchester and its population of 2.8 million. It covers health, well-being, work and jobs, housing, transport, skills, training and economic growth.
- 2.11 The Manchester and Greater Manchester Industrial Strategies were published in 2019 and set out the plans for developing a more inclusive economy that all residents can participate in and benefit from.
- 2.12 In early 2019 the Greater Manchester Combined Authority published a suite of strategic documents that translate the ambitions set out in the Greater Manchester Strategy into new development and growth for the next two decades. The Greater Manchester Spatial Framework, the Greater Manchester Transport 2040 Implementation Plan and the forthcoming Greater Manchester Housing Strategy provide the frameworks for future investment in the conurbation.

The 2019/20 Capital Programme

- 2.13 The capital programme has progressed in line with the agreed approach to capital spend and delivery in 2019/20, and as part of the overall five year capital strategy.
- 2.14 Within the Highways Investment Fund, maintenance, resurfacing, drainage and gulley works are ongoing. Other major Highways projects are progressing including Hyde Road and the A6 Pinch Point widening schemes. A number of walking and cycling schemes, to be funded through the Mayor's Challenge Fund are to be brought forward.
- 2.15 Works are ongoing at the Manchester Aquatics Centre and the National Cycling Centre to develop designs to RIBA Stage 2 to support major refurbishments at both venues. A number of projects within the Parks portfolio have completed including King George V Park, Heaton Park South Play, Painswick Park and additional works at Platt Fields.
- 2.16 Corporate Estates recently opened the new Hulme District Office on Stretford Road. Works have begun on the next phase of the Estates Transformation Programme which will see a complete refurbishment of Alexandra House and car park.
- 2.17 Projects which will reduce the Council's carbon emissions have progressed, including the ongoing replacement of existing street lights with LED bulbs, and the Civic Quarter Heat Network. This strategy starts to set out the areas for future investment.
- 2.18 Good progress continues at the Factory site, as steel works continue to be erected and other major milestones are reached such as the complex installation of the Proscenium truss.
- 2.19 Early works have begun on site for the Town Hall project. The project team continue to prepare for Notice to Proceed which is expected in early 2020. It is anticipated that c.£104.0m worth of work packages will have been procured by this date, which will equate to around 60% of the overall project.
- 2.20 The delivery programme for works funded from Disabled Facilities Grant has continued. Works on fire safety measures in the Council's housing stock have progressed. The first of the North Manchester New Build schemes has completed, with 20 shared ownership units and 40 affordable rent units delivered.
- 2.21 Work is ongoing to ensure that the Council continues to meet the demand for school places with the continued growth of pupil numbers in the City. A construction partner has been appointed for the Special Educational Needs programme to increase school places across 4 sites in the City - Roundwood, North Hulme, Monsall Road and Camberwell Park. The Schools Maintenance Programme for summer 2019 is nearing completion and a programme of work for 2020/21 is now being drafted.

- 2.22 Works within the ICT Investment Programme have progressed, to create a simpler, more robust, resilient and easier to support technological environment. A new social care system, which incorporates a new social care payments system, went live at the end of July 2019. In October, the Executive agreed to adopt Microsoft Office and its software tools - Microsoft 365 - to replace Google G Suite and Lotus notes.

3 Development of the Capital Strategy

- 3.1 The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The Strategy, therefore, sets out the longer term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.
- 3.2 The Council makes a clear distinction between capital investments, where the achievement of strategic aims will be considered, alongside affordability; and treasury management investments, which are made for the purpose of cash flow management.
- 3.3 Council investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities which are set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements that underpin the decision making. Longer term capital investment decisions will not be made purely on the basis of commercial decisions and chasing yield, however, inevitably some schemes will be financed all or in part from returns on investment. There may also be:
- externally funded programmes such as those for schools or The Factory;
 - schemes funded from ring-fenced resources such as those within the Housing Revenue Account (HRA); or
 - required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways infrastructure, delivery of the ICT Strategy, asset management and the refurbishment of the Town Hall.
- 3.4 Through the existing capital programme and recent policy decisions there are already a number of overarching future investment priorities identified which are set out below.
- 3.5 With the recent declaration of the Climate Emergency by the City Council the Council has a clear target to at least **halve its carbon output over the next five years**. Investment plans and associated benefits must consider the effect on carbon and work is taking place to understand how investment can be classified in terms of carbon impact as well as financial. The costs of new build programmes to higher environmental standards and meeting the needs of the

Local Plan and planning requirements need to be considered, running alongside investment in green spaces and places including trees and green walls which will require revenue resources for ongoing maintenance. In addition the majority of the Council's carbon emissions are from its existing corporate estate and housing stock and significant investment will be required to bring this up to carbon efficient standards. This represents a major opportunity to both establish Manchester as a centre for green technology and services, and to work with local skills providers to ensure that the city's residents are given the best possible opportunities to access these exciting new careers.

- 3.6 The Council recognises the ongoing priority to ***deliver new affordable housing stock*** resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes between April 2015 and March 2025.
- 3.7 A commitment to developing a more ***inclusive economy***, both for the City and the Council, is vital and this ambition is set out within the Our Manchester Industrial Strategy. Achieving this ambition may require investments on an invest to save basis in existing Council assets, and will also require strategic investment to unlock wider developments, both commercial and residential. There is a major opportunity for new developments in the city such as the Northern and Eastern Gateways to become inclusive and zero carbon exemplars but they need to be adequately resourced to bring about the kind of social, economic and environmental benefits the city desires. The use of progressive procurement policies and social value will help to ensure the maximum benefit to residents from these new developments.
- 3.8 Regeneration in North Manchester, of which the Northern Gateway will play a crucial role, will continue to be an important part of the Council's capital strategy. Investment in the leisure centre at Abraham Moss, and the proposed investment at North Manchester General Hospital, are vital parts of the regeneration strategy.
- 3.9 Increasingly there will be a role for the Council to look at ***market intervention***, where the existing market outputs do not support the Council's wider aims. This is likely to be focussed on areas such as health and social care and particular residential and intermediate care, and will require significant partnership support. Such intervention may be short term in nature, to support the development of sustainable business plans, or interventions of a longer nature to support market change.
- 3.10 A key role for the future capital programme will be to ensure that the Council's ***corporate estate is fit for purpose***. The level of investment needs to increase to support the commitment to reduce the Council's carbon output and due to the current condition of the estate. This is particularly important for the leisure estate, where the assets developed for the Commonwealth Games are now nearly 20 years old, and also in the social care estate where the budget challenges faced by providers has led to a lower level of investment by them on maintenance than expected.

- 3.11 With the ongoing work around Our Transformation, there will be a continuing need to invest in ICT infrastructure as part of being a ***well-managed Council***. Increased digitisation, and the need to move from legacy ICT platforms, will mean investment is required, alongside work on ICT resilience, network capability, and key operating systems.
- 3.12 All capital investment decisions will be underpinned by a robust business plan that sets out any expected financial return alongside the broader outcomes including economic and social benefits.
- 3.13 This report includes forecast additional projects which may require capital investment over the medium term. These projects have been identified during the budget process as potentially being required to support the Council in achieving its strategic aims. These projects do not form part of the approved capital programme as set out within this report, and are expected to follow the governance process set out below as they are developed.

4 Carbon Reduction

- 4.1 The City Council has declared a climate emergency, and set an aim to become carbon neutral by 2038. This is an ambitious reduction which will require the Council to reduce its direct carbon dioxide emissions by at least 50% by 2025, while also playing its full part in supporting and influencing the city of Manchester to do the same. The Council will produce its zero carbon action plan for 2020-25 in March 2020.
- 4.2 Changes in how buildings are operated alongside behavioural changes such as recycling more are an important part of meeting that target, but it is vital that this is supported by capital investment aimed at reducing carbon.
- 4.3 The existing approved capital programme contains significant investment in carbon reducing measures, for example:
- the Street Lighting replacement programme is replacing the lights with LED lights with lower emissions;
 - the Civic Quarter Heat Network is currently being built, which will allow Council buildings to be powered through cleaner energy; and
 - the Carbon Reduction Programme is progressing, with building-specific projects identified which will reduce the carbon output.
- 4.4 To halve the Council's carbon output over the next five years it is clear that further capital investment is required, and hence it is recognised as one of the key priorities for future capital spend. The forecast additional projects identified in this report which could support this include:
- moving to a sustainable transport system across the City, including investment in cycle lanes and electric charging points;
 - investment in the Corporate Estate to improve energy efficiency given the estate accounts for roughly 70% of the Council's carbon emissions;
 - the electrification of the waste fleet;

- retrofit works to the Council's housing stock to move towards it being carbon neutral; and
- further investment in green energy solutions.

- 4.5 As described below, through the approval process for capital expenditure all proposed capital investment must be able to articulate how it can contribute to the Council's zero carbon target. This is one of the key considerations when projects are brought forward.
- 4.6 In recognising the importance of capital investment to achieving the carbon neutral date of 2038, it is also important to recognise the financial challenge that this creates. The Council must set a balanced budget, and therefore capital financing costs must be affordable within existing revenue constraints. This means that capital investment aimed at reducing carbon must focus on projects which will make the biggest difference, and this will form part of the ongoing decision-making process.

5 Governance

- 5.1 Capital expenditure is spent on the purchase or improvement of assets that have a long-term value to the Council, such as land and buildings. The Council and its residents receive a benefit from the capital expenditure invested in the assets for a long period of time (i.e. more than a year). It is the Council's policy to capitalise any expenditure, over a total value of £10,000, which fulfils this criteria.
- 5.2 The Council does not currently exercise any of the capitalisation flexibilities potentially available to it, such as the use of capital receipts to support specific revenue expenditure related to service transformation. If such flexibilities supported Council strategy, this position would be reviewed.
- 5.3 The Council has revised the approval process for capital expenditure in order to strengthen the decision making criteria highlighted above. Work is continuing on improving and streamlining the process, including strengthening the links to the key decision process and to strengthen decision making on funding sources such as Section 106 contributions, to ensure that the use of such sources are maximised.
- 5.4 The capital expenditure and investment decision making process has five distinct stages to cover project initiation, project design and costs, democratic process, capital expenditure approval and monitoring/review. The process is shown at Appendix 1.
- 5.5 For any project seeking capital expenditure approval a business case must be drafted, covering:
- **Strategic Fit:** how the project links to the City Council's strategic priorities, social value, and any statutory requirements.
 - **Economic Value:** what economic value the project will provide to the City, including social value.

- **Financial Implications:** funding model, with evidence of cost and capital and revenue implications
- **Risk and Deliverability:** timescale for delivery and identification of risks to the project, including legal issues.
- **Outcomes to be delivered:** what the project will achieve, and the benefits that will be realised. This includes social value, and impact on the low carbon strategy.

- 5.6 The business cases must be agreed by the relevant directorate board and supported by the relevant Executive member prior to submission to the Strategic Capital Board chaired by the Deputy Chief Executive and City Treasurer. The Board will then make recommendations to members.
- 5.7 Throughout the decision making process the risks and rewards for each project are reviewed and revised and form a key part of the monitoring of the capital programme. The Strategic Capital Board receive monthly updates from each directorate board detailing financial forecasts, risks, and expected outcomes.
- 5.8 The governance process for approving capital investments is the same as that for the wider capital programme. Any investment proposal is peer reviewed and the external and internal risks associated with the investment explored. Within the Council there are commercial and public sector professionals who are responsible for supporting investment proposals and establishing investment structures to mitigate any identified risks. Where required external advice is commissioned to perform due diligence or to support the creation of the business case.
- 5.9 The capital programme is monitored monthly, with quarterly reports to Executive. This will include any new approved capital investment proposals. They will also be subject to regular review including any annual assessment as part of the accounts process, which will take into account any material changes to the standing of the investment. New capital projects are reported to Executive in capital update reports, detailing the aims of the project and the source of the funding required.

6 Changes to the Capital Programme

- 6.1 All new capital proposals since 2017/18 have been assessed against the criteria above, highlighted at paragraph 5.5. The projects put forward within this report meet the criteria for inclusion around strategic fit.
- 6.2 There are a number of schemes which have been developed and are ready for inclusion in the capital programme which are summarised below. A summary of the schemes, funding and profile of spend can be found at appendix 2.

For Council approval:

- Rushcroft and Pevensey Court Ground Source Heat Pumps – installation of renewable heating systems to replace communal gas boilers;

- Hammerstone Road depot – additional funding following the widening of the scope of the project to allow the transfer of additional services to the depot, and following the end of design stage 3;
- Buy Back of former Council Properties – provision to buy back former Council homes to support the Council's housing objectives; and
- Central Library Refresh – refresh of the Archives+ exhibition, performance space technology and Children's Library.

For Executive approval:

- Highways Maintenance Challenge Fund – works to resurface Kingsway, funded by government grant;
- Deansgate Streets for All – development costs to develop the first phase of works to Deansgate;
- Automatic Bollard Replacement – further works on the project on new sites to improve security and safety from further threat;
- Basic Need – reintroduction of Basic Need grant income previously allocated to Matthews Lane, following the proposal to develop a new school on the site at Hyde Rd which has recently become available; and
- VCSE Capital Fund – creation of a fund for VCSE's to bid for small works to premises to boost capacity and increase service provision. The governance process for reviewing and approving bids to the Fund is being drafted, and it is proposed that the approval of this process is delegated to the Deputy Chief Executive and City Treasurer and the City Solicitor, in consultation with the Executive Member for Finance and Human Resources.

- 6.3 The Council's revised capital budget for the 2019/20 and the next five years is set out below. This includes the expected capital activity required to support the achievement of the Council's strategies and to maintain the operational estate.

7 Proposed Capital Programme from 2020/21

- 7.1 The capital programme 2020/21 to 2023/24 includes the continuation of the existing programme. For this report, the position is based on that forecast as at the end of December 2019, which is reported elsewhere on the agenda.
- 7.2 This report sets out the approved capital budget, with new projects to be approved as noted above. There are also pipeline schemes and potential capital projects which may be submitted into the capital approval process during the forecast period of the capital programme. Details of these are contained within the programme information below.
- 7.3 The budget for 2019/20 is £248.0m. In addition there are £70.0m relating to schemes hosted on behalf of the Greater Manchester Combined Authority leading to a combined total of £318.0m. The profile of capital expenditure will be updated as projects develop through the design stage or if the resource position changes. This is reported through to Executive in the regular Capital Update and Monitoring reports.

- 7.4 There are significant risks to the delivery of the proposed programme. Construction inflation is relatively high as the Manchester construction market remains buoyant and this will impact on costs for existing and future projects and an allowance will need to be made for this. It is difficult to project the exact budget requirement but for the purposes of the Strategy it is proposed to include a total budget of £30m across all years of the programme, to be funded from borrowing.

- 7.5 The proposed programme is summarised in the table below:

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	Total	Total 20/21- 23/24
	£m	£m	£m	£m	£m	£m	£m
Manchester City Council Programme							
Highways	55.4	58.8	24.6	0.0	0.0	138.8	83.4
Neighbourhoods	8.6	16.7	17.9	3.9	2.9	50.0	41.4
Growth	90.8	119.0	53.9	14.2	0.0	277.9	187.1
Town Hall Refurbishment	17.0	49.1	92.7	99.3	34.7	292.8	275.8
Housing – General Fund	10.3	22.6	15.0	3.5	8.0	59.4	49.1
Housing – HRA	19.6	38.8	28.6	28.1	0.0	115.1	95.5
Children's Services (Schools)	25.2	29.5	29.7	43.4	0.0	127.8	102.6
ICT	5.7	5.7	10.9	9.4	7.7	39.4	33.7
Adults, Children's and Corporate Services	15.4	26.2	5.5	0.5	0.0	47.6	32.2
MCC TOTAL	248.0	366.4	278.8	202.3	53.3	1,148.8	900.8
Projects carried out on behalf of Greater Manchester	70.0	0.0	0.0	0.0	0.0	70.0	0.0
Inflation fund		12.0	10.0	6.0	2.0	30.0	30.0
TOTAL	318.0	378.4	288.8	208.3	55.3	1,248.8	930.8

- 7.6 Further details of the major schemes included are set out in this report and a full list of the projects and the budget split by financial year is shown at appendix 3.
- 7.7 As noted above, and detailed throughout the report as potential future investment, there are a number of key investment priorities. It is anticipated that as such schemes progress through the Council's approval process budget provision will be made for them. The figures in the table above also reflect that a number of grant funded programmes have not yet had the next round of

funding announced, for example Basic Need for school places, and it is expected that these will be added when such grant awards are given.

- 7.8 The proposals in this report are for the draft capital programme from 2020/21. The programme will be updated at the May meeting of the Executive to reflect the final outturn position for 2019/20. The programme will change as projects develop and this will be reported to members at the earliest opportunity.

8 Highways

- 8.1 The Highways capital programme consists of the investment in the City's highways network, including work on bridges, cycle paths and bus priority lanes. The programme is forecast to be £83.4m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 8.2 The Highways Maintenance Investment Programme (£44.9m) will continue. The programme will seek to implement longer term preventative maintenance measures, which would result in the Council's highways assets being improved and reducing maintenance costs. This includes works to drainage systems, large patching works, carriageway works and repairs to footpaths.
- 8.3 The Bridge Maintenance project (£6.8m) will continue to ensure that the Council's bridge assets across the highways network are maintained according to statutory guidelines.
- 8.4 The project widening A57 Hyde Rd (£3.6m) will continue, increasing the span of a disused railway bridge to allow removal of a pinch point, which currently reduces the number of traffic lanes from four to two. Heavy traffic congestion, particularly at peak times and journey times will both be reduced.
- 8.5 The Cycle City schemes (£2.8m) aim to provide a high-quality network of dedicated cycle routes across Manchester, encouraging people to make short journeys in a healthy and inexpensive way and reduce the environmental impact of private car use.
- 8.6 The project at Great Ancoats Street (£6.2m) will reduce barriers and restrictions for pedestrians on the Street and adjacent areas of the inner relief route. The project will also include more safe crossing places for pedestrians and improved signage to aid road users.
- 8.7 Works at the Mancunian Way junction with Princess Road (£4.2m), funded through the Department for Transport's National Productivity Investment Fund, will continue, improving and continuing capacity by creating signalled junctions.
- 8.8 The Public Realm programme (£2.4m) will support the maintenance and development of the Council's public realm assets.
- 8.9 The Street Lighting Private Finance Initiative (PFI) project (£3.7m) will deliver the procurement and installation of modern, state of the art, low energy light

emitting diode (LED) street lighting technology. The scheme will provide revenue savings due to reduced energy charges, and lower maintenance costs for the Council's street lighting.

- 8.10 The significant capital investment programme will improve road safety as wherever possible the changes to the highway are made to support it, for example the Great Ancoats Street where accident prevention is a key aim of the project. Similarly, the programme of cycling and walking improvements funded through the GM Mayor's Challenge Fund will see significant road safety benefits from better road crossings, segregated cycle lanes and additional pedestrian facilities.

Potential Future Investment

- 8.11 To support the City's wider development and growth plans, and the delivery of the GM 2040 Transport Strategy and the emerging city centre transport strategy, work has been undertaken to look at how the funding allocated for project development can be utilised. A pipeline of schemes is being developed based on data which prioritises sites on the highway network based on a number of strategic principles. Business cases for schemes will be drawn up and brought forward on a priority basis.
- 8.12 Work will be ongoing with Transport for Greater Manchester to move forward on plans for a sustainable transport system, including reducing car journeys together with supporting the expansion of electric vehicles through investment in charging points.
- 8.13 Investment is also expected to support the establishment and delivery of a number of major projects where highways infrastructure will play a key role. Currently proposals including the support of major developments such as consideration of HS2, Etihad Campus, Northern Gateway and the Airport and the Bee Network along with localised pinch points.
- 8.14 Investment which prioritises improvements to the network for cycling and walking will be pursued, with the development of a number of schemes approved through the GM Mayor's Challenge Fund. These works supplement other proposals which seek to promote sustainable forms of transport across the city.
- 8.15 The business case for investing in car park assets across the city in order to ensure stock is fit for purpose will be developed, and in particular the investment needed to meet additional requirements including the installation of electric charging points and cycle hire parking. Consideration to the future car parking capacity and policy for the city centre needs to be considered alongside the impact on existing revenue car parking income.
- 8.16 Work is also underway to review benefits achieved through previous Highways Investment Programmes. This will establish the rationale and outcomes for future potential investment needs.

