



## **Executive**

Date: Wednesday, 17 February 2021

Time: 2.00 pm

Venue: Virtual Meeting - <https://vimeo.com/509984846>

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

### **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 ended.

## **Membership of the Executive**

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### **Councillors**

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

## **Membership of the Consultative Panel**

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### **Councillors**

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

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

## Supplementary Agenda

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|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 5.  | <b>Revenue Budget Monitoring to the end of December 2020</b><br>The report of the Deputy Chief Executive and City Treasurer was to follow and is now enclosed.                                  | <b>All Wards</b><br>5 - 70                                                 |
| 7.  | <b>2020/21 Budget Overview and Section 25 Report</b><br>The report of the Deputy Chief Executive and City Treasurer was to follow and is now enclosed.                                          | <b>All Wards</b><br>71 - 110                                               |
| 8.  | <b>Medium Term Financial Plan and 2021/22 Revenue Budget</b><br>The report of the Deputy Chief Executive and City Treasurer was to follow and is now enclosed.                                  | <b>All Wards</b><br>111 - 166                                              |
| 21. | <b>Northern Gateway: Progress Update &amp; Delivery Arrangements for Collyhurst Phase 1</b><br>The report of the Strategic Director (Growth and Development) was to follow and is now enclosed. | <b>Harpurhey;<br/>Miles Platting<br/>and Newton<br/>Heath</b><br>167 - 230 |

## Information about the Executive

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The Executive is made up of nine Councillors: the Leader and Deputy Leader of the Council and seven Executive Members with responsibility for: Children Services & Schools; Finance & Human Resources; Adult Services; Skills, Culture & Leisure; Neighbourhoods; Housing & Regeneration; and Environment, Planning & Transport. The Leader of the Council chairs the meetings of the Executive.

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

The Council wants to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair. If you have a special interest in an item on the agenda and want to speak, tell the Committee Officer, who will pass on your request to the Chair. Groups of people will usually be asked to nominate a spokesperson. Speaking at a meeting will require a telephone or a video link to the virtual meeting.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting and the means of external access to the virtual meeting are suspended.

Joanne Roney OBE  
Chief Executive  
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Manchester, M60 2LA

## 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 **15 February 2021** 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 Resolution

**Report to:** Executive – 17 February 2021

**Subject:** Revenue Budget Monitoring to the end of December 2020

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

### Summary

The report outlines the projected outturn position for 2020/21, based on spend and income as at the end of December 2020 and future projections.

### Recommendations

The Executive is recommended to:

1. Note the global revenue monitoring report and a forecast outturn position of a breakeven position.
2. Approve additional COVID-19 grants to be reflected in the budget, with £1.333m workforce capacity fund and £0.842m to support increased testing in care homes applied to the Adult Social Care pooled budget, see section 3;
3. Approve application of Additional Restriction Grant support for businesses, see section 3.8;
4. Approve the use of budgets to be allocated, in Appendix 1, Slide 12.
5. Approve budget virements in Appendix 1, slide 12.
6. Approve the use of unbudgeted external grant funding (non COVID-19) in Appendix 1, Slide 12.

### Wards Affected: All

<b>Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</b>
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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.
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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.
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	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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### **Financial Consequences – Revenue**

The report identifies a projected balanced budget for 2020/21, based on the financial implications of COVID-19, government funding confirmed to date and other identified changes, in year efficiencies and mitigations.

This report focuses on 2020/21, however it is anticipated the implications of COVID-19 will have a significant impact on the Council's finances for a number of years. With the likely scale of funding pressures and future resource reductions, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year.

### **Financial Consequences – Capital**

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

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**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 – 11 November 2020 Report to update on the Council's MTFP focusing on the financial position and strategy from 2021/22  
Executive - 14 October 2020 P5 Revenue Budget Monitoring 2020/21 and Budget Position 2021/22  
Executive 9 December 2020 P7 Revenue budget monitoring 2020/21

## 1 Introduction

- 1.1 This report provides an overview of the Council's current financial position for 2020/21. It should be noted that the COVID-19 related forecasts included in this report are based on the round 9th return submitted to MHCLG on 29 January. The figures will continue to be refined as costs crystallise and income implications become clearer.
- 1.2 The forecast budget shortfall from COVID-19 pressures is £58m this financial year. The forecast overall position for 2020/21 is a balanced budget after taking account of confirmed government funding and mitigation through the Council's share of the sales, fees and charges emergency funding.
- 1.3 There remains a significant shortfall from 2021/22 to be managed through a programme of budget cuts, as set out in the Medium-Term Financial Plan report elsewhere on this agenda.

## 2 Overview of COVID-19 Financial implications

- 2.1 The round 9 return to MHCLG was submitted on 29 January. This showed the anticipated financial cost of COVID-19 to the Council is currently £164.4m of which £23.6m relates to additional expenditure and £140.8m to loss of income.

