



## **Communities and Equalities Scrutiny Committee**

Date: Thursday, 5 November 2020  
Time: 2.00 pm  
Venue: Virtual meeting - Webcast at  
[https://manchester.public-i.tv/core/portal/webcast\\_interactive/485335](https://manchester.public-i.tv/core/portal/webcast_interactive/485335)

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published

### **Advice to the Public**

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Under the provisions of these regulations the location where a meeting is held can include reference to more than one place including electronic, digital or virtual locations such as internet locations, web addresses or conference call telephone numbers.

To attend this meeting it can be watched live as a webcast. The recording of the webcast will also be available for viewing after the meeting has concluded.

## **Membership of the Communities and Equalities Scrutiny Committee**

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**Councillors** - Hacking (Chair), Andrews, Battle, Chambers, Collins, M Dar, Doswell, Douglas, Evans, Grimshaw, Hitchen, Kirkpatrick, Moore, Rawlins, Rawson and Russell

## Supplementary Agenda

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**8. Council's Medium Term Financial Plan and Strategy for 2021/22** 5 - 14

Report of the Deputy Chief Executive and City Treasurer

The report will set out the impact of COVID-19 and other pressures and changes on the Council's budget for the period 2021-2025. It will summarise the savings options under consideration from 2021/22 as well as set out the approach to Equality Impact Assessments and consultation as part of the budget setting process. It also sets out next steps in the budget process, including scrutiny of the draft budget options by this Committee.

Separately the report sets out the impact of COVID-19 on the capital programme and the implications for the budget.

**9. Neighbourhoods Directorate Budget Options 2021/22** 15 - 28  
Report of the Strategic Director (Neighbourhoods)

As part of the planning for the 2021/22 budget, the Council is estimating a budget gap of £105m in 2021/22 increasing to c £159m in 2022/23, and all Directorates have been seeking to identify savings options for consideration by Members.

This report sets out the details on the initial savings options proposed by officers. The savings options will be considered by all six Scrutiny Committees for those areas within their remit

## Further Information

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

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This supplementary agenda was issued on **Thursday, 29 October 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

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## Manchester City Council Report for Information

<b>Report to:</b>	Health Scrutiny Committee – 3 November 2020 Children and Young People Scrutiny Committee – 4 November 2020 Neighbourhoods and Environment Scrutiny Committee – 4 November 2020 Economy Scrutiny Committee – 5 November 2020 Communities and Equalities Scrutiny Committee – 5 November 2020
<b>Subject:</b>	Report to update on the Council's MTFP focusing on the financial position and strategy from 2021/22
<b>Report of:</b>	Deputy Chief Executive and City Treasurer

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### Summary

The report will set out the impact of COVID-19 and other pressures and changes on the Council's budget for the period 2021-2025. It will summarise the savings options under consideration from 2021/22 as well as set out the approach to Equality Impact Assessments and consultation as part of the budget setting process. It also sets out next steps in the budget process, including scrutiny of the draft budget options by this Committee.

Separately the report sets out the impact of COVID-19 on the capital programme and the implications for the budget.

### Recommendations

The Committee is asked to note this report.

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### Wards Affected: All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Our Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by 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.

Executive 14 October - Revenue Budget Monitoring 2020/2 and budget position 2021/22

## 1 Introduction and Context

1.1 The approved 2020/21 budget reflected the priorities below:

- care and support for vulnerable people, including older people and those with learning disabilities and mental health needs;
- taking action on family poverty and giving young people the best start in life;
- tackling homelessness;
- tackling the climate emergency and achieving zero carbon;
- supporting people into jobs and training;
- keeping roads and neighbourhoods in good shape; and
- parks and leisure to keep people active and happy.

1.2 The Council's net revenue budget is funded from five main sources which are Council Tax, Business Rates, government grants, dividends and use of reserves. In recent years as central government funding has reduced and business rates retention has been introduced the ability to grow and maintain the amount of resources raised locally has become even more important for financial sustainability and is integral to the Council's financial planning.

1.3 The budget for 2020/21 was a one-year roll over budget. The strategic framework which underpins this is the Our Manchester Strategy, the Corporate Plan and the Locality Plan. Whilst the Council published a one-year budget in line with the one-year spending round announced by the Government, this was supported in the background by a longer-term financial plan over five years, including spreading the use of one off resources through reserves to support longer term investment in areas such as social care. This was critical to demonstrate forward planning and resilience, ensuring the Council was in a stronger position to respond to the national funding changes.

1.4 The medium-term financial plan remains challenged by uncertainty. These include the outcome of the Spending Review. After 2021/22 there are potential changes to how local government funding is distributed, the Business Rates Retention scheme, and the future of Adult Social Care funding.