9 Neighbourhoods

- 9.1 The Neighbourhoods capital programme includes the investment required to support the City's neighbourhoods and well-being, such as libraries and leisure centres. The programme is forecast to be £41.4m between 2020/21 and 2023/24, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	Total
	£m	£m	£m	£m	£m	£m
Environment and Operations	2.6	5.0	0.0	0.0	0.0	7.6
Leisure	5.5	11.1	17.1	3.9	2.9	40.5
Libraries	0.5	0.6	0.8	0.0	0.0	1.9
Total Neighbourhoods	8.6	16.7	17.9	3.9	2.9	50.0

Environment and Operations

- 9.2 Work on Waste Reduction Measures (£1.2m) will continue, initially seeking to increase recycling rates in apartment blocks across the City.
- 9.3 As part of the waste and street cleaning contract, a loan will continue to be available to the contractor to upgrade vehicles (£3.8), including to make them clean air compliant, on a spend to save basis. The loan will be repaid through reduced service costs. As noted above, the potential to electrify elements of the waste fleet will be reviewed.

Leisure

- 9.4 The Parks Investment Programme (£12.0m) will focus on improvements to the quality of the community and local parks, green spaces and allotments across Manchester.
- 9.5 Investment will continue at Abraham Moss leisure centre (£20.0m). These works will reduce revenue costs associated with the upkeep of the building, and provide long-term savings to the Council.

Potential Future Investment

- 9.6 There is a need to continue with the development of the City's leisure estate, with the introduction of new leisure assets as well as large scale improvements to existing facilities as the focus of investment. It is expected that any such proposals would contribute to the low carbon aims of the Council. The funding for these works will be mixed due to the joint management of Waterfall funding with Sport England and the ability to access other national funds as well as the requirement to access City Council resources. Leisure spend over this next period will include the National Cycling Centre refurbishment, Manchester Aquatics Centre refurbishment,

Abraham Moss Leisure Centre and the Hub at Hough End.

- 9.7 The focus of Parks investment will be linked to the further development and approval of the Parks Development Plan. With funding already held against this programme, details of individual schemes and work packages will be brought forward, seeking to maximise investment across park assets.
- 9.8 Redevelopment of the North Manchester General site will form part of the regeneration of North Manchester, linking with the planned Northern Gateway investment as well as the provision of the new hospital and associated health facilities. Initially this may be focussed around Crumpsall Park. Such investment should be a priority for the Council against any source of regeneration finance that the Government may bring forward.
- 9.9 There are a number of potential library sites for investment over the next period as part of a wider estate management and the extension of customer self-service provision. Manchester Central Library has seen over 8 million visitors since reopening in 2014 and now welcomes 2 million visitors per year - there is a need to refresh the digital element of the library and also some other front of house areas including the children's library.
- 9.10 Manchester Art Gallery are developing proposals linked to the Platt Hall Gallery and other works to broaden their offer to residents and consider storage requirements for collections including Queens Park. There is also development work being undertaken for other venues which Manchester City Council own but are operated by other organisations. The Department for Digital, Culture, Media and Sport have recently announced a new capital funding scheme for which the details and application criteria are awaited.
- 9.11 To support the Council's low carbon agenda it is proposed that the waste management fleet is reviewed to explore potential electrification. Investment to "green the city" through tree planting, the use of green walls and other measures to absorb carbon and encourage biodiversity will be reviewed and considered.
- 9.12 The development of New Smithfield Market remains a significant potential investment opportunity, with work required to understand the scope of such works and the implications for the Council.

10 Growth

- 10.1 Growth includes the programme for the Council's property assets, and investment in neighbourhood development and cultural facilities. The programme is forecast to be £187.1m between 2020/21 and 2023/24, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	Total
	£m	£m	£m	£m	£m	£m
Culture	30.1	55.7	13.7	0.0	0.0	99.5
Corporate Property	18.2	33.4	21.4	0.7	0.0	73.7
Development	42.5	29.9	18.8	13.5	0.0	104.7
Total Growth	90.8	119.0	53.9	14.2	0.0	277.9

Culture

- 10.2 The continuing Factory project (£69.4m) will create a cultural facility within the St John's area of the City Centre.

Corporate Property

- 10.3 The Asset Management Programme (£20.7m) will ensure that the Council's assets, including its elite sporting assets, are well-maintained.
- 10.4 The continuing Carbon Reduction Programme (£8.3m) will be used to explore schemes which can support the Council's aim of reaching zero carbon emissions by 2038. Such schemes may include the use of combined heat and power plant, solar photovoltaic panels, and the use of LED lighting within the Council's estate.
- 10.5 The continuing Estates Transformation plan (£6.9m), based on the stock condition surveys commissioned by the Council to ensure buildings fit for purpose and estate rationalised. This includes the refurbishment of Alexandra House. In addition to this programme the Hammerstone Road Depot project (£19.6m) will continue, investing in the depot to allow the Council to consolidate all depots into one site. This investment will allow other sites to be released, and reduce the maintenance costs associated with these sites.

Development

- 10.6 The Strategic Acquisitions budget (£4.3m) will provide funding for the Council to acquire key sites throughout the city, provided they become available, which can further the aims and objectives of the corporate plan particularly with regard to housing and regeneration.
- 10.7 The Sustaining Key Initiatives (£13.6m) investment provides the Council with the capacity to intervene to ensure key commercial, operational and mixed use development priorities are secured in the city. It is expected that any intervention would be done primarily on an investment basis.
- 10.8 The Northern Gateway investment plan (£18.8m) will lead to significant residential growth in the neighbourhoods of New Cross, Lower Irk Valley and Collyhurst through land assembly and the provision of core infrastructure, with the regeneration completed with Far Eastern Consortium who are the Council's joint venture partner.

- 10.9 The Medieval Quarter Public Realm (£1.6m) scheme will continue, providing public realm improvements in the north of the city centre around the River Irwell, Manchester Cathedral, Cheetham's and Victoria Station.
- 10.10 Further loan support for Manchester College (£5.0m) will continue to enable the first phase of the College's expansion.
- 10.11 Public realm works at Lincoln Square (£1.2m), supporting the wider redevelopment of the area, will provide a more distinctive identity for the square.
- 10.12 The Civic Quarter Heat Network (£13.5m) project aims to provide a heat network throughout the Council owned property estate in and around the Town Hall complex and to developments owned by the private sector in the vicinity of the Town Hall. This will reduce energy costs, and also help achieve the City's aim of reducing carbon emissions.

Potential Future Investment

- 10.13 There is a need to review the ongoing annual level of investment in the Council's corporate estate to ensure that it is of good standard and meets the needs of users. This may include the incorporation of assets which currently sit outside of the current Asset Management Programme, such as City Council owned schools, and may also include the maintenance of previous Sure Start centres and care homes, with the existing leasing arrangements with providers reconsidered to ensure the ongoing operation of the sites. In some instances consideration may have to be given to direct market intervention, as noted in the Adult's section of the report below.
- 10.14 The corporate estate will also be a key conduit of measures to help reduce the Council's carbon footprint and bring the estate up to a minimum energy performance certificate (EPC) rating of C, based on a strategy of Reduce, Produce and Connect. The aim is to reduce demand for energy, for example through design measures such as LED lighting, produce low carbon energy through solar panels and ground source heat pumps, and connect schemes together by gathering and sharing data to examine how energy demand can be further reduced. The estate asset management programme will form part of this work aligning works to the AMP repairs schedule where possible, alongside existing programmes such as the Carbon Reduction Programme and Civic Quarter Heat Network. There will also be the opportunity to explore investment opportunities into sustainable energy supplies for the City.
- 10.15 The Council will continue to explore and lead investment opportunities in key strategic areas of the City including the Etihad Campus, the delivery of the Northern Gateway strategic business plan, Eastern Gateway, and other areas for development such as Wythenshawe Town Centre and Moston Lane. Investment in Piccadilly Gardens will also be brought forward.
- 10.16 There may also be an opportunity to invest in primary/community care hubs, similar to that being developed in Gorton although perhaps smaller in scale,

working closely with the Health Service. However, the financing of these arrangements and the potential limitations around Health capital allocations will be an obvious consideration.

- 10.17 Opportunities to support the development of strategic assets through direct purchases or loans to partner organisations and third parties are also being explored as part of a wider investment approach. This may be particularly important for specific sites, such as Mayfield, where the Council's involvement can help progress and accelerate wider investment progress.
- 10.18 Proposals to establish a ring-fenced budget for the public realm in the St John's area of the City Centre, where the Factory project is a key development, funded from the expected growth in local taxation will be brought forward.
- 10.19 The Growth pipeline is wide and varied, and therefore consideration of appropriate investment strategies will be key. Understanding how projects interlink, when investments may be realised, and therefore the capacity to deliver both practically and financially will need to be key considerations.
- 10.20 There may be strategic investment opportunities where the capital financing costs are covered by an income stream from a third party. These should not have a negative impact on the Council's capital financing capacity, but will increase the Council's level of debt until they are fully repaid.

11 Town Hall Refurbishment

- 11.1 The Town Hall and Albert Square Refurbishment programme is for the full refurbishment and upgrade to modern standards of the Town Hall and the associated costs for Albert Square. The programme is currently forecast to be £275.8m between 2020/21 and 2023/24 with planned spend currently £17.0m in 2019/20.
- 11.2 Based on the project achieving notice to proceed, and with the greater certainty around the cost of work packages that this would represent, the cost plan will subsequently be reviewed and therefore the profile of the budget shown in this report is subject to change. Before notice to proceed is given, work is currently underway to review the completion of the design for the building, and the current overall costs based on the work packages which have been agreed or are in the tender process. The decision to proceed will be based on satisfactory outcomes to those reviews.

12 Housing – General Fund

- 12.1 The Housing – General Fund capital programme includes housing regeneration schemes, such as the Council's housing Private Finance Initiative (PFI) schemes. It also includes funding for disabled facilities and energy efficiency schemes. The programme is forecast to be £49.1m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

- 12.2 Funding remains set aside within the programme for commercial and residential acquisitions (£6.6m) which will support the existing Brunswick and Collyhurst schemes.
- 12.3 Major adaptations funding is expected to be available (£13.7m) to assist in works to make social rented properties suitable for disabled residents.
- 12.4 Further investment plans include support for the development of Extra Care accommodation within Manchester (£2.4m) and acquisitions to support the regeneration of the Moston Lane area (£7.5m).
- 12.5 Funding is available, through the government's Marginal Viability Fund, to support the delivery of new homes on the New Victoria (£10.0m) site by addressing infrastructure works.

Potential Future Investment

- 12.6 The Council recognises the ongoing priority to deliver safe, secure and affordable housing stock resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes by March 2025. There is limited capacity from within the Council's Housing Revenue Account and the Council's Housing Affordability Fund to support new additional Affordable Homes in the city. Therefore, to deliver the significant numbers of new affordable homes needed in the city, our partnership relationships with Registered Housing Providers will be key along with a clear commitment to leveraging the Council's land and property assets to help underpin the delivery of new homes.
- 12.7 As noted above, the Council will play a key role in bringing forward investment across the City, but particularly in the Eastern and Northern Gateways which will include additional homes. To achieve this within the financial constraints that the Council faces, the roles of developers and the Council will need to be considered on a case by case basis.
- 12.8 The City will also work with colleagues in Greater Manchester to identify and access funding for energy conservation measures in private households.
- 12.9 Work will be undertaken to review potential capital requirements for the development of supported and semi-supported housing options to address the needs of homeless people and young people at risk of homelessness.
- 12.10 There is also a further proposal to consider the establishment of a Council-owned temporary accommodation unit for homeless families. The delivery of either option would reduce the net cost to the city through reduced revenue spend on bed-and-breakfast and hotel accommodation.

13 Housing – Housing Revenue Account (HRA)

- 13.1 The Housing – HRA capital programme consists of the investment in the

Council's public sector housing estate, including acquisitions and capital works on existing Council housing assets. The programme is forecast to be £95.5m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

- 13.2 Provision is also made in the budget to reflect the delivery of new works in future years that will support the ongoing 30-year HRA asset management plan (£62.5m). The funds will be used to maintain the Decent Homes Standard within Manchester's housing stock and, in addition, will support innovative climate change investment; essential health and safety works including the installation of sprinklers in multi storey blocks; public realm environmental works; and, where appropriate, it will support estate regeneration and re-modelling.
- 13.3 The programme includes funding for the ongoing regeneration works in Collyhurst (£23.7m), including proposals for new social housing new builds and land assembly linked to the Northern Gateway.
- 13.4 The land assembly programme around Parkhill Avenue (£4.3m) will continue to facilitate the regeneration of the area.

Potential Future Investment

- 13.5 The Council will consider options for retrofit works to make its existing housing stock zero-carbon. This could also help to contribute to addressing fuel poverty. Alongside this, there will be a continued focus on increasing the level of affordable housing across the City, either through models of direct delivery or through working with registered providers and other partners.
- 13.6 As noted above, the role of the HRA in providing new affordable housing will continue to be reviewed to seek business models which are sustainable and can achieve benefits for the HRA. This is expected to include the development of housing at Silk Street.

14 Children's Services (Schools)

- 14.1 The Children's Services capital programme is predominantly focused on the building of new schools, to meet school place demand, and investment in the existing school estate. The programme is forecast to be £102.6m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 14.2 The programme to increase the Special Educational Needs capacity (£22.2m) across the city will continue, with works to be undertaken at Roundwood, North Hulme, Monsall Road and Camberwell Park.
- 14.3 The Council will receive no Basic Need grant in 2020/21. The existing unallocated grant is c. £65.9m, which is expected to be required for the creation of secondary school places.

- 14.4 A Government grant-funded schools maintenance programme (£6.6m), to help maintain the Council's school assets, is included within the budget. Officers expect this funding stream to continue, however the annual budgets will be revised once confirmation of the level of funding is received.
- 14.5 Works to develop the scale of sixth form provision for North Ridge secondary special school (£2.8m) funded from government grant will continue to progress.

Potential Future Investment

- 14.6 The statutory requirement to provide sufficient school places across primary and secondary education continues to be monitored along with approvals as part of the Government's Free School programme to ensure places are able to meet demand. A School Places plan for 2020 to 2025 will set out the priorities for how we meet the demand for increased school places to meet the needs of our growing population.
- 14.7 Recent capital investment in the Education Portfolio has focused on the Special Educational Needs and Disabilities and Alternative Provision places in the city. There is the potential for further investment in this area as part of the next phase of the Capital Strategy.
- 14.8 The benefits of undertaking a programme of condition surveys across the Education Estate in order to take holistic decisions regarding the maintenance of school buildings will also be reviewed.
- 14.9 The ambition to deliver carbon efficient schools and the lack of easily developable sites within Manchester will mean that it is increasingly difficult to do this within the levels of DfE funding and unit cost.

15 Information and Communication Technology (ICT)

- 15.1 The ICT capital programme provides investment to the Council's ICT estate. The programme is forecast to be £33.7m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 15.2 The ICT Investment Plan (£33.7m) will continue. The initial focus will be on the collaboration technology that the Council uses. Implementation of this project will unlock potential benefits for other investment, particularly on user devices.
- 15.3 Other projects will be brought forward as required, and as service needs become evident.
- 15.4 It is expected that some of this budget may need to be transferred to revenue, depending on the type of work required, and this decision can only be made when the appropriate ICT solution has been identified. Such transfers will be proposed on a case by case basis, and reported to members through the regular capital update reports.

Potential Future Investment

- 15.5 Activity will focus on the strengthening of core ICT systems, and in particular the delivery of the next phase of Council's collaboration platform. This will inform the subsequent future capital investment requirements which are likely to include the delivery of a device replacement strategy.
- 15.6 An updated ICT Strategy for the Council is being finalised for approval. This and the accompanying Technology Roadmap which will follow will provide the framework for future ICT investment decisions. The initial focus for the ICT investment plan will focus on collaboration, as this will underpin the corporate ICT approach - the subsequent ICT investment strategy will need to respond to the final collaboration approach, and therefore will be pursued once collaboration is substantially developed. This will include end user devices and telephony solutions. There is also a need to modernise and digitise many of the Council's core business processes which is being picked up through the Our Transformation work.
- 15.7 Whilst the main focus will be on collaboration, work will continue on supporting services across the Council in developing ICT solutions to their needs, and these will be brought forward on a case by case basis.
- 15.8 Of the remaining ICT Strategy funding, c. £1m has been earmarked to support the further development of Manchester's Smart City agenda. The Corporate Core revenue budget report contains separate proposals for increasing the Council's capacity in this area including developing the priorities for future investment, building on the City Council's innovation and smart city programmes to date including the City Verve and Triangulum projects.

16 Adults, Children's and Corporate Services

- 16.1 The Adults, Children's and Corporate Services capital programme provides investment for the health and social care work of the City Council, and strategic investments. The programme is forecast to be £32.2m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 16.2 To provide integrated health and community services it is proposed to invest in a new facility at the Gorton District Centre (£19.9m). This is on an invest to save basis with the income from the leases to partners providing the funding to repay the build costs.
- 16.3 Financial support for the development of the project with Health Innovation Manchester (£8.8m), to conduct research on life science sub-sectors of health and medical technologies, will continue.
- 16.4 There is c. £1.9m available to fund the purchase of equity in car parking facilities at the Airport, which will support the development of the Airport and should provide a return to the City Council.

Potential Future Investment

- 16.5 Children's Services are currently developing a future estates strategy for their assets, aligning this to service plans. It is likely that capital investment will be required to support the ongoing provision of services to meet current and future needs.
- 16.6 This capital requirement is likely to include the maintenance of previous Sure Start centres, with the arrangements with providers reconsidered to ensure the ongoing operation of the sites and potentially an income stream to cover maintenance costs.
- 16.7 Adult Social Care have identified a potential need for investment to allow market intervention to develop care facilities that will meet current and future health and social care needs as well as addressing areas of market failure to ensure continuity of service. This may be short-term in nature, but could be of vital importance to limit the impact of such market issues on residents. By its nature this may need to be actioned quickly and efficiently in order to be successful, so appropriate budgets and approval routes will need to be considered.
- 16.8 Investment may also be needed to build capacity, and in particular creating capacity for specific care needs to ensure that there is appropriate provision for vulnerable residents. This may require new build facilities, or the acquisition of existing buildings which can be tailored to care models. This is likely to be closely linked to collaboration work with partners, such as the Health Service.
- 16.9 As noted above, there may also be an opportunity to invest in primary/community care hubs, similar to that being developed in Gorton although perhaps smaller in scale, working closely with the Health Service.
- 16.10 The Corporate Core needs to retain the ability to provide market intervention or allocate loans to third parties as part of a wider approach to investment which supports the achievement of strategic aims for the city and our residents. These are interventions which support the Council as a whole, and will be progressed on the basis of the business case for each.
- 16.11 There will also be a need to look into investment options regarding energy sources for the Council as a whole in order to achieve the Council's carbon aims, and this is likely to require a corporate approach.

17 Projects carried out on behalf of Greater Manchester

- 17.1 The capital programme for projects carried out on behalf of Greater Manchester consists of schemes where Manchester is acting as the lead body but the expenditure relates to projects across the conurbation, and specifically the Housing Investment Fund. The programme is currently estimated to be £70.0m in 2019/20 based on existing budget approvals and the value of investments now novated across to the Greater Manchester Combined

Authority.

- 17.2 It is estimated that the loans being retained by the Council, due to the short term nature of them, will be repaid within the next 12 months.

18 Asset Management Planning

- 18.1 The current approved capital programme includes several asset management streams, for the current operational estate, housing, highways and schools.
- 18.2 The Executive Member Estates Board is responsible for the strategic direction and decision making for the operational estate, including estate asset management and estates transformation. These decisions support the activity contained within the Asset Management Programme which forms part of the Council's approved capital budget.
- 18.3 As noted above, all future capital investment will be reviewed to assess the impact on carbon reduction, and this will need to include the Council's corporate estate and housing stock.
- 18.4 The Council also holds significant assets on the basis of expected future regeneration projects. Work is undertaken to ensure that these assets are maintained until such time as the regeneration project can come to fruition. This may mean that the asset, such as land, could gain or lose value in the intervening period, but the overarching aim of the Council is to release the value in the asset once the regeneration has been completed, and such benefits may be wider than financial considerations.

19 Capital Financing

- 19.1 The Council has several funding streams available to fund capital expenditure. Alongside external grants and contributions that the Council may be eligible to receive, the Council can also use revenue funding, capital receipts and prudential borrowing.
- 19.2 Capital receipts are generated through the sale of assets. These receipts are ring-fenced, under legislation, to fund capital expenditure and cannot be used to fund the revenue budget.

Restrictions around funds

- 19.3 The capital financing strategy is set in the context of restrictions around certain capital funds, some statutory and some at the Council's discretion.
- 19.4 The Housing Revenue Account (HRA) is a restricted fund and can only be used to fund capital expenditure on HRA assets.
- 19.5 The Council also operates the following fund restrictions:
- Housing capital receipts (both Housing General Fund and Housing Revenue Account) are reserved for use on new Housing projects;
 - General Fund capital receipts will be used in the first instance to

- support the Asset Management Programme.
- Grants received will be used for the specific purpose intended even if the terms of such grants are not restrictive, unless alternative use promotes the same aims.

Prudential Borrowing

- 19.6 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision (MRP).
- 19.7 Where the Council has funded expenditure through borrowing it is required to make a minimum revenue provision towards the repayment of the debt. This ensures that the revenue cost of repaying the debt is spread over the life of the asset similar to depreciation. The Council's MRP policy is contained within the Treasury Management Strategy Statement.
- 19.8 The estimated financing costs for the capital programme and existing debt have been calculated as part of the budget process. It has been ensured that the proposed programme and the existing debt liabilities are affordable within the existing revenue budget.
- 19.9 In line with the Prudential Code requirements the Local Authority must have explicit regard to option appraisal and risk, asset management planning, strategic planning, and achievability of the forward plan.
- 19.10 It is important to recognise that there is a finite level of prudential borrowing that the Council could undertake, based on affordability within existing revenue budget constraints. This means that the Council has to work to develop schemes which attract external funding, or deliver a substantial return on investment. All proposed schemes are reviewed so that the revenue consequences are understood, including capital financing costs. The Prudential Indicators, included within the Treasury Management Strategy Statement, are intended to support decision making on debt.
- 19.11 Borrowing decisions are taken separately for the General Fund and HRA. Each must determine whether proposals requiring borrowing meet the requirements outlined above, although for the HRA it is depreciation rather than MRP which is incurred.
- 19.12 It is proposed that the City Council capital programme, excluding the projects carried out on behalf of Greater Manchester, for 2020/21 is funded as follows:

Fund	Housing Programmes		Other Programmes	Total
	HRA	Non-HRA		
	£m	£m	£m	£m
Borrowing		1.3	199.1	200.4
Capital Receipts	0.5	5.0	23.3	28.8
Contributions		1.0	24.2	25.2
Grant	1.4	14.3	55.7	71.4
Revenue Contribution to Capital Outlay	36.9	1.0	14.7	52.6
Grand Total	38.8	22.6	317.0	378.4

19.13 As noted above the projects carried out on behalf of Greater Manchester will be funded via borrowing and capital receipts received as loans mature. This borrowing is provided by central Government and does not impact on the Council's capital financing budget.

19.14 Prudential borrowing of up to £578.8m over the period will be needed to support the City Council programme in line with the new schemes and previous planning and profile approval. The breakdown over 2020-2024 is:

- 2020/21 - £200.4m
 - 2021/22 - £197.8m
 - 2022/23 - £133.3m
 - 2023/24 - £47.3m
- a. The Housing HRA programme will not require prudential borrowing at this stage but it is likely that projects will be brought forward that will require HRA borrowing which will be reported to members.
- b. The General Fund programme requires £578.8m of prudential borrowing which includes:

Scheme	£m
Highways Investment Plan	37.6
Bridge maintenance	6.8
Hyde Road (A57) Pinch Point Widening	2.1
Manchester Salford Inner Relief Road	0.1
Mancunian Way and Princess Parkway NPIF	1.4
Princess Rd Safety Review	0.4
School Crossing Patrols	2.7
A6 Stockport Road Pinch Point Scheme	0.7
Street Lighting PFI	3.7
Waste Contract	3.8
Blackley Cremator and Mercury Abatement	1.6
Hough End Master Plan	0.2
Parks Investment Programme	12.0
Indoor Leisure Provision at Abraham Moss	20.0

Manchester Regional Arena Track Replacement	0.7
Libraries investment	1.3
The Factory	20.6
Hammerstone Road	19.6
Carbon Reduction	8.3
Heron House	1.4
The Space Project	1.0
The Sharp Project	0.5
Civic Quarter Heat Network	13.5
Manchester College	5.0
Lincoln Square	1.2
Estates Transformation	6.9
Sustaining Key Initiatives	13.6
Eastern Gateway	0.8
Northern Gateway	18.8
Refurbishment of the Town Hall and Albert Square	275.8
West Gorton Regeneration	1.3
Ben Street Regeneration	0.9
ICT Investment Plan	33.7
Gorton integrated health development;	19.9
BioMedical Investment	8.8
Manchester Airport Car Park investment	1.9
Inflation Fund	30.0

19.15 A number of these schemes will be on an invest to save basis, and will generate savings. The remainder are affordable within the existing capital financing budget.

19.16 Further “spend to save” investment opportunities may arise and delegated authority is given to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to increase the capital budget accordingly. The delegation is restricted to an annual limit of £5,000,000. This is on the understanding that the costs of borrowing (interest and principal) of any additions are financed in full by additional income, revenue budget savings, or cost avoidance.

19.17 The proposed funding for the programme, including the inflation fund, across the forecast period is shown below:

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	Total
	£m	£m	£m	£m	£m	£m
Grant	46.5	71.4	41.6	43.4	0.0	202.9
External Contribution	24.9	25.2	4.6	0.0	0.0	54.7
Capital Receipts	18.7	28.8	13.8	3.2	8.0	72.5
Revenue Contribution to Capital Outlay	26.0	52.6	31.0	28.4	0.0	138.0

Borrowing	131.9	200.4	197.8	133.3	47.3	710.7
Total	248.0	378.4	288.8	208.3	55.3	1,178.8

19.18 The funding forecast shown above includes use of capital receipts already received and a forecast of future receipts based on officer's views on when surplus assets may be sold and the likely market valuations. These forecasts are subject to change which may affect the future funding position.

19.19 Work will continue to confirm the position for the capital programme from 2019/20 to 2023/24 and the final capital budget will be reported to Council in March. This will include the effect of any changes in the delivery of the current programme in 2019/20. It is expected that any changes will be a change to the profiling rather than a change to the estimated total funding requirement for the City Council.

20 Investments and Liabilities

20.1 The Council's capital programme and balance sheet contain investments made by the Council to support the achievement of strategic aims. A key part of the monitoring arrangements is reviewing these investments to ensure that they continue to perform as expected. With the increased national focus on council investment activities the Capital Strategy has been expanded to take a broader overview and to include relevant investments and liabilities.

Approach, Due Diligence and Risk Appetite

20.2 Council investments are managed in line with the Ministry of Homes, Communities and Local Government (MHCLG) investment guidance principles of security, liquidity and yield. The application of these principles will differ when considering capital investment rather than treasury management investment.

20.3 There is a clear distinction between capital investments, where the achievement of strategic aims will be considered and treasury management investments which are made for the purpose of cash flow management. The risk appetite for these two distinct types of investment may differ given the difference in expected outcomes.

20.4 The Council focuses its capital investments in line with its strategic objectives and priorities of the City and will take a more rounded view taking into account the economic and regeneration benefits to the city as well as security and liquidity. This may lead to a higher appetite for risk for the delivery of the City's priorities and broader economic gains. Each investment is considered on its own merit in line with the Checkpoint process and the risks, mitigations and benefits carefully assessed.

20.5 Schemes could include lending to organisations with low credit ratings if the appropriate security over the organisations assets can be provided, or guarantees from parent companies or organisations given. A key consideration for any capital investments is that income received from the investment covers the capital financing costs incurred by making it.

Summary of material investments, guarantees and liabilities

- 20.6 The Council has the current historic investments on the balance sheet as at 31st March 2019:

	Value as at 31/3/19
	£m
Long-term Debtors	299.7
Long-term Investments	149.1
Investment Property	422.8
Total	871.6

- 20.7 The long-term debtors represent loan finance provided by the Council to other parties, and include the loans to Manchester Airport (£207.4m), Public Finance Initiative prepayments (£24.5m), and Manchester College (£17.7m). These loans are regularly reviewed, and would be impaired if there was a risk of default. Some of the loans are provided under guarantee from other organisations which will form part of the loan reviews.
- 20.8 The long-term investments are equity investments held by the Council, and include Manchester Airport (£112.4m), Destination Manchester (£10.2m) which is the Council's investment in Manchester Central, and Matrix Homes (£6.5m). Investments are valued on an annual basis.
- 20.9 Investment property is held by the Council on the basis that it will generate a revenue return, for example land at Manchester Airport and at Eastlands. Some of the properties held are being held for regeneration purposes but provide a return and therefore are shown as investment property. Investment properties are independently valued on an annual basis.
- 20.10 The current capital programme contains the following expected capital investments, which will create either long-term debtors, investments or investment properties, to be made:
- Waste Contract - providing a loan to the contractor to upgrade vehicles;
 - Civic Quarter Heat Network - creation of a heat network through a Council-owned company;
 - Private Sector Housing Equity Loans - loans to residents to provide housing support;
 - Manchester Airport Car Parks - financial support to the Airport to develop the business;
 - Manchester College Loan - loan to support the College's expansion;
 - Band on the Wall Loan - loan to support the development of the venue;
 - Manchester Jewish Museum Loan – loan to support the development of the museum;
 - Biomedical Investment - loan to support the development of health innovation; and
 - Housing Investment Fund – *note, as detailed above, that elements of this project will transfer to the Combined Authority in the near future, with*

some retained by the City Council.

There may be other projects which become capital investments, such as strategic acquisitions or land acquisitions under the Eastern and Northern Gateways but which are intended to ultimately be used for regeneration purposes.

- 20.11 As stated above all investments are scrutinised via the capital approval process with independent advice sought to assess risk where required. They are also reported to Executive for approval where appropriate. To assess the risk the Council may seek independent external advice including on any legal issues.
- 20.12 Where investments provide a return either through interest or dividends this can be used to support the revenue budget. In 2019/20 it is forecast that c. £62.9m of dividends will be used within the revenue budget. Where investments have been funded by borrowing the income received is used to fund the capital financing costs, for example the Airport Strategic Loan.
- 20.13 All investments are monitored regularly with the frequency based on risk, and at a minimum all investments will be reviewed once a year. Any material changes to the status of any investment will be reported to the Deputy Chief Executive and City Treasurer at the earliest opportunity.

Commercial Investments

- 20.14 The Council does not make commercial investments, to the extent that it does not make investments purely to make a financial return. Where the Council has and does make capital investments, it is for strategic or regeneration purposes.

21 Treasury Management

- 21.1 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is the subject of a separate report on the agenda.
- 21.2 There is a clear link between capital investment activities and treasury management activities, particularly with regard to how the Council will repay debt and the impact on the revenue budget. The principles of this are described in more detail below.

Long Term Planning (inc. MRP)

- 21.3 The treasury management strategy provides the framework within which treasury management decisions will be made during the financial year, but the consequences of those decisions will be longer lasting. In particular with regard to debt planning, treasury management decisions are made with the impact on future treasury management decisions in mind.

- 21.4 Under the Prudential Code, the Council must make an annual revenue provision for the repayment of debt, called the minimum revenue provision (MRP). This provision spreads the cost of repaying the debt for an asset over the useful economic life of that asset. It is important to consider MRP when making capital investment decisions as it is a real cost and will impact the revenue position.
- 21.5 The Council has regard to MHCLG's guidance on the application of MRP, and applies the principles. The Council applies the following asset lives when calculating MRP, unless there are asset-specific reasons for deviating from them – such deviation will be guided by qualified valuers recommendations on maximum useful lives:
- Land: 50 years
 - Property: 50 years
 - Highways: 25 years
 - ICT: 5 years
- 21.6 When making debt decisions the Council takes into consideration the forecast MRP in each future financial year, and in the current market environment will seek to match debt repayments to MRP in each of those years as this is the most prudent approach.
- 21.7 The current long term forecast for external debt compared to the Capital Financing Requirement, and therefore the level of forecast internal borrowing, is shown at appendix 4. The external debt peaks as the forecast capital programme period ends, although this will change as further projects are brought forward in the future. A table showing the forecast profile for the Capital Financing Requirement is shown below:

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'m					
Opening CFR	1,528.5	1,6710.6	1,842.3	2,006.5	2,103.5	2,113.5
Borrowing	131.9	200.4	197.8	133.3	47.3	0.0
Additional long term liabilities ¹	36.5	1.2	0.8	0.9	0.8	0.7
MRP	(26.3)	(29.9)	(34.4)	(37.2)	(38.1)	(42.7)
Closing CFR	1,670.6	1,842.3	2,006.5	2,103.5	2,113.5	2,071.5

- 21.8 Based on the revenue and capital budget forecasts, it is anticipated that the current level of internal borrowing (being the difference between the CFR and

¹ The additional long term liabilities are likely to increase following the introduction of International Financial Reporting Standard 16, due in April 2020. Work is underway to identify the impact of this, and it will be reported to members in due course, the estimate included in these figures is a c. £20m increase.

external debt) will begin to reduce. This is because both revenue and capital budgets assume the use of reserves, reducing the cash available to use instead of external borrowing.

- 21.9 The principles which the Council will follow when taking new debt, and how the debt portfolio will be managed, is set out in the Treasury Management Strategy Statement. This Treasury Management Strategy Statement also includes the authorised limit and operational boundary for external debt, based on the forecast debt requirement.

Risk appetite, key risks and sensitivities

- 21.10 For treasury management investments and debt the Council's risk appetite is extremely low with security of funds the primary concern. The Council seeks to invest surplus cash in instruments with high credit quality and for relatively short periods and to have debt options available at all times.
- 21.11 The role of the treasury management teams is to balance the risks associated with the management of cash, acknowledging that they cannot all be mitigated, and within that balance seek optimum performance in terms of liquidity and return.
- 21.12 The key sensitivities for the Council are changes in market conditions and the availability of debt. The team responsible for the treasury management function are in regular contact with brokers in the market and liaise regularly with the Council's treasury management advisors to review market conditions and debt opportunities to explore whether the Council could make use of them.
- 21.13 The Council's treasury management position and activities will be reported to Audit Committee throughout the financial year with any changes in market conditions or the Strategy highlighted to members.

22 Skills and Knowledge

- 22.1 The capital approval process and the requirements of the business case needed provides the framework for the knowledge needed to pursue a capital project. Information, advice and training on the requirements of the process is available for officers and Members. The Council has experience of delivering capital projects through the Capital Programme team and uses this experience to evaluate new proposals. All proposals are reviewed by the Senior Management Team, including the Deputy Chief Executive and City Treasurer.
- 22.2 Capital investments are reviewed under the same approval process and receive input from appropriately qualified and skilled Finance professionals.
- 22.3 Since January 2018 the Markets in Financial Instruments Directive II (MiFID II) regulations is in force. For the Council to continue to invest as before it is required to opt up to become a "Professional Status" counterparty. To achieve this status those with responsibility for the delivery of the treasury

management function must be able to demonstrate that they have significant skills and experience of working in a market environment, and the existing team fulfils this requirement. The Council currently holds “Professional Status” with the market investments it uses.

23 Conclusions

- 23.1 This capital strategy provides an overview of how capital expenditure, capital financing and treasury management activity support service delivery, and should be taken in context with the capital budget and the treasury management strategy statement.
- 23.2 The proposed capital programme described within the report is affordable within the existing revenue budget based on the estimated capital financing costs associated with delivering the programme.
- 23.3 There are risks associated with the delivery of the capital strategy, specifically regarding delays to the programme or treasury management risks. Measures are in place to mitigate these risks through both the Strategic Capital Board and the treasury management strategy. Reports will be provided throughout the year to Council, Executive and other relevant committees providing updates on the progress of the capital programme and the risks associated with its delivery and funding.

24 Contributing to a Zero-Carbon City

- 24.1 Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved.
- 24.2 For some projects, the aim of the investment will be to reduce the City’s carbon impact, for example the Civic Quarter Heat Network.

25 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 25.1 The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children’s social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

(b) A highly skilled city

- 25.2 The capital programme includes substantial investment in education and also 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

- 25.3 The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.

(d) A liveable and low carbon city

- 25.4 Investment in all areas of the capital programme contributes towards the strategy, notably investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

(e) A connected city

- 25.5 Through investment in areas such as ICT and the City's infrastructure of road networks and other travel routes

26 Key Policies and Considerations

(a) Equal Opportunities

- 26.1 The proposals have been drawn up in awareness of Council policy on equality.