1.5 Prior to COVID-19 there was an underlying budget gap of c£20m for 2021/22 rising to c£80m by 2024/25. This was to be addressed in the Medium-Term Financial Planning process. The impact of COVID-19 outlined in this report is in addition to this. At this stage no COVID-19 related funding has been confirmed beyond 2020/21 any additional support for 2021/22 will not be announced until the outcomes of the Comprehensive Spending Review.

## 2 Position reported to October Executive

### *Impact of COVID-19 on Council revenue finances*

2.1 Dealing with the impact of COVID-19 has resulted in major spending pressures, particularly in social care, but also across all Directorates. There are costs arising from a number of new functions such as providing the community hub and services for shielding residents as well as sourcing and supplying personal

protective equipment (PPE) for other organisations. At the same time there has been a significant reduction in income received, particularly in relation to commercial income and local tax income.

- 2.2 The forecast budget shortfall relating to COVID-19 pressures is £55.6m this financial year increasing to £160.1m next year as shown in the table below.

Table One: Summary of COVID-19 Impact across 2020/21 and 2021/22 (excluding funding announcements)

	2019/20 £000	2020/21 £000	2021/22 £000
Additional Costs (MCC only)	389	25,108	24,994
Income:			
Loss of Income (MCC only)		126,129	107,840
Adjustment for element of dividends not budgeted to use in year		(55,809)	(8,729)
2020/21 Council Tax and Business Rates shortfalls which impact a year in arrears		(36,571)	36,571
Bus Lane and Parking Income - impact on reserves capacity		(3,274)	0
Budget impact of lost income	0	30,475	135,681
Total Costs and Net income losses	389	55,583	160,675

- 2.3 A £100m gap broadly equates to 20% of the Council's budget used to support the delivery of services. This would be on top of the cumulative reductions of £379m and workforce reductions of c4,000 fte or 40%, that have had to be delivered over the past decade.
- 2.4 The additional government funding and in year measures taken (which have included holding a number of vacancies and the use of some reserves) should enable a balanced budget to be delivered in this financial year. An additional £24m for Manchester has been announced in the fourth tranche of government funding and the Council is likely to receive up to £6.4m additional support for lost fees and charges income (this does not cover loss of commercial or rental income). Any capacity this creates in 2020/21 will enable the Council to defer and reprofile the use of reserves that were planned to support the budget and which can now be applied to reduce the gap in 2021/22.

*Budget Position 2021/22 to 2024/25*

- 2.5 The budget assumptions that underpin 2021/22 to 2024/25 include the commitments made as part of the 2020/21 budget process to fund ongoing demand pressures and the Adult Social Care Improvement Plan as well as provision to meet other known pressures such as inflation and any pay awards (estimated at 2%). In addition, there are ongoing costs of c£25m as a result of

covid-19 including £13.5m for Adult Social Care, £7.5m for Homelessness Services and £3.8m for Children's services. Whilst this contributes to the scale of the budget gap it is important that a budget is not set that does not adequately reflect ongoing cost and demand pressures.

- 2.6 The current budget shortfall for 2021/22 is £135m rising to £146.8m in the following year. The government announcement that the Collection Fund deficit can be smoothed over three years will improve the position by c£34.4m next year but worsen the two subsequent years by £12m. As set out above, the recent funding announcements have also meant that the planned additional use of reserves can now be deferred to help the position in 2021/22. This then reduces the 2021/22 gap to £105m as shown in the table below.

Table Two: The budget gap 2020/21 to 2024/25

	Revised 2020 / 21	2021 / 22	2022 / 23	2023 / 24	2024 / 25
	£000	£000	£000	£000	£000
<b>P5 Budget shortfall after confirmed funding/ mitigations</b>	<b>271</b>	<b>135,958</b>	<b>146,801</b>	<b>110,143</b>	<b>123,391</b>
Sales, fees and charges support (estimate)*	(6,400)	0	0	0	0
Smooth Collection Fund over 3 years:	0	(24,381)	12,190	12,190	0
Defer planned use of reserves to balance the budget	6,129	(6,129)			
<b>Total - Potential Budget Gap</b>	<b>0</b>	<b>105,448</b>	<b>158,991</b>	<b>122,333</b>	<b>123,391</b>

*\*subject to MHCLG confirmation of eligibility*

### 3 Addressing the Budget Gap

- 3.1 On 21 October the government announced the Spending Review will be published at the end of November and will be for one year only, in order to prioritise the response to COVID-19 and the focus on supporting jobs. Detailed funding allocations for the Council will only be made available as part of the provisional Local Government Finance Settlement, normally late in December. This again means that effective long-term financial planning is more difficult.
- 3.2 Prior to COVID-19 the Council had established a Medium-Term Financial Plan and Balance Sheet strategy with capacity to offset shocks and provide investment where necessary. This had included for example using most of the dividend income in arrears and smoothing budget investment in social care. However, the depth and breadth of this pandemic could not have been foreseen and the Council, like many other Authorities across the Country, is facing a significant and long-term financial challenge.