(b) Risk Management

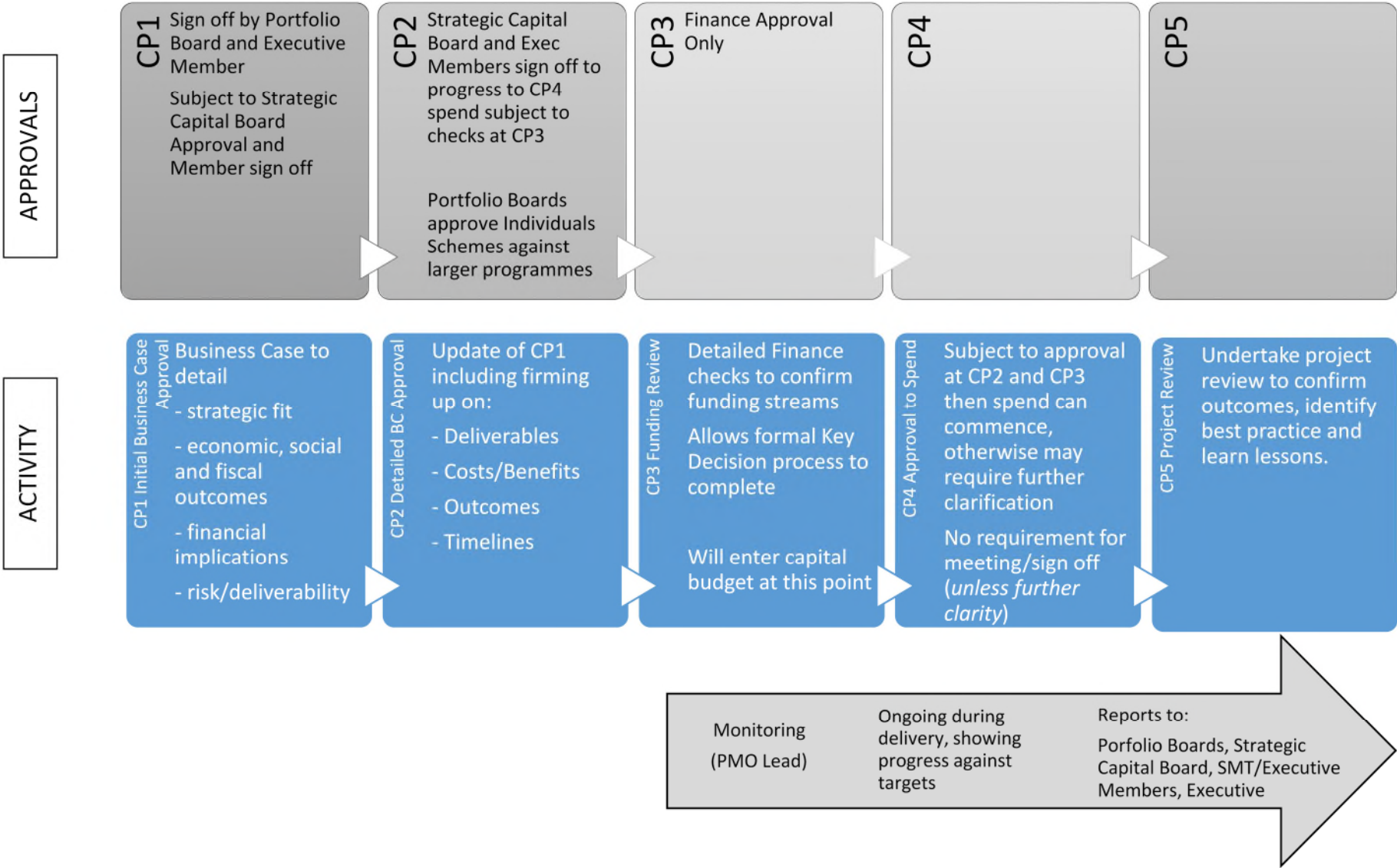
- 26.2 The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate changes. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality, and affordability, to help manage and mitigate these risks.

(c) Legal Considerations

- 26.3 None in this report.

Capital Approval Process and Governance

Appendix 1



Appendix 2 – amendments to the capital budget introduced as part of this report

Adjustments to the Capital Budget February 2020 EXECUTIVE							
Dept	Scheme	Funding	2019/20	2020/21	2021/22	Future	Total
			£'000	£'000	£'000	£'000	£'000
<u>Council Approval Requests</u>							
Public Sector Housing	Rushcroft and Pevensey Courts Ground Source Heat Pumps	HRA Reserves		2,518	137		2,655
Public Sector Housing	Northwards Housing Programme	HRA Reserves		- 2,518	- 137		- 2,655
Growth and Development	Hammerstone Road Depot	Borrowing			4,763	695	5,458
Growth and Development	Carbon Reduction Programme	Borrowing			- 926		- 926
Public Sector Housing	Buying Back Former Council Homes	Capital Receipts		500	500	500	1,500
Neighbourhoods	Central Library Refresh	Borrowing		194	763		957
<u>Total Council Approval Requests</u>			0	694	5,100	1,195	6,989
<u>Executive Approval Requests</u>							
Highway Services	Maintenance Challenge Fund	Government Grant	50	1,025			1,075

Highway Services	Deansgate Streets for All Development Costs	Borrowing	20	255			275
Highway Services	Highways Investment Programme	Borrowing	- 20	- 255			- 275
Highway Services	Auto Bollard Replacement and Improvement	Parking Resrve		608			608
Children's	Basic Need Unallocated	Government Grant			4,408		
Corporate Services	VCSE Small Premises Works	Capital Fund		500	500		
<u>Total Executive Approval Requests</u>			50	2,133	4,908	0	7,091
<u>Total Budget Adjustment Approvals</u>			50	2,827	10,008	1,195	14,080

Please note that the additional budgets for 2019/20 are not included in the Capital Monitoring report for quarter 3, as they are new approvals.

Appendix 3 – the proposed Capital Programme Budget

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Highway Programme					
Highways Planned Maintenance Programme					
Planned Highways Maintenance Programme	400	75	0	0	0
Drainage	3,575	2,051	1,871	0	0
Large Patching repairs	2,884	1,311	1,311	0	0
Carriageway Resurfacing	6,485	3,697	3,563	0	0
Footway schemes	892	4,050	3,857	0	0
Carriageway Preventative	6,096	6,325	3,054	0	0
Bridge Maintenance	370	3,782	3,048	0	0
Other Improvement works	122	6,595	7,186	0	0
Highways Major Projects					
Hyde Road (A57) Pinch Point Widening	1,535	3,579	0	0	0
Manchester/Salford Inner Relief Road (MSIRR)	7,783	100	0	0	0
Great Ancoats Improvement Scheme	2,121	6,074	105	0	0
Mancunian Way and Princess Parkway NPIF	4,178	4,111	87	0	0
School Crossings	3,017	2,653	0	0	0
Cycle City Phase 2	1,475	2,843	0	0	0
Green Bridge at Airport City	2,055	839	71	0	0
A6 Stockport Road Pinch Point Scheme	183	730	8	0	0
Highways Stand Alone Projects Programme					
Velocity	54	0	0	0	0
Safe Routes to Loreto High School	212	0	0	0	0
20mph Zones (Phase 3)	70	86	0	0	0
Flood Risk Management - Hidden Watercourses	0	49	0	0	0
Flood Risk Management - Higher Blackley Flood Risk	0	41	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Cycle Parking	15	0	0	0	0
Shadowmoss Rd / Mossnook Rd	12	0	0	0	0
Princess Rd Safety Review	47	439	0	0	0
Public Realm	1,056	1,974	400	0	0
Street Lighting PFI	9,000	3,657	0	0	0
Didsbury West S106	1	23	0	0	0
A56 Liverpool Road	83	0	0	0	0
A56 Chester Road	51	0	0	0	0
Sunbank Lane S278	40	0	0	0	0
Sharston Roundabout SCOOT	40	0	0	0	0
Derwent Avenue S106	6	8	0	0	0
Woodhouse Park	50	15	0	0	0
Christie Extension RPZ	40	306	9	0	0
Residents Parking schemes	133	545	0	0	0
Arena Security Measures	185	12	0	0	0
Ladybarn District Centre	223	20	0	0	0
Levenshulme Mini Holland Cycling and Walking scheme	151	606	0	0	0
CCTV Operating System Upgrade	150	283	0	0	0
Northern/Eastern GW Walking and Cycling scheme-devel costs	119	601	0	0	0
Chimebank S.106	34	0	0	0	0
Highways Maintenance Challenge Fund	50	1,025	0	0	0
SEMMMS PROGRAMME					
Local Roads (temp SEMMMS A6 Stockport)	255	0	0	0	0
SEMMMS A6 to Manchester Airport	50	0	0	0	0
Bus Priority Package Programme					
Bus Priority Package - Oxford Road	5	302	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Bus Priority Package - Princess Street/Brook Street	140	13	0	0	0
Total Highways Programme	55,443	58,820	24,570	0	0
Environment Programme					
Waste Reduction Measures	250	1,209	0	0	0
Waste Contract	2,089	3,840	0	0	0
Smart Litter Bins	258	0	0	0	0
Leisure Services Programme					
Parks Programme					
Hollyhedge Park Drainage IMPS	2	0	0	0	0
Heaton Park Pay & Display	8	0	0	0	0
PIP - Park Events Infrastructure	289	0	0	0	0
Parks Development Programme	413	3,136	2,965	2,965	2,965
Heaton Park Bowls	48	0	0	0	0
Somme 100 Year Memorial	33	0	0	0	0
Painswick Park Improvement	30	0	0	0	0
Heaton Park Southern Play Area	370	0	0	0	0
Wythenshawe Park Sport Facilities S106	139	0	0	0	0
Northenden Riverside Park	75	0	0	0	0
King George V Park	81	0	0	0	0
Leisure & Sports Facilities					
Indoor Leisure - Abraham Moss	1,408	5,962	13,168	902	0
Indoor Leisure - Moss Side	93	0	0	0	0
Boggart Hole Clough - Visitors Centre	0	535	0	0	0
Mount Road S106	32	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Velodrome Track	71	0	0	0	0
HSBC UK NCC Immediate Works	450	0	0	0	0
Active Lifestyle Centre Artificial Grass Pitch Replacement	198	0	0	0	0
Interactive Football Wall - Platt Fields Park	84	0	0	0	0
MAC - Booth St Car Park	148	0	0	0	0
Culture Website	42	0	0	0	0
Festive Lighting Strategy	138	0	0	0	0
Manchester Regional Arena Track Replacement	812	254	434	0	0
Cremator & Mercury Abatement Plant Replacement Strategy	0	1,007	544	0	0
Hough End Master Plan - Strat Football Hub Development Costs	52	189	0	0	0
Range Stadium Capital Project	465	0	0	0	0
Libraries and Info Services Programme					
Relocation of Manchester Visitor Info Centre (MVIC)	59	0	0	0	0
GM Archives Web Portal	48	80	0	0	0
Central Library Wolfson Award	32	0	0	0	0
Central Library Refresh	0	194	763	0	0
Roll Out of Central Library ICT	7	0	0	0	0
Newton Heath Library	17	0	0	0	0
Open Libraries	157	301	0	0	0
Contact Theatre loan	200	0	0	0	0
Total Neighbourhoods Programme	8,598	16,707	17,874	3,867	2,965
Cultural Programme					
First Street Cultural Facility	14	0	0	0	0
The Factory (Build)	29,860	53,959	13,277	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
The Factory (Public Realm)	210	1,723	457	0	0
Corporate Estates Programme					
Asset Management Programme	9,317	11,650	9,030	0	0
MAC feasibility works	933	0	0	0	0
Town Hall Complex Transformation Programme	67	0	0	0	0
Hammerstone Road Depot	163	9,333	9,524	695	0
Carbon Reduction Programme	697	6,388	1,959	0	0
Estates Transformation	0	0	800	0	0
Estates Transformation - Hulme District Office	702	0	0	0	0
Estates Transformation - Alexandra House	5,639	5,994	133	0	0
Ross Place Refurbishment	434	0	0	0	0
Proud Trust - Sidney Street	250	0	0	0	0
Development Programme					
Digital Assets Board (MCDA)					
The Space Project - Phase 2	0	987	0	0	0
The Sharp Project	60	540	0	0	0
Digital Asset Base - One Central Park	3,651	0	0	0	0
Strategic Acquisitions Board					
Strategic Acquisitions Programme	5,860	3,000	1,323	0	0
Sustaining Key Initiatives	0	0	5,000	8,600	0
Northern Gateway					
Northern Gateway	6,175	6,675	7,275	4,875	0
Eastern Gateway					
Eastern Gateway - Central Retail Park	400	729	0	0	0
Eastern Gateway - New Islington Marina	3,522	61	0	0	0
Hall and Rogers	57	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
City Centre					
ST Peters Square	999	0	0	0	0
Medieval Quarter Public Realm	76	1,587	0	0	0
City Labs 2	2,023	0	0	0	0
Manchester College	5,000	5,000	0	0	0
Digital Business Incubators	2,000	0	0	0	0
Lincoln Square	0	0	1,200	0	0
Other Strategic Development Initiatives					
Hulme Hall Rd Lighting	36	0	0	0	0
New Smithfield Market	0	469	0	0	0
Heron House & Registrars	3,085	1,388	0	0	0
Civic Quarter Heat Network	9,557	9,507	4,000	0	0
Total Growth & Development Programme	90,787	118,990	53,978	14,170	0
Town Hall Refurbishment Programme					
Our Town Hall refurbishment	17,051	49,132	92,739	99,321	34,652
Total Town Hall Refurbishment Programme	17,051	49,132	92,739	99,321	34,652
Private Sector Housing Programme					
Brunswick PFI					
Brunswick PFI Land Assembly	1,176	550	558	0	0
Collyhurst					
Collyhurst Regeneration	0	178	1,000	2,700	0
Collyhurst Environmentals	0	55	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Collyhurst Land Assembly Ph1	4	29	0	0	0
Collyhurst Land Acquisitions Ph2	0	0	210	799	0
Eccleshall Street - 3 Sites	0	500	0	0	0
Housing Investment Model	0				
Site Investigation and Early Works HIF Pilot Sites	185	65	0	0	0
Miles Platting PFI					
Miles Platting PFI Land Assembly	6	550	0	0	0
Private Housing Assistance					
Disabled Facilities Grant	6,500	7,501	6,200	0	0
Toxteth St CPO & environmental works	15	141	0	0	0
Bell Crescent CPO	0	0	0	0	482
Redrow Development Programme					
Redrow Development Phase 2 onward	3	20	0	0	0
West Gorton					
West Gorton Compensation	0	4	0	0	0
West Gorton Ph 2A Demolition & Commercial Acquisitions	15	433	904	0	0
Private Sector Housing - Stand Alone Projects					
HCA Empty Homes Cluster Phase 2	386	415	891	0	0
Princess Rd	0	100	0	0	0
Empty Homes Scheme (s22 properties)	0	2,000	0	0	0
HMRP	100	40	54	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	-3	0	664	0	0
Extra Care	0	1,245	1,200	0	0
Moston Lane Acquisitions	0	0	0	0	7,500
Equity Loans	0	397	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
West Gorton Community Park	1,026	805	0	0	0
Ben St. Regeneration	379	877	0	0	0
Marginal Viability Fund - New Victoria	505	6,705	3,290	0	0
Total Private Sector Housing Programme	10,297	22,610	14,971	3,499	7,982
Public Sector Housing					
Northwards - External Work					
Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1	3,740	8,209	3,574	0	0
External cyclical works phase 3a	2	0	0	0	0
Harpurhey Lathbury & 200 Estates external cyclical works ph 3b	0	-18	31	0	0
Environmental works	19	0	0	0	0
Harpurhey Shiredale Estate externals	0	0	15	0	0
Moston Miners Low Rise externals	0	0	18	0	0
Newton Heath Limestone Drive externals	0	0	6	0	0
External cyclical works ph 3b Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq)	0	0	2	0	0
External cyclical works ph 3b Ancoats Smithfields estate	156	25	0	0	0
External cyclical works ph 4b Charlestown Chain Bar low rise	0	0	45	0	0
External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes	0	0	15	0	0
External cyclical works ph 4b Cheetham Appleford estate	0	0	2	0	0
External cyclical works ph 4b Crumpsall Blackley Village	0	0	34	0	0
External cyclical works ph 4b Higher Blackley South	6	0	1	0	0
External cyclical works ph 4b Newton Heath Assheton estate	0	0	27	0	0
External cyclical works Ph 4b Newton Heath Troydale Estate	0	0	89	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
External cyclical works Ph 5 New Moston (excl corrolites)	0	0	9	0	0
Environmental improvements Moston corrolites	75	21	0	0	0
ENW distribution network phase 4 (various)	222	5	0	0	0
Dam Head - Walk up flats communal door renewal	140	0	0	0	0
Various Estate based environmental works	65	100	135	0	0
Delivery Costs	816	918	440	0	0
Northwards - Internal Work					
Decent Homes mop ups ph 9 and decent homes work required to voids	1	0	89	0	0
One offs such as rewires, boilers, doors, insulation	3	0	30	0	0
Ancoats - Victoria Square lift replacement	427	0	0	0	0
Aldbourn Court/George Halstead Court/Duncan Edwards Court works	12	0	0	0	0
Boiler replacement programme	-5	-6	0	0	0
Harpurhey - Monsall Multis Internal Works	1,500	1,062	200	0	0
Newton Heath - Multies Internal Works	200	3,153	250	0	0
Higher Blackley - Liverton Court Internal Works	800	45	0	0	0
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	2,598	132	0	0	0
Charlestown - Rushcroft/Pevensey Court Internal Works	700	711	150	0	0
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	2,348	343	106	0	0
Decent Homes mop ups phase 10 and voids	378	384	0	0	0
One off work - rewires, boilers, doors	158	0	0	0	0
Fire precautions multi storey blocks	0	150	0	0	0
Installations of sprinkler systems - multi storey blocks	218	0	273	0	0
ERDF Heat Pumps	0	3,768	350	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Charlestown - Rushcroft/Pevensy Courts Lift Refurb	0	0	525	0	0
One off type work (rewires/boilers/doors)	100	300	0	0	0
Fire Risk Assessments	300	3,046	2,500	0	0
Northwards - Harpurhey 200 Estate Internal Works	250	686	0	0	0
Rushcroft and Pevensy Courts Ground Source Heat Pumps	0	2,518	137	0	0
Delivery Costs	1,814	1,440	492	0	0
Northwards - Off Debits/Conversions					
Bringing Studio Apartments back in use	7	0	10	0	0
Various Locations - bringing bedsits back into use	0	0	104	0	0
Delivery Costs	2	0	13	0	0
Homeless Accommodation					
Improvements to Homeless accommodation city wide	1	0	36	0	0
Plymouth Grove Women's Direct Access Centre	0	0	28	0	0
Improvements to Homeless Accommodation Phase 2	345	662	147	0	0
Delivery Costs	46	73	23	0	0
Northwards - Adaptations					
Public Sector Northwards Adaptations	200	0	0	0	0
Adaptations	750	770	0	0	0
Northwards - Unallocated					
Northwards Housing Programme	0	2,120	0	21,982	0
Retained Housing Programme					
Collyhurst Maisonette Compensation & Demolitions	0	89	0	935	0
West Gorton Regeneration Programme					
West Gorton PH2A Low & High Rise Demolition	10	16	0	0	0
Future Years Housing Programme					
Collyhurst Estate Regeneration	0	0	0	1,541	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Buy Back Properties - Right to Buy	155	0	0	0	0
Collyhurst Regen - Highways Phase 1	0	190	97	1,394	0
Collyhurst Regen - Churnett Street	0	0	0	790	0
Collyhurst Regen - Needwood & Overbrook acquisition / demolition	0	125	0	0	0
Willert Street Park Improvements	0	10	0	0	0
North Manchester New Builds	227	319	0	0	0
North Manchester New Builds 2	442	2,850	0	0	0
North Manchester New Builds 3	294	351	0	0	0
Parkhill Land Assembly	0	0	4,270	0	0
Collyhurst	100	3,655	13,890	955	0
Buying Back Former Council Homes	0	500	500	500	0
Total Public Sector Housing (HRA) Programme	19,622	38,722	28,663	28,097	0
Children's Services Programme					
Basic Need Programme					
Holy Trinity VC Primary	47	0	0	0	0
Lytham Rd	100	0	0	0	0
Plymouth Grove Refurbishment	107	0	0	0	0
Beaver Rd Primary Expansion	94	0	0	0	0
Lily Lane Primary	54	0	0	0	0
St. James Primary Academy	8	0	0	0	0
Crossacres Primary School	30	0	0	0	0
Ringway Primary School	5	0	0	0	0
Webster Primary Schools	11	0	0	0	0
Dean Trust Expansion	1,000	2,784	0	0	0