- 3.3 As outlined above the main financial impact from Covid-19 falls in 2021/22. Due to the scale of the budget gap some decisions will be required in advance of the Spending Review and the Local Government Finance Settlement to enable the budget to be balanced next year. A programme of c£50m cuts are therefore being put forward by officers for consultation now so they can be fully delivered in time for 2021/22. Where possible these are designed to protect front line services.
- 3.4 It is likely there will be some further support in the Spending Review although due to the extent of the financial gap further cuts will be required in the future. It is not known what funding the Council will get after 2020/21 and work will be required to ensure that where possible further cuts are carefully planned as part of the Future Shape of the Council work.
- 3.5 Given the scale and complexity of changes now facing the Council, a piece of work is being carried out until the end of December to review the future shape of the Council, in order to best deliver the priorities for the city and develop how the Council needs to operate in the future. The context for this work is the current re-set of the Our Manchester Strategy, the ongoing embedding of the Our Manchester approach and behaviours, development of a new Organisational Development strategy, the further integration of health and social care, and the decisions regarding the future of the Northwards Housing Arms' Length Management Organisation.
- 3.6 The scale of the changes required to deliver all of the above are so significant that this will require a fundamental review of the future size, shape and purpose of the Council. This work will start by developing the design principles that in turn frame the future shape and priorities of the organisation.
- 3.7 However, if there is no further support through the Finance Settlement the Council will have to act quickly to make more severe cuts for next year. The individual scrutiny committee papers set out the areas where tough decisions may have to be made but that the Council is working hard to avoid. If required, they will be brought forward in more detail to Scrutiny Committees once the Finance Settlement has been announced. It should also be noted the capacity to effectively deliver a programme of cuts of £100m in one year is limited and this is an important consideration when looking at the sustainability of the budget position for next year.
- 3.8 All the options for budget cuts have been risk rated and are contained within the individual scrutiny committee reports. The savings options which align to this Scrutiny Committee are provided in that report which includes the workforce impact. The Committee is invited to consider the options within its remit and to make recommendations to the Executive.
- 3.9 Broadly the £52m, which will be subject to consultation, breaks down into:
- Health and Social Care integration: The planned Improvement Plan investment of £2.150m, funding for inflation, demographics and any increases in the national living wage will be maintained along with the estimated £13.5m ongoing impacts of Covid-19. **£20m** savings are planned through a reduced

Council contribution to the pooled health and social care budget under devolution arrangements. Accelerating and extending the integration of the health and social care system will support a healthier population, which in turn will unlock savings. Earlier detection and prevention of problems can stop them escalating into long-term care needs and costs and help people to live more independently for longer.

- Resources and Governance - **£7.1m** from the Corporate Core with reductions in capacity across all support services, how the Corporate Core provides support to residents and changes to the model for supporting residents and a review of access channels which will include the Customer Service Centre. These will be clearly set out in the report to Resources and Governance Scrutiny Committee and Executive with the changes to the Customer Service Centre forming the basis of a separate scrutiny report, consultation and engagement process.
- **£6.9m** cost avoidance and revenue generation from business units which will also be contained within the Resources and Governance Scrutiny Report. The proposed options envisage that this will largely be achieved through income generation for example an extra £4.5m in 2021/22 through the council taking over running the city's car park operation and £1.3m through increased advertising income. There is also the proposal to withdraw from being a provider of school catering services reflecting the continued reduced demand for these services which mean a substantial Council subsidy is now required.
- Neighbourhood Services: **£1.4m** which mainly relates to Highways (£0.6m) and parks and leisure income generation (£0.6m). There will be additional investment of £7.5m for the ongoing support for the homeless and rough sleepers after the pandemic. As part of the ongoing changes to the Homelessness Service as well as the need to make cuts across all areas of the Council, there are also cuts planned of up to **£3.6m** in Homelessness Services. These will be achieved through working with voluntary and community sector and registered housing provider partners to reduce costs; a service restructure which will particularly focus on reducing layers of management and improving prevention and move on initiatives which should reduce the need for more expensive B&B accommodation.
- Economy Scrutiny: **£2.3m** through a combination of efficiencies, such as reducing the number of buildings occupied because of new ways of working developed during the pandemic and deleting/not filling vacant posts and income generation such as increased surveyors' fees.
- Children and Young People: Much of the Children's Services budget is devoted to caring for looked after children and safeguarding and will be protected. In addition to the anticipated additional demand due to increases in numbers of children in the City, estimated at 3% and totals £2.2m is still contained within the budget along with a further £3.8m to support the likely increase in children and young people requiring support post the pandemic. The average growth in Looked After Children in the last three years has been 6.8% per year. However, almost **£11.3m** of other potential cuts have been

identified. These will be partly achieved by reducing escalation and need for external residential placements by working with partners to prevent placement breakdowns and expand the availability of more local good quality foster placements and support. Other savings will be made through service reductions such as targeted support for early years. Additional grant and charging schools for services are also part of the Directorate's plan to achieve the cuts.

#### 4 Equality Impact Assessment and Setting the Budget

- 4.1 Many of the options put forward will require an Equality Impact Assessment (EIA) to be undertaken, in particular those that involve impacts on services for residents and reductions in the Council's workforce. A streamlined EIA template has been developed during the response to COVID-19, which has received positive feedback so far, and will continue to be used in relation to EIAs for the budget. Communities and Equalities Scrutiny Committee have an important role in reviewing the EIA process for the budget options put forward and the potential impact on any decisions on the VCSE and on cultural activity.
- 4.2 Equalities and inclusion are a key theme emerging from the reset of the Our Manchester Strategy and have been drawn into sharp relief by COVID-19 exacerbating existing inequalities within the city. A cumulative EIA of the total impacts of budget proposals will be undertaken starting in January 2021 once there is greater clarity about the proposals being taken forward. This will consider and build on the COVID-19 cumulative impact assessment that has been undertaken that has shown the impacts of the pandemic on groups across the city.

#### 5 Consultation on Budget Options

- 5.1 All budget options will be reviewed in detail and where required formal consultation on the details of those options will take place. They will be subject to further refinement following feedback from public consultation and scrutiny committees. The figures may be subject to change following the contents of the Local Government Finance Settlement. Final budget proposals will be made to Scrutiny and Executive in February 2021.
- 5.2 Alongside the formal consultation requirements identified from the options put forward there is a statutory requirement to consult with business rates payers. A public consultation on any proposed council tax increases would take place in late January/early February.
- 5.3 The budget approval process key dates are outlined in paragraph 6.3, and the consultation will commence on 11 November 2020 and close on 6 January 2021.
- 5.4 As in previous years it is proposed that the business plans and saving options are summarised on the Council's website to ensure that the information being consulted upon is in plain English and easy to understand.
- 5.5 It is also proposed that residents are asked to comment on the plans/options via an online consultation form with a few short questions to gauge agreement and

space to provide further comment via open text boxes. Paper copies of the form will also be sent to libraries. Again, this is in line with the approach in previous years.

- 5.6 Time will be required following the closing date to review the responses and analysis the information. As a result, consultation results will not be available for the Executive budget meeting on 20 January, however, a brief update will be prepared on the response rates and how the consultation is performing.
- 5.7 The full results will be issued in advance of the Executive meeting on 17 February for consideration.

## 6 Next Steps

- 6.1 Following scrutiny, the Executive will consider the officer cuts and savings options at its meeting on 11 November, taking into account the feedback from the six scrutiny committees.
- 6.2 Consultation will start on 11 November and decisions can be assessed in the light of the Finance Settlement and the outcome of any consultation.
- 6.3 The proposed next steps are as follows:
- Officer Options will be presented to the November Scrutiny Committees (3-5 November) for comment and recommendations to Executive on 11 November. The options are being developed in collaboration with partners and will be subject to consultation.
  - Spending Review expected by the end of November and the Local Government Finance Settlement usually follows in December. The outcome will be reported back to January Scrutiny Committees (12-14 January) and Executive (20 January) along with the proposed budget options and any required further cuts that will need to be consulted on.
  - February Scrutiny Committees (9-11 February) and Executive (17 February) receive proposed budget
  - Resources and Governance Budget Scrutiny - 1 March
  - 5 March Council - approval of 2021/22 budget

## 7 Recommendations

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

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## Manchester City Council Report for Resolution

**Report to:** Neighbourhoods and Environment Scrutiny Committee - 4 November 2020  
Communities and Equalities Scrutiny Committee - 5 November 2020  
Executive - 11 November 2020

**Subject:** Neighbourhoods Directorate Budget Options 2021/22

**Report of:** The Strategic Director (Neighbourhoods)

### Summary

As part of the planning for the 2021/22 budget, the Council is estimating a budget gap of £105m in 2021/22 increasing to c £159m in 2022/23, and all Directorates have been seeking to identify savings options for consideration by Members.

This report sets out the details on the initial savings options proposed by officers. The savings options will be considered by all six Scrutiny Committees for those areas within their remit.

### Recommendations

1. The Communities and Equalities Scrutiny Committee is asked to consider and make recommendations to the Executive on the savings options put forward by officers and prioritise which options they believe should be taken forward to ensure the Council is able to deliver a balanced budget in 2021/22.
2. Executive are asked to consider the officer cuts and savings options, taking into account the feedback from this scrutiny committee.

**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	Providing the leadership and focus for the sustainable growth and transformation of the City's neighbourhoods and highways
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Ensuring residents are connected to education and employment opportunities across the City.