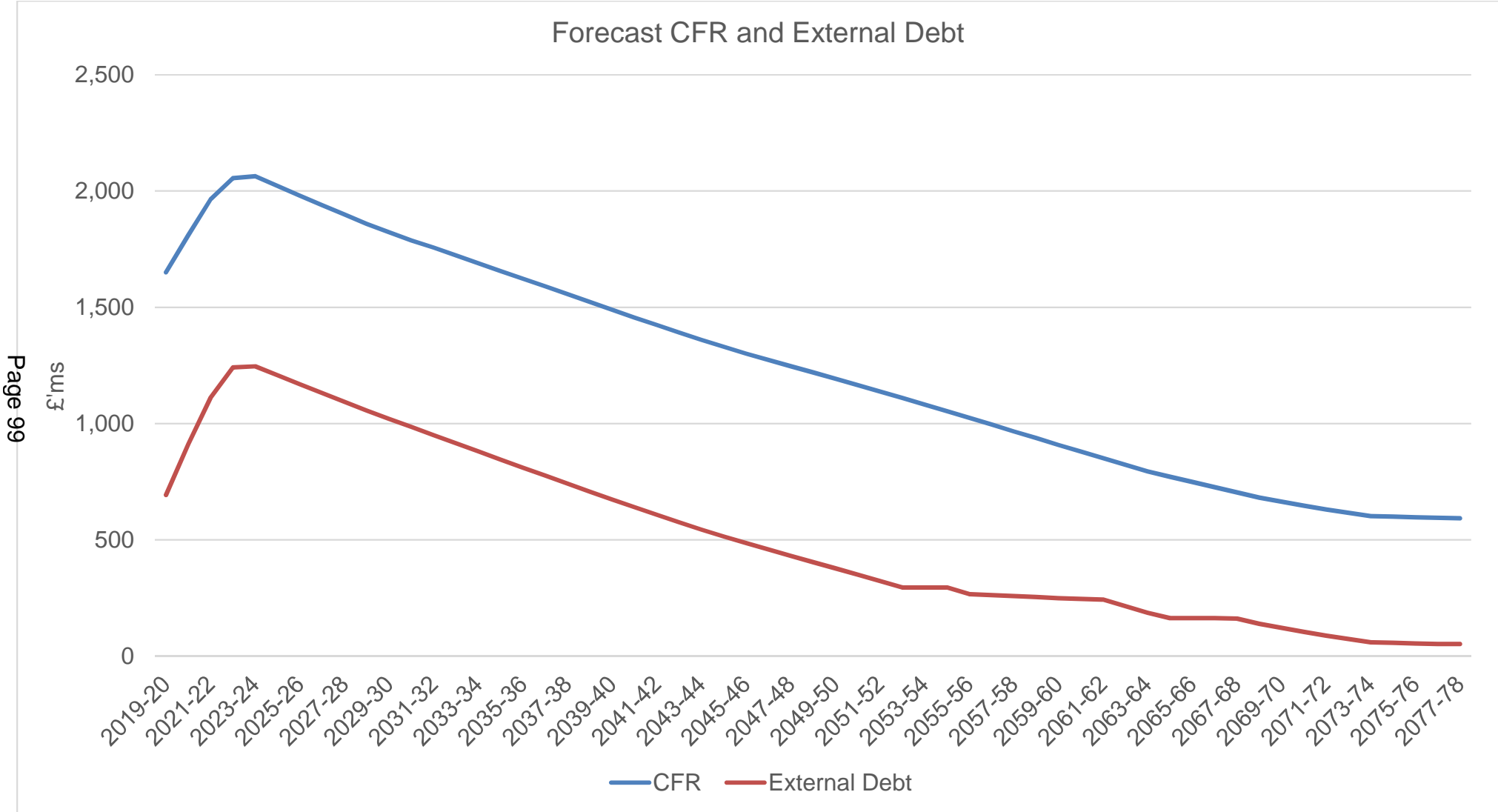
Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Brookside Rd Moston	362	4,920	1,745	28	0
North Hulme Adv Playground	278	3,400	683	11	0
Monsall Road (Burgess)	290	3,717	979	20	0
Roundwood Road	330	5,525	1,127	34	0
KS3/4 PRU Pioneer Street	70	0	0	0	0
SEND Expansions - Melland & Ashgate	866	0	0	0	0
Basic need - unallocated funds	200	488	22,115	43,286	0
Universal Infant Free School Meals (UIFSM) - Allocated	266	0	0	0	0
Universal Infant Free School Meals (UIFSM) - Unallocated	75	0	0	0	0
Schools Maintenance Programme					
Moston Lane - re-roof	19	0	0	0	0
Abbott Primary School Fencing	11	0	0	0	0
Crowcroft Park PS-Rewire	-2	0	0	0	0
Broad Oak Primary School Kitchen	85	730	0	0	0
All Saints Primary Rewire	419	0	0	0	0
Armitage Primary Windows	101	0	0	0	0
Bowker Vale Primary Heating	267	0	0	0	0
Buton Lane Primary Roof	183	0	0	0	0
Cheetwood Primary Heating	142	0	0	0	0
Crosslee Comm Heating	81	0	0	0	0
Crowcroft Park Roof Repairs	120	0	0	0	0
Grange School Sports Hall	163	0	0	0	0
Higher Openshaw Rewire	773	0	0	0	0
Lily Lane Primary Windows	7	46	0	0	0
Moston Fields Joinery	184	0	0	0	0
Ringway Primary Roof	175	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Sandilands Primary Windows	106	0	0	0	0
St Mary's Junior Windows	34	0	0	0	0
Ringway Primary School	10	0	0	0	0
Alma Park Gas Improvement	1	0	0	0	0
Schools Capital Maintenance - unallocated	1,644	2,854	3,000	0	0
Education Standalone Projects					
Paintpots	3	6	0	0	0
Early Education for Two Year Olds - Unallocated	0	52	0	0	0
Gorton Youth Zone	1,275	0	0	0	0
Healthy Pupil Capital Funding	257	0	0	0	0
North Ridge SEN	283	2,747	9	0	0
Special Educational Needs grant	0	1,160	0	0	0
Seymour Road	1,200	0	0	0	0
Commercial Wharf/ISS Refurbishment of YJS Building	294	0	0	0	0
Ghyll Head	25	1,091	0	0	0
Acquisition of land at Hyde Road	13,144	13	12	0	0
Total Children's Services Programme	25,197	29,533	29,670	43,379	0
ICT Capital Programme					
ICT					
Solaris	2	0	0	0	0
ICT Infrastructure & Mobile Working Programme					
New Social Care System	1,699	0	0	0	0
End User Computing	117	0	0	0	0
Core Infrastructure Refresh	83	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Internet Resilience	23	27	0	0	0
New Rent Collection System	33	0	0	0	0
Communications Room Replacement Phase 2	61	1,795	3,996	514	0
Data Centre Network Design and Implementation	2,867	250	0	0	0
End User Experience	699	3,425	0	0	0
Replacement Coroners System	83	0	0	0	0
Telephony	0	200	200	0	0
ICT Investment Plan	0	0	6,728	8,900	7,690
Infrastructure					
Wider Area Network Redesign	22	0	0	0	0
Total ICT Programme	5,689	5,697	10,924	9,414	7,690
Corporate Capital Programme					
ONE System Developments	11	0	0	0	0
Pay and Display Machines	750	174	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	485	100	0	0	0
Integrated Working - Gorton Health Hub	1,970	17,171	2,272	481	0
Alcohol Treatment for Fibroscan Machine	40	0	0	0	0
BioMedical Investment	7,958	6,100	2,700	0	0
Band on the Wall	200	0	0	0	0
Manchester Jewish Museum Loan	0	290	0	0	0
Manchester Airport Car Park Investment	3,700	1,900	0	0	0
FC United	250	0	0	0	0
VCSE Small premises works	0	500	500	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000				
Total Corporate Capital Programme	15,364	26,235	5,472	481	0
Inflation Fund	0	12,000	10,000	6,000	2,000
Total Manchester City Council Capital Programme	248,048	378,446	288,861	208,228	55,289
Projects carried out on behalf of Greater Manchester					
Housing Investment Fund	70,000	0	0	0	0
Total GM projects	70,000	0	0	0	0
Total CAPITAL PROGRAMME	318,048	378,446	288,861	208,228	55,289

Appendix 4 – Capital Financing Requirement and Forecast External Debt



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**Manchester City Council
Report for Resolution**

Report to:	Resources and Governance Scrutiny Committee – 4 February 2020 Executive – 12 February 2020
Subject:	Housing Revenue Account 2020/21 to 2022/23
Report of:	Strategic Director (Development) and Deputy Chief Executive & City Treasurer

Purpose of the Report

This report presents members with details on the proposed budget for the Housing Revenue Account (HRA) for 2020/21 and an indication of the 2021/22 and 2022/23 budgets.

It seeks approval for the 2020/21 HRA budget, and the proposed average rent increase of 2.7% for all properties, in line with Government guidance.

It is also proposed that the City Council continue with the policy of where rent is not yet at the formula rent level, then the rent will be revised to the formula rent level when the property is re-let.

Recommendations:

The Resources and Governance Scrutiny Committee is invited to review and comment on the HRA Budget.

The Executive is recommended to:

- a) Note the forecast 2019/20 HRA outturn as set out in section 4.
- b) Approve the 2020/21 HRA budget as presented in Appendix 1 and note the indicative budgets for 2021/22 and 2022/23.
- c) Approve the proposed 2.7% increase to dwelling rents, and delegate the setting of individual property rents, to the Director of Housing and Residential Growth and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.
- d) Approve the proposal that where the 2020/21 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is re-let.
- e) Approve the proposed 2020/21 changes for communal heating charges as detailed in paragraphs 5.15 to 5.19.

- f) Approve the proposed 2020/21 Northwards management fee as detailed in paragraphs 5.27 to 5.28.
- g) Approve the proposed increase in garage rental charges as outlined in paragraph 6.1

Wards Affected: Charlestown, Cheetham, Crumpsall, Harpurhey, Higher Blackley, Moston, parts of Ancoats and Clayton, Ardwick, Bradford and Miles Platting and Newton Heath

Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A healthy and fit for purpose affordable housing market will support a functioning local and sub regional economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Access to appropriate affordable housing and services will support residents to achieve and contribute to the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The supply of affordable good quality homes will provide the opportunity for Manchester residents to raise their individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit and work.	The right mix of affordable quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the City and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	Affordable social housing plays an important part in ensuring that there are neighbourhoods where people will choose to live and their housing needs and aspirations are met.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Expenditure and income on the provision of Council housing must be contained within the Housing Revenue Account which is a ring fenced budget separate to the Council's General Fund. Whilst HRA expenditure can exceed income in any given year, the HRA overall cannot go into deficit. The recommendations in this report will determine the financial plan for 2020/2021 – 2022/23 and the impact on the overall financial model for the HRA over a 30 year period.

The HRA financial plan covers a rolling period of 30 years and is made up of rental income, Private Finance Initiative (PFI) grant and heating charges, which must be used for the purpose of funding the costs of managing and maintaining HRA assets. The amount of income in the HRA in 2020-21 excluding monies from reserves is forecast to be approximately £86m.

Financial Consequences – Capital

Within the proposed HRA budget a mandatory charge for depreciation is made, and this can be used to either fund capital expenditure or reduce housing debt. The 2020/21 HRA budget includes a forecast depreciation charge of £17m, which will be set aside to fund capital investment.

In addition to the depreciation charge there is around £60m capital funding proposed from revenue contributions over the 2020/21 - 2022/23. This report sets out the basic capital investment requirements for the next two years. There remain significant capital investment requirements if the Council is to achieve its requirements and ambitions in the areas of maintaining decent homes standards, achieving carbon reduction targets and continuing to maintain /increase the social housing stock within the City. It is likely therefore that the capital requirements will increase and this will need to be considered as part of the HRA Review.

From 2023/24 onwards the HRA budget currently includes an annual capital budget of £25m per annum.

The HRA budget already allows for the costs and implications of the following new build programmes:-

- Brunswick PFI Extra Care Scheme (2020/21)
- Silk Street (68 properties) (2020/21 - 2021/22)
- Collyhurst (130 properties) (2020/21 - 2021/22)

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Background documents (available for public inspection):

None

1. Introduction

- 1.1. The purpose of this report is to seek approval for the Housing Revenue Account (HRA) 2020/21 budget and provide members with recommendations for approval in respect of the 2020/21 tenants' rent, garage rents and communal heating charges.
- 1.2. This report sets out the HRA budgetary proposals for 2020/21, and the indicative position for 2021/22 and 2022/23. Furthermore, it highlights the current use of reserves, along with the risks that need to be managed.

2. Background

- 2.1. Since the introduction of Self Financing in April 2012 the Council has had to manage its housing stock on a similar basis to Registered Providers. This has entailed developing a rolling 30 year business plan, and reviewing the use of all existing assets to ensure that benefits are maximised.
- 2.2. In developing the 30 year business plan it is essential that the Council considers all risks, and ensures that any investment decisions are affordable both in the short and longer term.
- 2.3. In previous years there has been significant legislative change following the introduction of the Housing and Planning Act and Welfare Reform Act, in addition to this there have been policy changes that have affected the HRA budget, both in the short term, and in future years.
- 2.4. The imposition of a 1% annual rent cut for four years from 1st April 2016 has had a significant effect on available resources over the life of the plan through a loss of rent income and this reduced the HRA reserves position over the life of the business plan. The current business plan shows that reserves fall below the c£60m level required to avoid having to pay increased interest charges on debt in 2027/28, and the reserves are forecast to be exhausted by 2045/46. Although the current business plan does show a small deficit over the 30 years there are many variables that could impact upon the existing forecasts, in particular the level of future years rent increases and also the capital investment requirements, and in particular the additional investment requirement in respect of energy efficiency measures to support the Council in achieving its carbon neutral target by 2038.
- 2.5. Following the 4 years of annual 1% per cent rent reduction, the Government have agreed that rent policy for 5 years commencing 2020/21 can revert to the original rent policy of CPI +1%, and this is included within the proposed budget.
- 2.6. The HRA will be required to achieve further savings over the medium/long term in order to ensure that the HRA does not run into a deficit, and that there are sufficient resources available to support the capital investment needs over the life of the business plan.

3. Statutory Duties in Determining the HRA Budget Strategy

3.1. The rules governing the maintenance of the HRA were established pursuant to the Local Government and Housing Act 1989 and provide that:

- The Council must formulate proposals in respect of HRA income and expenditure for the financial year which, on the best assumptions and estimates that the Council is able to make at the time, ensure that the HRA does not show a debit balance;
- The Council is required to keep a HRA in accordance with proper practice. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is in balance taking one year with another.
- The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs and maintenance expenditure must be met from HRA income.

4. Budget Position 2019/20

4.1. The latest HRA forecast as at November 2019 shows that the forecast expenditure is £13.176m lower than budget, which would result in an in year surplus of £3.029m and this will be credited to the HRA reserves. The original 2019/20 HRA budget forecast a £10.147m withdrawal from reserves. The main reasons for this change in the current year are as follows:

- RCCO - £11.461m underspend – Mainly due to revised planned delivery timescales arising from consultation with tenants on a number of schemes involving multi story blocks (sprinklers, fire risk assessments, windows, and kitchen/bathroom replacement).
- Housing Rents - £139k overspend – Rental income is lower than anticipated following delays in the construction of new build properties.
- Contractor payments - £1.594 underspend – Expenditure on the Brunswick scheme is £0.622m lower than budgeted and around £0.900m due to slippage on the planned installation of sprinklers.
- Other minor underspends totalling £260k.

5. Budget Strategy 2020/21 - 2022/23

5.1 The HRA financial plan has been prepared taking into account all known changes to housing stock numbers, ongoing management arrangements, proposed investment needs and assumptions in line with the City Council medium term financial plan around pay and inflationary increases. It also takes into account the impact of Welfare Reform which commenced in April 2013 on rent collection levels, and will continue to be rolled out over the next few years. To date the anticipated reduction in rental income has not materialised but the position will continue to be monitored closely and the implications reflected within the HRA business plan.

5.2 The HRA budget shows statutory compliance in that a surplus is forecast (before the use of reserves to fund capital works) at the end of each year

within the three year budget strategy period. However, due to a number of factors including the Government's imposed 1% rent reduction over four years from 2016/17, the impact of the Grenfell Tower fire disaster, and the Council's ambition to become a zero carbon City, the HRA does currently forecast a small deficit from 2032/33 onwards based on current assumptions. Work is ongoing to review all HRA expenditure in order that efficiencies can be identified to ensure that reserves are retained and the investment requirements for the HRA are delivered.

Management of Housing Stock and Implications of "Right to Buy"

- 5.3 The Council continues to own and manage just under 16,000 properties within the HRA under various arrangements. These include three PFI schemes and stock managed by either Northwards Housing or other Registered Providers (RPs). In the current financial year Right to Buy Sales (RTB) of around 193 properties are being forecast. This is more than the number sold in 2018/19 and it is assumed the RTB numbers will remain at a similar level to the current year (1.25%) for the next five years of the Business Plan, before dropping back to 1% for the remaining years of the plan. This will reduce the level of rent income achieved and the number of sales will continue to be closely monitored.
- 5.4 The table at Appendix 1 provides a detailed analysis of the overall proposed 2020/21 budget which is forecasting an in year deficit of £18.441m and this will be funded through drawing down resources from the HRA reserves. This is mainly due to the level of planned capital programme works and this does include slippage carried forward from the 2019/20.
- 5.5 The key budget assumptions used in preparing the HRA budget are as follows:

Rent Income

- 5.6 As a result of Government changes to the social rent policy, social rents have been reduced by 1% p.a. for the four year period 2016/17 to 2019/20 inclusive, although PFI properties were exempt, and those rents have been increased by CPI plus 1%.
- 5.7 The latest Government guidance allows Local Authorities to increase rents by a maximum of CPI plus 1% for the five year period 2020/21 to 2024/25, and CPI will be based on the September CPI rate. In September 2019 CPI was 1.7% and therefore this report seeks approval to increase tenant's rents for all properties by 2.7% with effect from April 2020.
- 5.8 For the c.1,000 properties where formula rent has not yet been achieved, if the property becomes vacant the rent will be increased to formula rent when the property is re-let.
- 5.9 The HRA budget has been prepared on this basis and would produce an average weekly rent (based on 52 weeks) of:

- General Needs £74.34
- Supported Housing £67.61
- PFI Managed £84.84

Other Income

5.10 Other income is forecast to be around £1.164m in 2019/20, and this is made up as follows:

- Non Dwelling Rents and Other Income includes:
 - Non Dwelling Rents – income from garage rents, rental income from shops and offices, ground rent and telecoms masts
 - Other Income and Contributions – Girobank charges, contributions towards grounds maintenance and solar panel income.
- Recharge to Homelessness – rental income in relation to HRA properties used by Homelessness
- VAT Shelter Credits – income from other RP's in relation to VAT recovery on repairs and maintenance costs following stock transfers. This income ceases in 2021/22.
- HRA Investment Income – the HRA receives income on balances held within the Council's bank account
- Income from Leaseholders (e.g. contribution to heating, cleaning, and repairs to communal areas)

Private Finance Initiative Allowances

5.11 As part of the original PFI negotiations for the Brunswick scheme, the Council agreed to make a capital contribution totalling £24m between 2014/15 and 2019/20 in order to realise savings of c.£48m over the life of the PFI contract, through lower annual Unitary payments. The contributions are linked to the programme of new build properties, and the capital contributions have slipped one year so 2020/21 will be the final year of making the agreed capital contributions and this is reflected in the proposed budget.

5.12 The three stock management PFI schemes in total generate income for the HRA in that income from rents and PFI credits is greater than the unitary charge payments. This budget proposes to continue to charge PFI rents in line with the original rent policy.

5.13 "Smoothing" reserve funds had been established for all the PFI contracts, these are set up to smooth the costs of the PFI over the duration of the scheme. Following the introduction of self-financing and the removal of the subsidy system, PFI rental income and grant can be used to fund the annual unitary charge, which removed the ongoing requirement to contribute towards a smoothing reserve.

5.14 The current PFI reserve will continue to remain frozen at £10m as at 31 March 2020 and will be used to part fund the outstanding HRA debt.