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Creating places where residents actively demonstrate the principles of Our Manchester through participation and take responsibility for themselves and their community whilst encouraging others to do the same, supported by strong and active community groups.
A liveable and low carbon city: a destination of choice to live, visit, work	Creating places where people want to live with good quality housing of different tenures and effective use of the highways network; clean, green, safe, healthy and inclusive neighbourhoods; a good social, economic, cultural offer and environmental infrastructure.
A connected city: world class infrastructure and connectivity to drive growth	Ensuring residents, neighbourhoods, businesses and goods connect to local, national and international markets. Through working with partners both internally and externally maximise the impact of the provision of new and enhanced physical and digital infrastructure.

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

- Equal Opportunities
- Risk Management
- Legal Considerations

### **Financial Consequences Revenue**

The savings options included within this report are officer proposals and Members will need to prioritise which options are to be included as part of the 2021/22 budget preparation.

### **Financial Consequences – Capital**

There is already an approved capital investment programme for the Directorate, and some capital investment is required to assist in delivering some of the currently identified options included within this report.

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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.

Neighbourhoods Directorate Budget 2020/21 - Executive 12 February 2020

## 1. Introduction

- 1.1 This report should be read in conjunction with the covering report, and sets out the cut's options put forward by officers to support the work required to deliver a balanced budget in 2021/22. Unless further Government support is forthcoming as part of the Spending Review and Finance Settlement the Council is facing a potential budget gap of £105m in 2021/22 which will be ongoing into future years. Therefore, the report also sets out in less detail at this stage, further cuts that the Council is seeking to avoid but may have to consider if any further funding to support Council is not forthcoming.
- 1.2 The Neighbourhoods Directorate has a revenue budget of circa £94m of which £47m relates to waste collection, street cleansing and waste disposal. Outside of these areas the majority of the budget relates to staffing.
- 1.3 In response to the identified Council wide budget gap and the proposal to start to consult on a programme of cuts of **£50m** for **2021/22**, all budgets have been reviewed in order that any efficiency savings or opportunities for increased income are identified as well as options for cuts and included for consideration by members. Savings within the overall Neighbourhoods directorate include initial options of **£7.776m** and this would require an FTE reduction of **2**. Due to lead in time around investments etc, the £7.776m would be phased over the period 2021/22- 2024/25, with an initial £7.083m being delivered in 2021/22.
- 1.4 As all identified options are being considered by the relevant Scrutiny Committee, this report is focussed on the options under the remit of the Neighbourhood and Environmental, and Communities and Equalities Scrutiny Committees. These **options total £1.391m**, and require a reduction of 2 FTE. further details are included in section 5, and a summary table is provided at Appendix 1.
- 1.5 It is recognised that these alone may not be sufficient to bridge the overall budget gap and that further and deeper cuts that will affect the service offer to residents and neighbourhoods across the City may be required. Further work is progressing to develop options for a further total c.£9.4m should these be required, of which almost £9m will be under the remit of this Scrutiny Committee and is likely to impact on residents and communities although the Council are working hard to avoid these more drastic cuts.

## 2. About the Neighbourhoods Directorate Background and Context

- 2.1 The Neighbourhood Directorate plays a pivotal role in delivering the Council priorities, working with Manchester's communities to create and maintain clean, safe and vibrant neighbourhoods that residents can be proud of and where businesses and investors want to invest, bringing employment opportunities for our residents.
- 2.2 Teams work collaboratively with partners and local members within our

neighbourhoods to enable people living in our communities to be healthy, well and safe and reduce demand by integrating neighbourhood teams that are connected to other services and assets locally.

- 2.3 Libraries, art galleries, leisure centres, parks, play areas, events and youth services as well as our cultural activity provide an offer to the city that enhances the experience of people living and working in the city; as well as supporting our children and young people, to be happy, healthy and successful, fulfilling their potential and contributing to their educational attainment.
- 2.4 Our world class offer also contributes to the vibrancy of the City and our neighbourhoods. Widening participation to ensure that the users of our community services reflect the diverse communities of Manchester remains a key priority .
- 2.5 The development of commercial activity across our parks and leisure and events have previously reduced the demand on revenue as well as increasing investment in our community assets impacting positively on the perception of the city and the opportunities for our residents.
- 2.6 The Directorate is fully committed to Zero Carbon Manchester and to reducing carbon throughout all programmes of work and raising awareness of carbon usage and looking for 'greener' alternatives. Key initiatives include driving forward the electric fueling infrastructure, plant and equipment for all Council services.
- 2.7 The quality of our highways, number of potholes repaired and gully cleansing remains a priority for our residents and road resurfacing is now happening at a greater scale. We are currently on target to deliver the 5 year highway investment programme. Investment and the maintenance of our highways beyond the current 5 year programme will be an essential consideration in our future strategy.
- 2.8 Waste and recycling is the largest budget area for the Directorate including both the cost of waste disposal and collection/street cleansing (almost 50%) The current contract for Waste collection and street cleansing will come to the end of the first 8 years in 2023 and decisions on the future delivery model for this service will fall within the timeframe of this budget strategy. We have achieved our highest overall levels of recycling (40%) and lowest levels of residual waste over the last 10 years. However, as the City grows and as more people work at home this will continue to have an impact on the demand for these services which need to be managed.
- 2.9 Investment in compliance and enforcement resources has led to an increase in business compliance, better managed neighbourhoods and measures to impact on flytipping have seen a positive impact in our neighbourhoods. Demand from anti social behaviour impacting on the quality of the places people live continues to rise and despite investment is still less than 50% of capacity in 2011.

- 2.10 The impact of COVID has impacted on our Parks, Leisure and Events functions which rely on income as well as the Cultural sector in the city. The latter in particular will take some time to recover if this is even possible in all areas.
- 2.11 The priority for the Directorate remains supporting communities and building resilience whilst maintaining safe, clean, well managed and connected neighbourhoods in line with the expectations of local members and residents in a city that continues to grow and within the limitations of resources available.
- 2.12 Developing partnerships to enable more effective models of delivery through The Bringing Services together for People in Places programme remains key to improving the offer at a local level for residents and to support a reduction in demand on key public services.
- 2.13 Our universal Youth, leisure and culture offer combined is an offer to our residents that sets Manchester apart however this is an area that has struggled with the impact of COVID 19 and will take some time to recover.

### 3. Neighbourhoods 2020/21 Budget Position

- 3.1 The Neighbourhoods Directorate has a gross budget of £163m, and a net budget of c.£94m, with 1,420 FTE's employees. The breakdown by service area is provided in the table below:

**Table 1: 2020/21 base budget**

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE) £'000
Compliance and Community Safety	15,208	10,450	297
Highways	26,697	14,454	236
Libraries, Galleries and Culture	12,625	9,091	270
Management and Directorate Support	1,208	1,208	18
Neighbourhood Teams	2,680	2,562	51
Commercial and Operations	84,143	47,931	461

Other Neighbourhoods	1,546	1,194	4
Parks, Leisure, Youth and Events	19,306	7,500	83
<b>Grand Total</b>	<b>163,413</b>	<b>94,390</b>	<b>1,420</b>

3.2 The 2020/21 cash limit budget is £94.390m and this is net of the £2.324m savings that were approved as part of the 2020/21 budget process.

#### 4. Current In year forecast Position at August 20 (Period 5)

4.1 As at August 2020 the Directorate is forecasting a net overspend of £8.441m, this includes Covid-19 related pressures of £10.18m, offset by in-year mitigation of £1.739m.

4.2 The Covid-19 pressures are made up of a combination £3.772m increased cost pressures, with the main pressure being the in year financial support of £3.343m being provided to the external leisure operator to fund the ongoing costs of maintaining the City Council leisure assets during the initial closure, and subsequent reduced operations through until March 2021. Work is still progressing with the Government to secure as far as possible financial support for this sector in line with the support given to Local Authorities who have not procured an external partner to deliver these services.

4.3 In addition to the additional costs, there is £6.408m reduced income through sales, fees and charges. This includes a combination of reduced trading income (£3.751m) within operations and commissioning services, reduced sales income (£0.591m) in libraries and galleries because of closure of venues, and subsequent lower footfalls, loss of events and other income (£1.211m) in Leisure, Parks and Events, reduced income of (£392k) through off street parking and fees and permit income in Highways and reduced income of (£463k) from penalty notices and license income in Community Safety and Enforcement.

4.4 As part of the ongoing work seeking to mitigate the above pressures in year forecast savings of £1.739m have already been identified, this is largely due to staff savings because of vacant posts and reduced running costs across all services.

#### 2021/22 Budget Pressures

4.5 As part of the Neighbourhood service budget planning a key consideration is the projected growth in the number of households across the City. Given the ongoing national response to the Covid-19 pandemic, and the uncertainty around both the level and duration of any restrictions that will apply in 2021/22 there are significant risks of further budget pressures across the Directorate. These will be monitored and reported as part of the monthly budget monitoring process. Detailed below are likely pressure areas that are already known, although they have not yet been quantified.

4.6 **Leisure Services Provision** – The existing leisure operator was appointed in

2019, and as part of their submission they included an initial income forecast of £12m, and expected to increase this over the life of the contract and reduce the level of subsidy required from the Council. Due to the initial closure of leisure facilities, and subsequent reduced capacity as part of the conditions on the reopening of facilities which is expected to continue into 2021/22 it is extremely unlikely in light of the impact of COVID 19 that the original income projections as part of the tender submission will be achieved and further support from the Council could be required.