Communal Heating

- 5.15 In general, it is intended that gas charges are set to reflect the actual cost of gas consumed. However, there are reasons why in practice this is difficult to achieve:
- Charges are set based on anticipated charges for the following year and consumption from the previous year
 - Some of the heating systems are not efficient in operation, although work is ongoing to improve this position.
- 5.16 Communal heating gas is sourced as part of the City Council overall gas contract. The existing wholesale gas contract expires shortly, and latest prices indicate that the current wholesale gas price will reduce by 7% with effect from April 2020.
- 5.17 In order to ensure that the costs of gas used are recovered through the tariffs charged for tenants and residents on a scheme by scheme basis, it would be necessary to reduce the current heating charges by between 0% and 36%. The charges for 2019/20 were increased to reflect an increase in tariffs, but the increase was capped at 20%. Therefore it is proposed that the reduction in tariffs for 2020/21 is similarly capped at a maximum of 20% in order to smooth any potential changes arising from future increases to the costs of gas.
- 5.18 The proposed 2020/21 heating charges for each scheme are shown in Appendix 2 and this includes both 2018/19 and 2019/20 charges for comparison purposes. The table shows that all but 1 scheme proposed heating charges for 2020/21 will be lower than the 2018/19 rates.
- 5.19 There continues to be a programme of capital investment that looks to both improve energy efficiency of homes and reduce carbon. This will include upgrading or replacing existing communal heating equipment. The costs of gas used against the tariffs charged will continue to be monitored to ensure that the rates being charged are aligned.

Depreciation

- 5.20 Depreciation is a means of charging the cost of an asset to the revenue account over its remaining useful life. In accordance with accounting regulations, it is charged to the HRA as a transfer to Reserves where it can be used to fund capital expenditure or pay off debt. The proposed depreciation charge in 2020/21 is forecast to be £17.378m and this will be used to fund capital expenditure.

Debt Financing and Borrowing Costs

- 5.21 The 2020/21 opening HRA debt is anticipated to remain unchanged at £121.26m, and this is funded through a combination of market loans and internal funding through the use of reserves. The use of internal borrowing

supports the HRA through reducing the interest costs of borrowing, but it is important that any future investment decisions are carefully considered because if the reserves fall below the level of internally funded debt (c£60m), then interest charges will increase. This will be considered as part of any investment proposals that require use of the HRA reserves if the scheme appraisal would need to ensure that the increased costs of borrowing are factored into the project costs.

- 5.22 It should be noted that in October 2018, the Government announced the removal of Councils' HRA debt caps, which means that there is no upper limit to the level of debt that can be held, the only restriction being that the HRA business plan must demonstrate that any debt can be serviced without going into deficit.
- 5.23 Due to the change in Government policy and the imposed four year 1% rent reduction, the reduced rental income has reduced the forecast level of reserves, it is currently anticipated that the HRA reserves will fall below the £60m required to continue funding the proportion of debt in 2027/28 and this results in an increase in the interest costs charged to the HRA. This assumes no additional capital expenditure over and above what is assumed in the business plan. Unless savings are identified to mitigate the rent reduction, the costs of borrowing within the HRA will increase.
- 5.24 The HRA is making provision only for the interest repayments in relation to the outstanding debt. Consideration will need to be given to refinancing the debts as and when the debts become repayable this will be considered as part of the treasury management strategy.

Provision for Bad Debts

- 5.25 Due to the continued roll out of Universal Credit and the anticipated impact on residents the business plan has made prudent provision for an increased contribution towards the provision for bad debts. The forecast reduced rent collection has not materialised to date, and this is in part due to the delays in rolling out the Universal Credit scheme and also because of the good work undertaken with tenants to provide help and support in order to assist tenants manage the impact of the changes. Despite the continuing good rent collection performance, the further roll out of Universal Credit may impact on rent collection rates in later years. The contribution to the bad debt provision will remain at the 2019/20 actual rate of 1% in 2020/21 and will then be increased annually by 0.5% from 2021/22 until 2023/24 at which point it will peak at 2.5%, it is then planned to reduce by 0.5% per year until it levels out at 1.5% for the remainder of the plan. This is to reflect the ongoing work that will be done with residents to manage the impact of welfare reform.
- 5.26 The full implications of Welfare Reform will be kept under review as it is rolled out and the bad debt provision requirements adjusted accordingly.

Northwards Management Fee

- 5.27 As part of the 2018/19 budget Executive approved a two year annual 1% reduction in the Northwards management fee for both 2018/19 and 2019/20, and this was aligned to the rent reductions. It is proposed that the Northwards management fee for 2020/21 is increased to reflect the costs of pay awards in 2020/21 and this equates to a rise of 1.55% or £315k in 2020/21. Similar assumptions have also been made for future years of the business plan, although these will be approved as part of future budget rounds.
- 5.28 Due to the prior year 1% reduction in the management fee Northwards have been required to fund any inflationary increases during this period, they have achieved this through a combination of making use of their own reserves and identifying efficiencies within their existing budgets. In order to ensure that Northwards have a sustainable budget going forward Northwards have been requested to identify efficiencies that will remove the need for use of reserves, and ensure their budget is sustainable ongoing.
- 5.29 The interim Director of Housing is currently undertaking a review of the HRA and this does include all existing management arrangements for the stock. It is expected that this review will be completed before the end of the current financial year and as part of this review the financial implications for the business plan will be considered. It should be noted that this review will pick up all Policy and Strategy requirements of the HRA business plan and will therefore change current projections. There are none of these assumptions currently included as part of this budget report, and details will be reported back to members once they have been worked through.

Other Expenditure

- 5.30 Details of other expenditure as shown in appendix 1 is as follows:
- Retained Stock Maintenance & Repairs – this covers repairs to offices, environmental works, and some lift maintenance
 - Supervision & Management – this covers the City Council costs of managing the HRA, including the cost of staff in Strategic Housing (HRA related), corporate, central and departmental recharges, and other miscellaneous costs.
 - Other management arrangements – stock management fee to the two Tenant Management Organisations (415 properties), Guinness Partnership (171 properties in West Gorton) and Peaks and Plains (11 properties in Alderley Edge)
 - Council Tax – on properties held empty for demolition
 - Insurance costs – The annual contribution to the HRA insurance reserve
 - Revenue Contribution to Capital Outlay – this is where funds held within the HRA are set aside to contribute towards the cost of capital works (in addition to Depreciation).

Inflationary Assumptions

- 5.31 The HRA budget includes inflationary assumptions in line with the Council's current assumptions in relation to pay and prices. The majority of inflation in the business plan is linked to the consumer price index rate (CPI), which the Office for Budget Responsibility has forecast will dip to 1.9 per cent in 2020, returning to the 2 per cent target thereafter. The business plan assumes a 2% CPI rate for each of the next 30 years.

This inflationary increase will only be applied to costs that are not already known, currently the rent income, the PFI unitary charges, and the Northwards management fee are known for 2020/21, so the 2% will only apply to a small proportion of the HRA costs.

6. Garage Rents

- 6.1 In 2015/16 as part of the budget strategy it was agreed that garage rents should be brought in line with dwelling rents in respect of the increases that had been applied. To achieve this, it was agreed that garage rents were to be increased by an additional 3.92% to the annual increase applied to dwelling rents, for the five year period 2015/16- 2019/20. In order to ensure that the increase applied to garage rents remains in line with that applied to dwelling rents, it is proposed that 2020/21 garage rents increase by 2.7%, and the impact of the increase is shown in the table below:

	Annual Charge 2019/20	Weekly Charge 2019/20	Proposed Weekly Charge 2020/21	Proposed Weekly Increase
Site Only	£96.20	£1.85	£1.90	£0.05
Prefabricated	£213.72	£4.11	£4.22	£0.11
Brick Built	£251.16	£4.83	£4.96	£0.13

7. Reserves Forecast

- 7.1 Current projections show the HRA will not generate sufficient annual surpluses over the duration of the business plan to service the debt and maintain a positive balance. Based on the current assumptions within the plan, the HRA continues to hold reserves greater than £60m in order to avoid paying an increased amount of interest for the next eight years, but after that it incurs additional costs and moves into a deficit position in 26 years time and work is required in order to ensure this is remedied.
- 7.3 The table below sets out details of the anticipated HRA reserves position, over the next three years if there are no additional investment proposals above the approved amounts included for RCCO and the contribution towards Brunswick capital costs. Given the low interest rates payable on balances, the HRA is currently using around £60m of its own reserves to internally fund part of the HRA debt rather than take out external borrowing. This provides annual interest savings of around £2.4m per annum. The continuation of this

arrangement will need to be considered if any investment proposals are to be funded by the use of reserves. The current plan shows reserve levels falling to zero in 2032/33.

Reserves Forecast 2019/20 to 2022/23

- 7.4 The table below sets out the forecast reserves position for 2019/20 and the next three years. Based on the November forecast position the HRA closing reserves are forecast to be £110.4m, but these are forecast to reduce by over £18m in 2020/21 and further reductions in the following two years. The reductions in reserves relates predominantly to the ongoing capital investment proposals.

Reserve Description	2019/20 (Forecast)	2020/21	2021/22	2022/23
	£000	£000	£000	£000
General Reserve (including Major Repairs reserve)	74,605	56,447	42,231	27,963
Insurance Reserve	1,789	1,506	1,706	1,906
Residual Liabilities Fund	24,000	24,000	24,000	24,000
PFI Reserve	10,000	10,000	10,000	10,000
Total Reserves	110,394	91,953	77,937	63,869

- 7.5 The Residual Liabilities Fund was established to cover any potential environmental and other risks associated with the large and small scale voluntary transfers that have taken place during the past 15 years. There is no reason to change the level of reserve from that recommended in an independent report previously commissioned, and therefore the fund balance will be held at £24m for 2020/21.
- 7.6 Within the general reserve there is also a separately held HRA Insurance Reserve. This is required to ensure compliance with the ringfencing requirements. The balance required is determined by the likely liabilities arising from claims settled in any one year, there is an annual contribution to the reserve assumed within the current proposed HRA budget.

8. Conclusions

- 8.1. The proposals contained in this report seek to ensure that the HRA business plan provides a sound basis of managing the existing stock, whilst also identifying the potential risks that need to be monitored on an ongoing basis.
- 8.2. The budget proposals will allow for continued service delivery and investment within the existing stock and development of new HRA stock within the confines of the available resources.

- 8.3. Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the HRA does not result in a debit balance. The proposed budget for 2020/21, together with the indicative budget for the following two years, is attached at Appendix 1 and shows this provision being met (before proposed use of reserves to fund capital works).
- 8.4. The HRA continues to hold a prudent level of reserves that enables continued savings on HRA costs through self-funding part of the HRA debt. There is also an increase in the planned level of capital works over the 3 year period 2020/21 – 2022/23 that is partly funded from the existing HRA reserves.
- 8.5. Based on forecasts, over the next three years the HRA can continue to fund existing debts, together with the ongoing management and maintenance costs whilst also maintaining a positive reserves position. The reserves provide longer term benefits to the HRA through debt financing, reducing the overall interest payable, and contributing towards increased resources available for further investment in the longer term. The medium/longer term forecast position has been affected significantly by the four year reduction in rents as mentioned previously.

9. Key Policies and Considerations

(a) Equal Opportunities

The rents have been set in line with the Government's guideline rent.

(b) Risk Management

Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the Housing Revenue Account does not result in a debit balance. The proposed change in rents and identification of savings within this report, together with regular budget monitoring will assist in managing this risk over the short term. Work will continue to ensure that the HRA remains viable in the longer term.

(c) Legal Considerations

The City Solicitor has reviewed this report and is satisfied that any legal considerations have been incorporated within the body of the report.

Appendix 1 – Housing Revenue Account Budget 2019/20 – 2022/23

	2019/20 (Forecast)	2020/21	2021/22	2022/23	See Para.
	£000	£000	£000	£000	
Income					
Housing Rents	-59,775	-60,881	-62,030	-63,497	5.6
Heating Income	-754	-600	-612	-625	5.15
PFI Credit	-23,586	-23,374	-23,374	-23,374	5.1
Other Income	-1,164	-1,281	-1,203	-1,069	5.10
Funding from General HRA Reserve	3,029	-18,441	-14,016	-14,068	7.1
Total Income	-82,250	-104,577	-101,235	-102,633	
Expenditure					
Northwards R&M & Management Fee	20,379	20,694	20,984	21,455	5.27
PFI Contractor Payments	31,824	36,296	32,599	31,639	5.1
Communal Heating	858	584	595	607	5.15
Supervision and Management	5,020	5,223	5,291	5,360	5.29
Contribution to Bad Debts	504	613	937	1,279	5.25
Depreciation	17,279	17,378	17,517	17,785	5.20
Other Expenditure	1,295	1,169	1,189	1,016	5.29
RCCO	2,287	19,841	19,360	20,762	5.29
Interest Payable and similar charges	2,804	2,779	2,763	2,730	5.2
Total Expenditure	82,250	104,577	101,235	102,633	
Total Reserves:					
Opening Balance	-107,365	-110,394	-91,953	-77,937	7.1
Funding (from)/to Revenue	-3,029	18,441	14,016	14,068	
Closing Balance	-110,394	-91,953	-77,937	-63,869	

Appendix 2 – Proposed Heating Tariffs

The table below shows the proposed heating charges for 2020/21 after applying reductions varying from 0% to a capped maximum of 20%. The point of sale customers purchase units of heat via their top up card, whilst the tenants who pay by their rent pay a set weekly fee for their heat and the overall usage is taken into account when calculating future years' charges.

Pay by Rents:

Property Type	Area/Scheme	Est. Property Numbers 19/20	18/19 Weekly Charge	19/20 Weekly Charge	20/21 Proposed Weekly Charge	% Reduction
Flat 1 Bed	Grove Village Tenants	12	£7.65	£9.01	£7.48	17%
House 2 Bed	Grove Village Tenants	58	£9.45	£11.13	£9.24	17%
House 3 Bed	Grove Village Tenants	85	£11.94	£14.07	£11.67	17%
House 4 Bed	Grove Village Tenants	23	£13.78	£16.23	£13.47	17%
Flat 1 Bed	Northwards Sheltered - Boiler Supply	116	£5.57	£6.68	£5.39	19%
Flat 2 Bed	Northwards Sheltered - Boiler Supply	67	£6.76	£8.11	£6.61	19%
Flat 1 Bed	Northwards Sheltered - Other supply	14	£5.57	£6.68	£5.39	19%
Flat 2 Bed	Northwards Sheltered - Other supply	11	£6.76	£8.11	£6.61	19%
2/4 Block	Northwards 2/4 Blocks - All Others	117	£5.61	£6.74	£5.39	20%
2/4 Block	Northwards 2/4 Blocks - Fuel Supp.	34	£0.48	£0.58	£0.46	20%
Multistorey Flat	Northwards - Multistorey - Sandyhill	37	£5.47	£6.56	£6.56	0%
Type A	Northwards - Victoria Square	52	£7.13	£8.56	£6.85	20%
Type B	Northwards - Victoria Square	51	£7.67	£9.20	£7.36	20%

Type C	Northwards - Victoria Square	15	£8.25	£9.90	£7.92	20%
Type D	Northwards - Victoria Square	33	£8.57	£10.28	£8.22	20%
Type E	Northwards - Victoria Square	13	£10.98	£13.17	£10.54	20%
Caretaker	Northwards - Victoria Square	1	£13.15	£15.78	£12.62	20%
Flat 1 Bed	Brunswick Sheltered	29	£5.57	£6.68	£5.39	19%
Flat 2 Bed	Brunswick Sheltered	1	£6.76	£8.11	£6.61	19%

Point of Sale:

Scheme	Estimated Property Numbers 19/20	18/19 Charge (per unit of heat)	19/20 Charge (per unit of heat)	20/21 Proposed Charge (per unit of heat)	% Reduction
Grove Village	318	5.91p	6.96p	5.78p	17%
MECO	288	8.13p	9.76p	7.81p	20%
Northwards Multistorey	444	7.36p	8.83p	7.06p	20%
Victoria Avenue (removed Wbeck)	470	5.43p	6.52p	5.22p	20%
Brunswick Multistorey	257	8.13p	9.76p	9.76p	0%

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Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee - 4 February 2020

Subject: ICT Update

Report of: Interim Director of ICT

Summary

The Committee to receive a report on the proposed reshaping of Council's Information and Data Strategy and to include an update on the resilience of the Council's IT service provision. The report will be divided into the following sections:

- ICT Resilience
 - Data Centre Programme
 - Network Refresh Programme
 - Telephony replacement
- Collaboration Programme
- Liquid Logic
- Work to be undertaken to refresh the corporate IT Strategy

Recommendation

Members are requested to note the report.

Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable)

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	n/a
A highly skilled city: world class and home grown talent sustaining the city's economic success	Through the acquisition of new technologies and services Manchester may attract investment as companies look to get a presence in the city
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	ICT will look to support communities through Social Value initiatives with new and existing suppliers.

A liveable and low carbon city: a destination of choice to live, visit, work	ICT will look to support carbon reduction through the use of technology as well as suppliers who demonstrate good practice in this space.
A connected city: world class infrastructure and connectivity to drive growth	ICT is upgrading all council buildings with fit for purpose network and WiFi.

Contact Officers:

Name: Ian Grant
 Position: Interim Director of ICT
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Background documents (available for public inspection):

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

- Our ICT Strategy 2016-2019
- ICT Investment Plan
- PSN certificate

1. Introduction

- 1.1 The Manchester ICT service is progressing well with the planned ICT strategy for 2019/20. 2019/20 is, and continues to be a challenging year including a significant amount of work around the resilience for Manchester's IT network and service, including the Data Centre Programme as well as the replacement on one of the Council's core systems with the migration of MiCare to Liquid Logic.
- 1.2 The report will focus on key projects that are critical to providing this resilience to Manchester.

2. Update on the ICT Service

PSN

- 2.1 The PSN is the government's high-performance network, which helps public sector organisations work together, reduce duplication and share resources.
- 2.2 The Council received PSN Compliance by the Cabinet Office in May 2019.
- 2.3 As part of the ongoing process ICT support teams continue to remediate the latest reported critical and high priority issues as identified in our last IT Health Check, some critical and high priority issues will remain at the point of re-submission but ICT support teams will mitigate and minimise the identified risk wherever possible. These issues will only be fully remediated upon the successful delivery of key strategic ICT projects and solutions. (examples projects include Telephony, Office 365, Compliance etc)
- 2.4 It needs to be noted that both Microsoft Windows 7 and Server 2008 have now gone out of support since 14th January 2020. ICT has migrated all possible end user devices and backend servers ahead of this end of support date (less than 1% remain active). Where platforms could not be migrated or updated due to key application dependencies or business processes, ICT has further mitigated this issue by purchasing extended support from Microsoft for these otherwise out of support platforms. This extended support will provide the ability to apply monthly Security updates and patches to these critical systems. This tactical and temporary control will only remain until the successful project delivery and decommission of dependant legacy services
- 2.5 The Security team maintains a regular dialog and communication with the Cabinet Office. This method has been highly effective in demonstrating our current progress to-date against identified remediation activities. This continuous update approach helps maintain communication and allows direct input from the Cabinet Office to support the Council's PSN submission in April 2020 and beyond.

Update on resilience and key projects

- 2.6 The priority for ICT is the provision of fit for purpose, secure by design and resilient technology to enable the delivery of better public services.

Data Centre Programme

- 2.7 The ICT Data Centre Strategy outlines the replacement of our existing core infrastructure and our current single data centre site. The strategy and associated work addresses a corporate risk by remediating single points of failure by moving to a new data centre solution hosted across two separate data centre facilities to provide dual connectivity providing the foundation for a more robust and resilient disaster recovery solution that will significantly reduce recovery times in the event of a critical failure and will help protect the availability of business-critical services.
- 2.8 The replacement of the core infrastructure with the investment and introduction of new technology for our virtual server hosting, and a new backup and storage solution is now in place. The final migration of applications to this new infrastructure was our finance and HR system, SAP which was completed in November 2019.
- 2.9 The previously reported Sharp exit date of February 2020 is now no longer achievable due to a number of issues with design sign-off, supplier delays, and snap General Election change freeze, all of which impacted the start date of the migration activities.
- 2.10 Since migrations started in late November some non-business impacting services and data storage migrations have safely taken place.
- 2.11 We have discovered an issue with the network design and in the interests of protecting live services the collective decision has been reached to pause migrations whilst the issue is rectified. We are awaiting a detailed timetable from the lead supplier with resolution timescales. Once this work is complete, estimated at a couple of weeks, migrations will then proceed.
- 2.12 To get the project back on the critical path to limit the impact to timescales and budget, a focus has been placed on options to migrate our critical business applications, bringing the total migration to approximately 80% of council services before the financial year end (end of March 2020). This will mean, some migration activities may need to take place during the working week which will cause disruption to service availability. This will be in agreement with the services affected and following an assessment of any risk and business requirements.
- 2.13 Our telephony, internet and final network services migration activities will then continue throughout April. Regular progress updates will be reported via the well established, business led Data Centre Steering Group.

- 2.14 If the migration activity does not proceed to plan due to any further issues encountered or if ICT are unable to secure sufficient migration windows during financial year-end activities then the programme may need to be paused until a later time which could move the exit date to June 2020.

The Network Refresh Programme (NRP)

- 2.15 This work will be carried out through 2019 - 2023 and is critical for the ongoing performance and resilience of the networks operating within MCC. It will be the first total refresh of the entire infrastructure. The total programme value is £8.6m.
- 2.16 An extension to the Daisy public WiFi (BusyBee) service was established in November 2019. The flexible nature of the contract will allow us to gradually expand and replace the existing service with a new corporate solution, with no costs for early termination.
- 2.17 The development of the tactical GovRoam solution has now been completed. Final preparations for go-live are taking place; go-live date will be scheduled to fit around Data Centre migration activities.
- 2.18 The procurement of a delivery partner for the LAN Refresh project will be done via the Crown Commercial Services (CCS) Framework. ICT has been in close engagement with colleagues from Finance, Procurement, Legal, and Work & Skills to compile the tender documentation, which is now in the final stages of development. Carbon reduction initiatives will be specifically requested from vendors as part of their Social Value commitments. The procurement timeline has been scheduled to minimise disruption to Data Centre migration activities; ICT is actively engaging with the vendors on the CCS framework to maximise interest and participation in the tender exercise.

Telephony and Contact Centre

- 2.19 The current core telephony and contact centre systems become end of life March 2020 due to the manufacturer withdrawing support, a support contract is in place until March 2021 but this still represents a high risk to MCC.
- 2.20 ICT has undertaken a tender exercise for a replacement telephony system and the evaluation process and supplier due diligence is now complete. It is expected that a contract will be signed with our new supplier in February 2020, after which implementation will commence.
- 2.21 The estimated go live date will be March 2021, however, the project will confirm this after detailed planning discussions with the new provider after the contract has been awarded.

Liquidlogic Programme

- 2.22 The Liquidlogic suite of systems has now been operational for 6 months (since 23rd July 2019).
- 2.23 MCC are now in component 2 of the change programme (with system implementation now complete (component 1), with business change activity ongoing across Children's Social Care (CSC) and Adult Social Care (ASC).
- 2.24 Multi-disciplinary triage teams have been formed to support the adoption of Liquidlogic across both CSC and ASC. Alongside the triage teams, resource has been allocated to map business processes between CSC/ASC and Finance, which a) helps to align roles and responsibilities to the different components of the systems, and b) provides a foundation for future transformation (i.e. Baseline of all business activities).
- 2.25 Good progress is being made in CSC, with staff generally adapting well to the new ways of working that the systems bring. Work being completed includes confirming the relationships between placements, commissioning and finance teams, with work actively ongoing to refine ways of working (month-on-month improvements can be seen). The children's triage team is expected to close in February/March 2020, with the training team taking on the responsibility for much of what they do.
- 2.26 From an ASC perspective, the focus of work is currently centred on exploiting the new systems to transform the processes and timeliness of the commissioning and procurement of care packages from external providers. The implementation of Liquidlogic has enabled insight into the historic mismatches between some planned care recorded by the social worker and the actual services/costs commissioned with external providers. The Deputy Director of ASC is leading a change programme, which includes the introduction of a 'brokerage' service to resolve these issues. This is being informed by best practice from other authorities using Liquidlogic and holding a series of detailed workshops and focus groups across the whole service to ensure a futureproof way of working is identified and established. The Triage team (referred to in 2.20.) provides the current mitigation.
- 2.27 From an ICT perspective, the systems are stable, this is a considerable improvement on Micare, which encountered regular unplanned outages and was subject to almost constant performance issues.
- 2.28 In summary good progress is being made but there remain a number of issues to resolve. Children's Services will be ready to move to business as usual in late February/early March. The timeline for ASC will be longer with the need to learn from the implementation to date and the establishment of a brokerage function that will enable the current issues to be resolved. The leadership of the Deputy Director of ASC has started to drive much more substantive progress. The change management and any financial implications will be identified as part of the work outlined.

Collaboration

- 2.29 The Key Decision to approve the programme to support, progress and implement was made December 2019. The Council will adopt Microsoft technology for productivity, collaboration and communications and the associated costs, business and culture changes and timelines required for successful implementation.
- 2.30 This programme represents a significant change to the current complex and often traditional ways of working and the adoption will require an organisation-wide commitment to training, communication and stakeholder engagement to promote new ways of working.
- 2.31 Due to the complexity and the business change associated with introducing this new technology, this project will form part of the wider Our Transformation portfolio alongside other projects that will collectively transform the way in which we work.
- 2.32 The engagement with Microsoft Consulting Services has begun, with an initial kick-off meeting on 20th January 2020. Workshops to explore the scope of work and provide detailed planning are continuing, and clearer timescales are expected shortly. The planned completion of all activity is 28th September 2020.

IT Strategy Refresh

- 2.33 The current IT Strategy 2016-19 expires this year and needs to be refreshed to ensure that the Council has a modern and fit for purpose IT provision, designed around the corporate needs of the Council to deliver services and initiatives to residents of Manchester.
- 2.34 The interim Director of ICT is leading this work and reviewed the principle corporate strategy documents, including Our Manchester and the Corporate Plan. This will help shape the outcomes of the new strategy around enablement of those ambitions.
- 2.35 The first draft of this strategy was circulated in November 2019.
- 2.36 The strategy is designed as a statement of intent and objectives, specifying real world tangible deliverables that are designed solely for the good of Manchester and its residents. It will shape the capital investment in technology, applications and new approaches for the Council eg SAP strategy, as well as ensuring these technologies and partners support the desire to become a zero carbon city by 2038. It will speak about the ongoing and essential partnerships with MHCC and MLCO to foster closer working relationships, practices and seamless collaboration.
- 2.37 To ensure maximum buy-in it will be plain English, focused on enabling Manchester's ambitions and will become the 'rules of engagement' setting data and information standards and future innovation and ways of working.

Once ratified the IT Strategy will form one of the key documents alongside the Corporate Plan, People Strategy, revised MTFP and Capital Strategy for the council and ICT will then developed the detailed technology roadmap that is, in effect, the how we are going to deliver these strategic ambitions.

Cyber Security Update

- 2.38 The threat and impact of a Cyber attack impacting Council services remains a high risk, the Cyber Security team in conjunction with our Security Services partners continue to proactively monitor and protect our infrastructure, platforms and data from malicious activity and events whilst leveraging the NCSC Active Cyber Defence programme.
- 2.39 A vital component of our internal defence will always remain with our staff, people are commonly referred to as the “human firewall”, our staff provide the last line of defence when protecting our information and systems. Therefore it is essential that all our staff receive appropriate training to help inform their actions.
- 2.40 The Cyber Security team has developed and is starting to deliver a multi-layered Cyber Security Training and Awareness programme for everyone that has access to our IT systems. This programme includes:-
- A long term Cyber Security Communication plan
 - Mandatory “Core” Cyber Security e learning for all IT users
 - Face to Face Cyber Security Board Training for SMT
 - Group Cyber Security training for Senior Managers and Leaders
 - Cyber training for Councillors
- 2.41 As part of our ongoing assurance work, the Cyber Security team has recently conducted the second annual LGA Cyber Security assessments. In November 2019 the LGA provided a “Amber - Green” rating of Manchester City Council, this recognised the improvements made from the 2018 “Amber - Amber” rating. The report demonstrated that the Council has either maintained or improved its position in all 5 assessment sections.

3. ICT Finance Update

Revenue Budget Position.

- 3.1 The ICT 2019/20 revenue budget is £13.478m and this is net of the £0.605m savings that were approved as part of the current year budget process. As at the end of November (Period 8) ICT are forecasting an underspend of £420k, this is unchanged from the previous update to scrutiny. The forecast underspend is largely due to net savings on staffing costs of c£300k which has arisen mainly from a combination of vacant posts and savings from staff not being at top of grade.

Capital Budget Position

- 3.2 The revised 2019/20 ICT investment plan budget is £9.5m, and the current year forecast spend is £8.8m, the table below provides a breakdown of the investment programme across both the current financial year and the life of the programme.

Project	19/20 Approved Budget £m's	19/20 Revised Budget £m's	19/20 Forecast £m's	19/20 Variance £m's	All Years Budget £m's	All Years Forecast £m's
New Social Care System	0.5	1.7	1.7	0	3.7	3.7
Data Centre Programme	2.0	3.2	3.4	(0.2)	4.4	4.6
Communications Room	0.5	0.1	0.1	0.1	6.5	6.5
End User Experience	0	0.1	0.2	(0.1)	1.8	1.8
EYES Project	0	0.9	0.9	0	2.2	2.2
ICT Unallocated Capital	8.8	0	0	0	23.8	23.8
Other Projects	2.2	3.5	2.4	0.9	15.9	19.3
Total ICT Investment	14.0	9.5	8.8	0.7	58.2	58.2

4. Conclusion

- 4.1 The ICT Service continues to focus on delivering value to the Council and ensuring we have the right technology and systems to support what we do for our residents.
- 4.2 The ongoing work and the refreshed strategy is coming to a conclusion.

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**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee

Subject: Delivering the Our Manchester Strategy:

Report of: Executive Member for Finance and Human Resources

Summary

This report provides an overview of work undertaken and vision towards the delivery of the Council's priorities as set out in Our Manchester Strategy that are aligned with the Manifesto in those areas within the portfolio of the Executive Member for Finance and Human Resources.

Recommendations

The Committee is asked to note the report.

Contact:

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1. Introduction

- 1.1 The Our Manchester Strategy was formally adopted by the Council in January 2016 and sets the ambitions for the city for the next ten years, to 2025, for Manchester to be:
- Thriving – creating great jobs and healthy businesses
 - Filled with talent – both home-grown talent and attracting the best in the world
 - Fair – with equal chances for all to unlock their potential
 - A great place to live – with lots of things to do
 - Buzzing with connections – including world-class transport and broadband
- 1.2 Executive Members are collectively and individually responsible for supporting the delivery of the Our Manchester Strategy and for providing political oversight and direction to officers for better outcomes for Manchester residents. In May, the Executive published its collective political priorities in the Labour Party's Our Manchester Manifesto. Individual Executive Members, all of which are aligned to the Our Manchester Strategy have aligned their priorities to the manifesto.
- 1.3 This report sets out how I as the Executive Member for Finance and Human Resources aim to update Committee on work since my last report and inform the committee of my priorities for the next 12 months. This is the second of a twice yearly report to Committee this financial year, with reports being submitted to Scrutiny Committees at their July and February meeting.

2. Executive Member for Finance and Human Resources

- 2.1 As the Executive Member for Finance and Human resources I have responsibility for the Council's Finances, Budget, Council Tax and Benefits, Resource Procurement, Performance, ICT, Capital Programmes, Social Value and Digital Transformation.
- 2.2 In addition to being the lead portfolio holder in the above areas, I also sit on the boards of some of the Council's other major projects. Such as:
- Town Hall Transformation (OTH board);
 - The Factory;
 - MCDA (Manchester Creative Digital Assets); and
 - MHCC Finance Board.
- 2.3 In Line with the 2019 Manifesto and the Our Manchester Strategy I will be responsible for delivering the above with an emphasis on the following priorities:
- Delivering the final year of the budget settlement focusing on Our Manchester Objectives;

- Social Value and best value for money;
- Ensuring we protect Manchester residents against the cuts; and
- Supporting HR deliver the objectives of the 'Our People' Strategy.

3. Objectives over the next 12 Months

Budget

- 3.1 In March 2017 the Council set its three year budget based around the Central Government allocation which required the council to make cuts of a further £35m from council resources over this period. This is in addition to the previous round of cuts which started in 2010 with the coalition government. Between 2010/11 to 2019/20 the council has had to make £372m of cuts and lost almost 4000 FTE, approximately 40% of the workforce. This is at a time when Manchester has a growing population, and seen a national shortfall in local government resources, including Health and Social Care, all of which have put considerable pressure on the council's budget.
- 3.2 Due to the Government's inability to focus on issues outside of Brexit, the Council will only be setting a one year budget for 2020/21. If we are to deliver the manifesto for Manchester residents, it is vital that we ensure this one year budget is delivered whilst being mindful of what is likely to be a longer settlement the year after. The Manchester Labour Manifesto is ambitious, but more importantly it reflects the priorities of Manchester residents, and the continuation of the three year budget should reflect that.
- 3.3 The projected overspend for the 2019/20 budget reflects the pressures the city faces, and as of period 8, this stands at £4.2m. Whilst this was an improvement from my report in July 2019, there is still significant budget overspends in Children's Services (£2.560m overspend) and Adult Services (£6.791m overspend) whilst Homelessness/Welfare Reforms are now at break even.
- 3.4 Whilst work is underway to balance next year's budget, pressures on those directorates mentioned still remain, mainly due to demand for services remaining high and the level of complexity. Unfortunately, whilst next year's budget is in its final round of scrutiny before going to Full Council for approval, planning beyond this remains difficult given the level of uncertainty around the Spending Review, Fair Funding Review (FFR) and the Business Rates Retention review. Indicative analysis of the Government FFR shows that metropolitan authorities like Manchester will suffer at the benefit of shires. Some rough modelling of the Adult Social Care formula could reduce the Council's ASC budget c£22m alone, with other elements of the FFR to be calculated.

I will be leading the work with the Deputy Chief Executive and City Treasurer and other members of the Executive to plan as effectively as possible for a budget for 2020/21 and how we look to mitigate the inevitable cuts from central government

for the following years.

Social Value and Ethical Procurement

- 3.5 Manchester has one of, if not the best Social Value (SV) and Ethical Procurement Policy in the country, with a SV procurement weighting of 20% alongside that of cost and quality. This is the highest of all authorities. Over the last 18 months I have driven our SV agenda putting this at the forefront of everything the council does. and will be hosting the annual SV summit in February 2020 with an already expected attendance of 110 representatives from local authorities.
- 3.6 In my last OMS update report, the committee was informed of the council working with the Living Wage Foundation to be accredited as a Living Wage employer. The Council has now been accredited and the award was presented to the Lord Mayor at full Council. It is displayed by the lifts near to Facilities Management.
- 3.7 Work is now underway with becoming a living wage city. This is not an easy accreditation but one which we should aspire to and prioritise. Cllr Sue Murphy (Deputy Leader) and myself have already hosted a business breakfast with our Anchor Institutions to begin discussions on how this can be achieved. Further updates of this progress will be reported back as and when progress is made.

Climate Change

- 3.8 Last year the council declared a Climate Emergency, building on the previous work set out in A Certain Future. Whilst the overarching strategy falls under the Executive Member for Environment, Planning and Transport, we all have a part to play in delivering this agenda. A significant amount of work has been carried out to date and procurement should play a big part in this, which is why last year I asked our Highways Team to trial 30% social value with 10% of the weighting being around environmental impact in some contracts. The outcome of this trial is still underway and will inform the planned roll out of the additional 10% social value weighting for the environment.

Ensuring we stand up for Manchester Citizens

- 3.9 Since the Lib-Dem Tory Coalition in 2010 central Government has made poor people poorer, and put those most in need of support at risk. The 2017 Budget consultation made it clear that residents of the city wanted the council to prioritise how we look after certain groups in our city, and in the Our Manchester approach The 2018 Manchester Labour Party Manifesto reflected this. We are all responsible for delivering this vision, however, as previously mentioned in the report certain manifesto priorities fall within the relevant portfolio holders brief.
- 3.10 The main role in the manifesto for the Executive Member for Finance and HR is supporting other Executive Members to deliver their priorities. However, one of the areas I have responsibility for is Revenue and Benefits. It is still too early to

show how much the empty property tax has supported the objectives and residents, but a report will be given later in the year which details the outcomes of how successful this has been. One of the areas I have worked on since my last report is extending the Welfare Protection Scheme to support those who move to other authorities who don't have access to public funds for items such as furniture. I will continue to explore ways in which we can support residents through the benefits system when they need it the most.

Supporting HR to deliver the objectives of the 'Our People' Strategy.

- 3.11 As the Committee is aware, last year the Director of HR moved on to become the Deputy Chief Executive in Bury. The post is currently filled by the interim Director of HR Helen Grantham. There was an exhaustive exercise to attempt to fill the post, however, we found that the applicants did not have the skill set required to fulfil an ever demanding role. We are currently restarting the recruitment process as well as reviewing how we grow our own from within HROD and develop the service from within
- 3.12 Since my last report to committee the 2019 b-Heard results have been analysed. These are in the process of being communicated to staff with a report due to go to the next HR Sub Committee. The headline figures are positive, with us clearly in the 'One to Watch' category. This is a further improvement since last year's results and has recognised the council as one of the top places to work.
- 3.13 Since the start of austerity, the council has lost 4,000 FTE, approximately 40% of the workforce. Our staff work tirelessly to support the city and residents with a reduced workforce and much less resource. Over the next 12 months I will continue to engage with staff and look at how we can support our staff and improve the offer to work here at the council.
- 3.14 The council has a great staff wellbeing offer and access to support, however, we must continue enhancing our wellbeing offer to help improve attendance and drive down absence.
- 3.15 Staff attendance will also remain a focus and along with the completion of Return to Works, we are currently looking at how this can be further supported with a bespoke approach being developed to support different service areas.
- 3.16 Last year the council had a huge success in its apprenticeships, exceeding all of the councils targets with the exception of our schools. We are hoping to build on this and find how we can ensure schools to do more around this alongside looking at how we grow our own.

Developing Digital Strategy and ICT

- 3.17 The Council has a target of becoming a world class city by 2025. A key component of this will be how we interact with our residents and how the

residents interact with the city. As a city we have the largest and fastest growing digital sector outside of London. We must harness the talent pool we have and use that to develop these interactions that keep the city relevant. If we are to become carbon neutral, we must also harness the technologies that are being produced today and support the technologies for tomorrow - we need to embrace the new economy of technology and ideas.

- 3.18 Over the coming months we will appoint a new Head of Digital Transformation to help develop this further. He/she will advise the Executive and SMT on how best we can develop a team and an ambitious agenda that will see visitors and residents share in the city's growth and experiences.
- 3.19 Whilst there is an update elsewhere on the agenda, it should be pointed out that over the coming months we will see some big changes in ICT with the completion of the data centre and the move away from Google and introduction of Microsoft 365. I will be ensuring that both of these are done in a way of least disruption.

4. Conclusion

- 4.1 The report has detailed some of the activities I have taken in the last 12 months, but, whilst not an exhaustive list, it also sets out some of the priorities I am undertaking over the coming 12 months. The ultimate priority is unequivocally ensuring that we get the best deal for Manchester residents and allow them to partake in the city's success.