**4.7 Waste Collection** – Due to the ongoing requirements for individuals to work from home wherever possible this has led to an increased volume of domestic waste requiring to be collected. In addition and unlike other areas in Greater Manchester it was agreed to collect any additional side waste left out by residents. This has created a pressure on the existing waste collection contractor to ensure they have the resources to collect increased volumes and has also increased the volume of waste requiring disposal and therefore the costs to the Council. In this financial year the additional costs of waste disposal have been offset by a rebate from the Greater Manchester Waste Disposal Authority (GMWDA). If the current position continues into 2021/22 this will likely result in further cost pressures that will need to be managed as part of the overall Council budget.

**4.8 External Income**– As part of the Directorate overall net budget there is an income budget of c£47m. If the restrictions linked to COVID 19 continue or are increased, then the external income budgets will be adversely affected into 2021/22.

## **5. 2021/22 onwards Savings Options**

5.1 The Neighbourhoods Directorate has a net revenue budget of circa £94m of which £47m relates to waste collection, street cleansing and waste disposal. Outside of these areas the majority of the budget relates to staffing. In response to the identified Council wide budget gap all budgets have been reviewed in order that any efficiency savings or opportunities for increased income are identified and included for consideration by members. As part of the wider £50m savings The Neighbourhoods Directorate has identified an initial **£7.083m** in 2021/22 increasing to **£7.776m** by 2024/25 with an **FTE impact of 2** across the Neighbourhoods Directorate.

5.2 In seeking to minimise the impact on residents and neighbourhoods, all opportunities for maximising external income sources were considered and the overall Directorate options includes £6.385m of increased income generation, and these options will be considered by Resources and Governance Scrutiny Committee as part of the budget process. The options to be considered in this report total £1.391m and further details are set out below.

5.3 Whilst a number of areas have currently been identified, it is recognised that

these alone may not be sufficient to bridge the overall budget gap and further deeper cuts that will affect the service offer to residents and neighbourhoods across the City may be required.

- 5.4 Further details of the initial proposals under the remit of this Scrutiny Committees are set out in more detail below whilst the table at appendix 1 provides a summary view along with RAG rating.

### Initial areas identified

- 5.5 As part of the options being developed by the **Parks and Leisure service**, total savings options of **£0.582m** have been developed that could be implemented through a combination of continuing to develop and increase the level of commercial income generated, and increasing collaboration across leisure operators. There would be a lead in time to delivering these options with **an initial c£127k** being delivered in 2021/22 and the savings would increase over the following three years, the total £0.582m savings would be achieved through the following;
- Within the current capital programme there is c.£12m approved for investment in parks, and as part of developing the business cases to utilise this funding it is proposed that any investment decisions are based on the ability to increase the income generation opportunities. Given the need for investment, and the time required to implement the required changes to generate **total savings of £427k** over a four year period, with an **initial £127k in 2021/22**. If this option is agreed it is likely that the additional investment would be focused more on larger parks than the community parks to realise income.
  - Within the **Leisure sector** there are a number of different arrangements in place, both within Manchester and wider across Greater Manchester, this includes both different operators and different operating arrangements. In an attempt to streamline the existing arrangements it is proposed to look at options around collaborating with other Authorities in an effort to generate savings or increase income depending on the model adopted. Initial analysis indicates that savings of **c£155k** could be achieved, but given the lead in time this would not be achieved until 2022/23. As part of the work to look at the options the impact of Covid-19 on leisure operations would need to be considered, and as referred to above, the likely ongoing support could make this saving more difficult to achieve, but this would be looked at as part of developing any business case.
- 5.6 Within the **Compliance and Enforcement function total options of c£164k** have been identified, this is made up of, the following;
- 5.7 Increasing income from a combination of fixed penalty notices, and looking to introduce charging for advice to businesses **£80k**.
- 5.8 Some employees may also want to voluntarily reduce their hours to a four day week. This could potentially release up to **£20k**

- 5.9 The **animal welfare service** is currently provided in house, and there is an option to look at an alternative delivery model for this service which would impact on **2FTE's**. A tendered service would be operated on a contract basis and it is recognised that the flexibility that currently exists would reduce. This could contribute **£64k** savings subject to tender.
- 5.10 Additional time limited **grant funding of £137m** could be used on a one year only basis to replace existing mainstream budget provision within Compliance and Enforcement, particularly around the food inspection activity at Manchester Airport.
- 5.11 Within the **Highways service** significant work has progressed over the last two years to restructure and reorganise the function to enable it to better deliver for the residents of the city. Initial options of **£0.645m** over 2021/22 and 2022/23 have been identified with minimal impact on the quality of service delivered, this includes a combination of reviewing existing charges and ensuring that income is maximised where possible, the initial options include identifying further opportunities to make eligible charges to the capital programme - **£270k**, seeking to ensure that any damage to highways infrastructure is recovered from the perpetrator or insurance company - **£25k**, increase the existing rates for permits and other rechargeables - **£75k** and increase the volume of commercial arrangements for provision of winter gritting service - **£25k**.
- 5.12 In addition to the options above due to a combination of the ongoing highways investment and the reduced footfall levels a **£250k** expected reduction in costs of accident claims/legal fees over the period is assumed, this would be phased £100k in 2021/22 and £150k in 2022/23.