Legal Services

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Presentation to Resources & Governance Scrutiny
Committee

Fiona Ledden - City Solicitor
Jacqui Dennis - Deputy City Solicitor

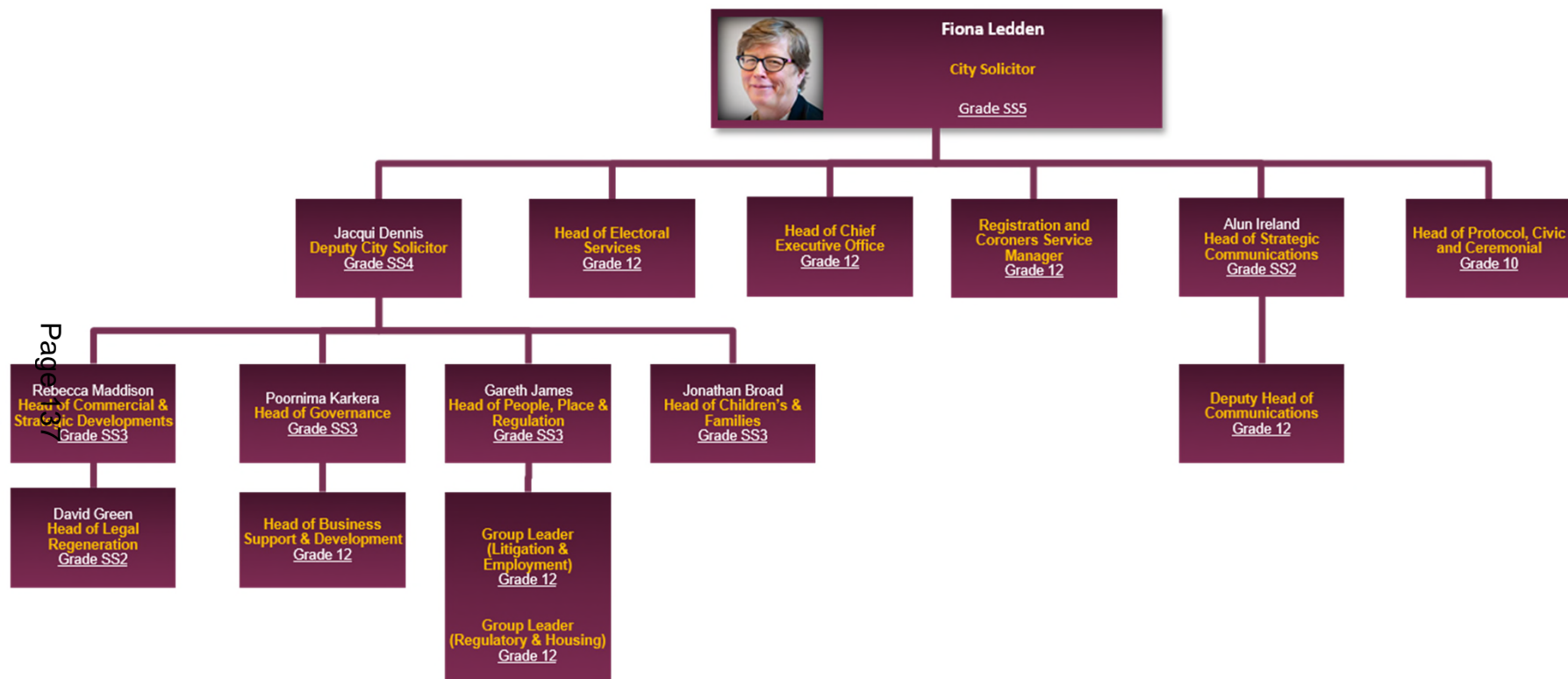


Legal Services Structure & Teams

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Legal Services- Senior Structure Chart



City Solicitors/Legal Services

Teams that work within the Legal Services

Legal Services:

- Children & Families
- People Place & Regulation
- Regeneration
- Governance

City Solicitors:

- Strategic Communications
- Elections Team
- Civic & Ceremonial
- Coroners & Registrars

Legal Services : Our Teams

Children & Families

- Pre proceedings team
- Court team
- Advocacy unit
- Disclosure team
- FTE - 64

People Place & Regulation

- Litigation & debt recovery,
- Employment
- Regulatory and enforcement
- Housing
- Community services
- FTE - 61

Legal Services : Our Teams

Regeneration

- Commercial
- Property
- Physical infrastructure group (Planning and highways)
- FTE - 51

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Governance

- Democratic legal services
- Governance and scrutiny support
- Executive and Members Services
- FTE - 58

What do legal services do?

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MANCHESTER
CITY COUNCIL



Item 10

What work do the teams do?

People Place and Regulation

Where judicial review proceedings against councils are contemplated or commenced, e.g. by a letter of claim challenging the decision not to accommodate. We are able to provide technical support throughout: the generation of documents and pleadings, leading to representation at court.

We have a number of experienced and knowledgeable solicitors and legal officers in this area of work with a mix of local government and private practice experience. We act for a number of housing trusts as well as councils and their own ALMOs. We are highly skilled at identifying and separating the genuine cases from the speculative, defending the speculative and bringing genuine cases to a cost-effective and speedy conclusion.

The team deals with a variety of estate management issues, including applying for injunctions for access for repairs, as well as annual gas inspections and maintenance of properties, in particular the upkeep of gardens to a reasonable standard. We send warning letters and letters of claim, and issue court proceedings where necessary.

Much the required advocacy in the County Court and the Magistrates' Court is undertaken by the team in-house, avoiding fees for barristers whenever possible.

What work do the teams do?

People Place and Regulation

Litigation

We defend all litigation claims brought against the authority from highways trips and slips claims to high value complex cases for example historic mesothelioma cases

We are one of few local authorities to conduct high value claims in house - we are independently audited annually by our Insurers - this allows us to provide a cost effective in house service and employ specialist high level senior Litigators

What work do the teams do?

Community

- All aspects of Adult social care. Court of protection, mental capacity matters, ordinary resident disputes.
- Protecting the most vulnerable adults - advise the Adults safeguarding Board
- Judicial review
- Inquest support and advice
- Children with SEN
- Child to adult transitional issues
- Cases with individuals with no recourse to public funds

What work do the teams do?

Employment

The team works closely with HROD and other Council departments. It provides advice and representation to the Council and to schools on the following areas.

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- Strategic advice to directorates on employment advice and restructuring of departments
- TUPE
- Dismissal
- Employment contracts
- Discrimination
- Equal Pay
- Disciplinary and grievance procedure
- Defence of tribunal claims

What work do the teams do?

Housing and Neighbour Nuisance

Provides legal advice, assistance and representation on the following areas:

- General housing
- Housing
- Anti-social behaviour
- Possession
- Housing Disrepair
- Homelessness

The team provides advice to Council departments and external clients, including RSLs.

What work do the teams do?

Regulatory

- Advice to Licensing Committee and subcommittees/licensing panel meetings
- Formulation of policy across all regulatory areas including licensing and gaming policies, taxi and street trading regulation
- Environmental crimes - Prosecuted for fly tipping and littering offences
- Prosecutions for breaches of trading standards legislation counterfeiting, toy safety, taxi offences, non attendance at school, blue badge misuse, animal welfare, building and planning enforcement HMO regulation
- Advocacy retained in house

What work do the teams do?

Governance Group

Democratic legal team provides legal support to the Council's decision making and democratic processes, and advises on all constitutional matters and under takes the annual review of the constitution.

The Group also advises on information governance, including Data Protection, Freedom of Information and RIPA matters. It supports the standards Committee.

Provision of legal support to the delivery of elections

It supports Records Management corporately.

Also in this group is the Governance and scrutiny Support Unit, Members services, Executive Members services and Leaders Office.

What work do the teams do?

Regeneration Group

Regeneration (Legal) provides a focus for legal work on economic regeneration across the city. It incorporates the following teams:

- Commercial
- Physical Infrastructure
- Property

Combining all the legal work which deals with property, planning, highways and commercial projects under one management arrangement will ensure that Legal Services can provide a coherent, project based response to major issues on a more flexible basis.

Projects

The team acts on behalf of the Council in the deliver of major regeneration, commercial and strategic projects including Public Finance Initiative and Public Private Partnerships. We provide advice in relation to special purpose vehicles, joint ventures, partnering arrangements and strategic outsourcing/contracting out of services.

What work do the teams do?

Commercial Team

The team advises all departments of the Council in relation to commercial and procurement issues.

- Major projects - how we structure projects to ensure they are legally compliant
- We act in the negotiation and preparation of a wide range of contracts for goods, works and services (including framework agreements, construction contracts, ICT contracts and licences, consultancy agreements and other professional appointments etc).
- Work covered also includes advice in relation to company law
- Construction law
- Local Government powers and duties
- State aid
- Grant agreements
- Loans
- TUPE and pensions
- Intellectual Property law
- Advice in relation to and the formation of bodies corporate (including companies, trusts and charities).

The team also plays a role in the Council's overall strategy and procedures, including reviewing the Council's Procurement Rules, Standard Terms and Conditions and procurement/commercial policy generally.

What work do the teams do?

Physical infrastructure Group

The Group provide advice on all planning and highway matter including advice and attendance at planning Committee -

- Planning applications, including EIA matters, report drafting and associated constitutional matters;
- Drafting and negotiating s106 agreements;
- Planning appeals including advocacy at hearings and public inquiry management;
- Planning enforcement;
- Special controls (e.g. listed buildings, tree preservation);
- Regeneration schemes and highway improvement schemes involving site assembly and compulsory purchase;
- Housing Stock Transfers
- Compensation claims arising from compulsory purchase;
- Appropriation and acquisition of land for planning purposes;
- Agreements and licences under the Highways Act 1980;
- Creation, diversion and stopping up of highways;
- Traffic Regulation Orders, including report drafting and advice in relation to making, modifying or revocation of such Orders;
- Parking and Bus Lane contravention notices, general parking and bus lanes' legal related matters, parking adjudicators' submissions and hearings.

What work do the teams do?

Property Team

- Compensation Payments pursuant to Compulsory Purchase Orders
- The Voluntary Registration of Titles for Manchester Council
- Right to Buy sales and Property work on behalf of Manchester and Salford Councils
- General Manchester and Salford property transactions including:
 - GMP property based transactions
 - Enforced sales
 - Development Agreements and Leases
 - The purchase of property by Agreement
 - Disposals of property
 - Property documentation relating to Manchester Airport
- General Manchester and Salford property transactions including:
 - Enforced sales
 - Development Agreements and Leases
 - The Purchase of property by agreement

What work do the teams do?

Children's & Families

- All legal issues relating to safeguarding and child protection
- Pre proceedings advice and guidance
- Care and Supervision Orders
- Emergency Protection
- Secure Accommodation
- Forced Marriage
- Female Genital Mutilation
- Reporting Restrictions
- Wardship and Inherent Jurisdiction
- Deprivation of Liberty relating to Children
- Child Arrangement Orders
- Local Authority Support for Children and Families

We have an in house advocacy unit which operates in a similar way to a Barristers Chambers - this allows us to undertake longer more complex hearings in house

What work do the teams do?

Children's & Families

- Adoption
- Private proceedings with local authority involvement
- Age Assessments
- Child to Adult transition (16/17 year olds)
- Children with disabilities relating to s17 Children Act 1989
- Criminal Injuries Compensation Scheme
- Advice to Local Safeguarding Children Boards (Manchester & Salford)
- Multi Agency working on Safeguarding and Child Protection
- Support with the formulation of policies and procedures
- Legal Advice to Domestic Homicide Panel
- Public Interest Immunity

Disclosure of Information to third parties

- Disclosure to third parties of children's adult's social care records
- Disclosure to third parties of education records



Legal Services

Legal Services - What we are proud of

Provision of a quality in house service to the Council - Our mission statement is:

“Delivering innovation and excellence in public sector legal services”

Our business plan has five objectives -

- Delivering, innovative and excellent legal services that provides value for money
- Our People – Valuing, developing and listening to our people
- Build and grow effective business relationships
- Deliver service efficiencies
- Improving Health & Well-being

Audits

- Annual independent audit by the Law Society - we hold the Lexcel quality mark
- Annual audits by our insurers
- Annual Client survey

Corporate Plan Priorities

Zero carbon Manchester

- Legal services are supporting the development of the a full action plan for the city by March 2020, setting out how the ambition will be met
- We will work with other services to embed the actions from the climate action plan by way of contractual changes and procurement approaches
- Our staff are in the process of receiving carbon literacy training
- Advice and assistance in relation to the GM Clean Air plan

Young People

- Working and providing a cost efficient legal services to schools across Manchester
- Working with the Director of Children's services and Education to meet their aims from ensuring children are protected to commercial advice regarding building schools

Corporate Plan Priorities

Healthy well cared for people

Support those who need it most, working with them to improve their lives:

- Legal advice regarding the new care models - integration of health and social care
- Working with homeless families to ensure that we meet our statutory duties and also to ensure that schemes to purchase and lease property are legally supported

Housing

- Accelerate and sustain the delivery of more housing - Provision of legal advice to the Housing and capital strategy Boards and sub groups. Working to ensure that the city can deliver its affordable housing strategy, joint working between commercial, property, planning and highways teams. Consideration of legally compliant delivery structures.

Well-managed Council

Enable our workforce to be the best they can be through the Our People Strategy and Our Manchester behaviours

- Work with all services to ensure that budget proposals are lawful, participation in the Our Transformation project.

Corporate Plan Priorities

Neighbourhoods

- Enable clean, safe, vibrant neighbourhoods - Advising on policy and bring a wide range of environmental enforcement before the Courts.

Connections

- Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks
 - Legal services has supported a range of transport projects including work on the HS2 proposals

Growth that benefits everyone

- Support good-quality job creation for residents, and effective pathways into those jobs - Innovative work with Health innovation Manchester, creation and the delivery of jobs. Incorporating social value in all arrangement
- Facilitate economic growth of the city - development of commercial sites and redevelopment of existing sites. For example North Gateway

Legal Services - What we are proud of

Health Integration project

We have been closely involved in health and social care integration in Manchester from the outset. We had advised on GM devolution previously.

We have a virtual team led by the Head of People, Place and Regulation, Legal Services. The team draws on staff from the Commercial, Community, Democratic Services, Employment and Property teams. CFLG staff will increasingly come on board as integration progresses.

The virtual team is linked into developments at GM and national level.

Legal Services has absorbed the cost of the legal work associated with integration from the outset (over £400K to November 2019, calculated on internal charging rates).

There has been an increase in multi disciplinary cross group working in order to support complex projects. Large scale projects including the development of new delivery models with Health to deliver adult social care, public health and childrens functions have led to the formation of project team across groups with increased matrix management to support the delivery of those projects.

Legal Services - Our successes

- Legal Services Staff have worked on a number of high profile projects supporting regeneration of the City and on projects to alleviate homelessness.
- We've supported 3 elections this year so far and worked hard to protect vulnerable children and adults taking action to protect 348 Manchester children.
- The Regulatory team has successfully introduced the single justice procedure in Manchester. This has led to service efficiency by reducing the need for advocates to attend court. The team is promoting the use of the procedure across Greater Manchester Authorities, some of whom have expressed an interest in how we have introduced the scheme in Manchester.
- Neighbourhood Services achieved successful outcomes in a number of high profile cases.
- The Regulatory team concluded a long-running case involving the illegal import of puppies into the UK for sale through a puppy farm. The convicted defendant has been apprehended abroad pursuant to a European arrest warrant. The team succeeded in obtaining a substantial proceeds of crime order in the same case.
- The Community team has successfully resolved an extremely sensitive case in the Court of Protection, which had attracted national media attention.

Legal Services - Our successes

- The establishment of the **Northern Gateway** joint venture with an investment and development partner to secure investment of over £1 billion in developing the Northern Gateway of Manchester - a true 'place-making' project to deliver new homes, health and social care, schools together with connected public spaces and travel links, to create a series of new neighbourhoods.
- Advising the Greater Manchester Authorities in relation to their ownership interests in the **Manchester Airport Group** - a key regional asset which generates jobs and revenue for the region as well as providing dividend income to the local authorities.
- The establishment of the **Mayfield Development Partnership** whose ambitious plans are to create a new £850m mixed-use community, transforming the area into a high quality urban neighbourhood in the heart of the city.
- Working in partnership with the private sector to create the **Manchester Civic Quarter Heat Network** which will provide a highly efficient, environmentally-friendly heat and power solution for some of Manchester's most iconic buildings, making significant carbon reductions

Legal - Our successes

The **Heron** **House** project which required RLG to work not only with client teams, professional advisors and contractors but also a significant government departments. This work involved extensive and at times demanding negotiations around complex property and commercial agreements, whilst respecting the confidentiality required for this strategic project. RLG worked together to determine the best way of approaching this challenge. By bringing a central government department into Manchester City Centre RLG has contributed to Manchester's image as a great place to live and work.

Page 163 The Team has done significant work this year to completely revise FOI Guidance for our clients this year and have updated our RIPA Policy and intranet pages. We have led on Procurement of a new tool for logging FOI and Data Protection Requests and produced a 'Very Short Guide to Our Constitution' which will form part of corporate induction and be part of the Council's tool kit of good governance assurance measures. Our Corporate Records Manager successfully concluded framework procurement for offsite storage and scanning and another team member has obtained a Data Protection Practitioner qualification (with distinction). In terms of the wider Group we have drawn up and are implementing a new Member Development Strategy.

Legal - What we are proud of

The President of the Family Division has publicly referred to the relentless and remorseful increase of children in the family justice system. Awaiting decisions from clients as to how they want to respond to the increases the Group has externalised s31 Children Act 1989 Care Proceedings. This has been carefully controlled with an audit mechanism put into place with the private practice solicitors we are working in partnership with to endeavour to a safe, effective and efficient legal service continues.

The Group has led discussions with the Family Designated Judge of Greater Manchester (DJF) in respect of the health and wellbeing of all those working in the family justice system. This continues to be work in progress with the DFJ yet to formalise proposals.

The Group has successfully supported clients in the changes arising in GDPR in the disclosure of social care records to Police and CPS in the investigation and prosecution of those abusing vulnerable children and adults. This has been successful in avoiding significant delays.

Whenever a major project commences, or is proposed, a Project Group together with relevant sub-groups is identified with senior client officer representatives and appropriate Legal representatives. A detailed programme of meetings, milestones, tasks, risks etc. to manage the project is then implemented e.g. Barnardo's Leaving Care transition and Salford Care Commissioning Review.

Legal Services - What our Clients say

Here's what some of our clients said about us in our 2019 client survey:

- *"Great knowledge and experience"*
- *"Straight forward advice, ability to describe the advice in an understandable and accessible way"*
- *"Helpful and extremely knowledgeable with reference to relevant legislation and case histories. High level of understanding of our needs. We often have complex issues to discuss and we are always offered a range of possible solutions and an analysis of the risks and practicalities associated with them. Good knowledge of historical aspects of the Council's position in relation to complex structures - e.g. Joint Ventures and partnerships"*
- *"Approachable, professional, responsive and a great understanding of the complex environment / legal frameworks relating to the services for which I am responsible"*
- *"The ability to understand the client's needs as a Local Authority"*
- *"Being able to respond in a clear and detailed manner to my queries"*
- *"Have to deal with a range of requests and are able to adapt to the situation, whilst still protecting the interests of the Council"*

Legal Services - What our Clients say

- *The breadth of knowledge is excellent*
- *“Being able to explain legal issues in plain English and offer solutions to issues that we encounter”*
- *“Knowledge of our area and generally providing options rather than reasons not to”*
- *“Very approachable, helpful, providing excellent service, good understanding of the client needs and timescales”*
- *“Staff take time to understand the issues; good knowledge of local government and service issues. Quick and thorough responses”*
- *“Provide a really good service and address my requirements/instructions in a timely manner”*
- *“Helpful and knowledgeable staff”*
- *“Very pleasant people, very approachable and knowledgeable”*
- *“Good understanding of the service, a willingness to help and largely solution focussed”*

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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