## 6. Further Considerations

- 6.1 As detailed above there is a risk that further and deeper reductions in budgets may be required. In the neighbourhoods directorate this is likely to take the required savings upto a further **£9.385m with an associated FTE impact of around 100**. As a result further options are being developed across the whole directorate. It is recognised that if these were required there would be an unavoidable impact on the service offer to residents.
- 6.2 In this scenario we would have to consider the following and potentially more:
- Potential changes to the waste collection arrangements which could include:
    - Charges for replacement recycling bins
    - Changes to the frequency of recycling collections
    - Consideration of charges for garden waste collection and disposal
    - Consideration of amendments to charging for bulky waste
  - Reduction in frequency of grass cutting
  - Changes to litter bin collection arrangements in parks

- Within the life of the current street cleansing contract changes to the frequency of street cleansing arrangements
- It would be necessary to review the structures of key services and look at reductions. Inevitably this would impact on the service offer to residents. This would include Neighbourhood teams , compliance and community safety as well as Highways.
- Potential reduction of neighbourhood funding arrangements such as NIF and development funds as well as other areas such as Youth.
- Potential reduction in opening hours of libraries and related services with associated staffing reductions.

## **7. Workforce Implications**

- 7.1 The workforce implications related to the initial options being proposed are 2fte, and this can most likely be managed within existing turnover.
- 7.2 As part of supporting Directorates to achieve staffing reductions, the Council will open a limited voluntary redundancy/voluntary retirement scheme. At this stage this will be predominantly for the Corporate Core who have a larger number of posts to lose, but on a limited basis for time limited or other posts and in other areas where there are savings or changes that need to be achieved. Details of this scheme will be reported to the Personnel Committee on 11 November.
- 7.3 The government has passed regulations which implement a public sector exit pay cap of £95k from 4 November 2020. This means that anyone leaving with a severance package, that includes redundancy pay and actuarial strain on pension of over £95k will have it reduced to that cap. The regulations are not yet in place and this will add further complexity to the scheme.
- 7.4 Consultations have started with Trades Unions on the MPeople processes to ensure that the Council does not lose focus on providing support for our workforce to develop and progress and where relevant to reskill into different roles, with a view to focussing on giving excellent support to those at risk of redundancy in finding suitable alternative employment.

## **8. Equalities**

- 8.1 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 within the Directorate 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.

- 8.2 Each of the proposals outlined, if taken forward, will need to consider the requirement and completion of an Equality Impact Assessment. The outcome of which will inform the future planning and delivery to ensure that no residents are disproportionately affected by the changes to services.

## **9. Risk management**

- 9.1 The Directorate 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.

## **10. Legal**

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

## **11. Conclusion**

- 11.1 The Council is facing a period of significant change, and there are growing demands on capacity alongside the need to make budget cuts. The 2020/21 budget gap is currently £105m, and this increases further in 2022/23. An initial programme of £50m cuts are required, that can be implemented from April 2021 to ensure a balanced budget can be achieved. If no further funding is forthcoming for, then further cuts will have to be made.
- 11.2 The savings options will be subject to further refinement following feedback from the Scrutiny Committee and updated prior to being submitted to the Executive. A further report will be brought back to the January Scrutiny committee that incorporates the feedback from this meeting, the budget consultation and the impact of the Finance Settlement.

Service	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	Amount of Saving					FTE's
					2021/22 £000'S	2022/23 £000'S	2023/24 £000'S	2024/25 £000'S	Total £000'S	
Compliance & Community Safety	Externalise Animal Welfare Service	Efficiency	Amber	Amber	64				64	2
	Increased income from fixed penalty notices	Income	Amber	Amber	80				80	
	Temporary use of EU funding.	Income	Amber	Green	137	(137)			0	
	Option for volunteers to reduce their hours to a four day week	Efficiency	Amber	Amber	20				20	
Parks, Leisure, Events & Youth	Focus the £12m capital allocations to parks on initiatives that lead to income increases	Income	Red	Green	127	100	100	100	427	
	Look to develop further collaboration across leisure operators	Income	Red	Amber	0	155			155	
Highways Services	Reduction in accident trip claims	Efficiency	Green	Green	100	150			250	
	Increase income from permits and other rechargeable works	Income Generation	Green	Green	125				125	
	Increase charges to capital for eligible works	Income Generation	Green	Green	270				270	
<b>Total</b>					<b>923</b>	<b>268</b>	<b>100</b>	<b>100</b>	<b>1,391</b>	<b>2</b>

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