	<b>COVID-19 Financial impact    £000</b>
Forecast cost pressures	23,625
Forecast Income Shortfalls	140,813
<b>Total</b>	<b>164,438</b>

- 2.2 The financial impact of COVID-19 during 2020/21 will fall over two budget years (2020/21 and 2021/22) due to the following factors:
- Any surplus or deficit on the Collection Fund (which covers both business rates and council tax income) is usually reflected in the year following that in which the income is (or is not) collected. Note the government has mandated that any 2020/21 irrecoverable deficit is smoothed over 3 years 2021/22 to 2023/24.
  - The Council has an airport dividend reserve which means that a significant proportion of the income (£56m) is budgeted to be used a year in arrears.
  - The budget shortfall has been adjusted for bus lane and parking lane enforcement income as this affects the level of the available reserve to fund future commitments.
- 2.3 This has resulted in the financial effect of COVID-19 for 2020/21 and 2021/22 as per table two below. This also includes further financial pressures into 2021/22 from anticipated continuing income losses (council tax, business rates, dividend, fees and charges) and further costs in 2021/22, particularly in adult social care and homelessness.

**Table Two: 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	23,235	25,531
<b>Income:</b>			
<b>Loss of Income (MCC only)</b>		140,812	111,677
Adjustment for element of airport dividend not budgeted to use in year		(55,809)	(8,729)
2020/21 Council Tax and Business Rates shortfalls impact a year in arrears		(41,449)	13,816
2020/21 Council Tax shortfall relating to 2019/20 deficit impact a year in arrears*		(3,072)	3,072
Bus Lane and Parking Income - impact on reserves capacity		(5,757)	(1,430)
<b>Budget impact of lost income</b>	<b>0</b>	<b>34,725</b>	<b>118,406</b>
<b>Total Costs and Net income losses</b>	<b>389</b>	<b>57,960</b>	<b>143,938</b>

\*This element of the deficit is not eligible to be spread as it relates to an increase in the 2019/20 bad debt provision

### **Total forecast COVID-19 cost pressures**

- 2.4 Dealing with the immediate impact of COVID-19 has resulted in major spending pressures, particularly in social care and homelessness. There are also additional costs arising from 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. These all form part of the Government's expectations of local authorities in delivering the national response in individual communities. The table below shows the 2020/21 forecast additional spend of £23.2m by Directorate.

**Table Three: Forecast COVID-19 additional costs by Directorate**

Service Area	MCC Forecast Cost 2020/21 £000
Children's Services	674
Adult Social Care	9,323
Public Health	528
Homelessness	4,919
Corporate Core	2,060
Neighbourhoods	4,731
Growth and Development	217
Community Hub	783
<b>Total forecast additional costs</b>	<b>23,235</b>

### Forecast COVID-19 Income Shortfalls

- 2.5 The total income loss is forecast at £140.8m (with a further £0.040m against the HRA in respect of voids and the increased turnaround time). The net impact on the income budget for 2020/21 is £34.7m as shown in table four.

**Table Four: Forecast COVID-19 income shortfalls**

Service Area	Income Loss reported 2020/21 £000	Timing Adjustments on budget impact £000	Impact on 2020/21 budget £000
Collection Fund	44,521	(44,521)	0
Corporate Budgets	70,943	(55,809)	15,134
Children's Services	630		630
Homelessness	34		34
Corporate Core	9,665	(5,757)	3,908
Neighbourhoods	10,493		10,493
Growth and Development	4,527		4,527
<b>Total forecast additional costs</b>	<b>140,813</b>	<b>(106,087)</b>	<b>34,725</b>

### 3 Additional Central Government Funding for COVID-19 response

- 3.1 The COVID-19 related grants notified to date are summarised in Appendix 2. Note only the confirmed emergency funding of £75.4m (of which £0.4m has been applied to 2019/20) and £10.2m forecast for Sales Fees and charges losses are available to support the direct additional costs and income shortfalls faced by the Council. The remaining grants are either directly passed on to businesses or residents or earmarked for specific priorities such as test and trace.
- 3.2 These grants and associated spend are now reflected in the revised budget shown in table six below.
- 3.3 Since the last monitoring report to Executive on 9 December there has been further government grant allocations to be reflected in the budget as follows:
- Adult Social Care - Workforce Capacity Fund £1.333m - On 29 January the Government published guidance for councils and adult social care providers on the £120 million Workforce Capacity Fund. The purpose of the funding is to enable councils to supplement and strengthen adult social care staff capacity to ensure the delivery of safe and continuous care.
  - Adult Social Care - Support increased testing in care homes £0.842m - This £149 million grant is ringfenced for lateral flow device testing in adult

social care. The Council will be required to pass on 80 per cent of the funding to care homes on a per beds basis, with 20 per cent used at the local authorities' discretion to support the care sector in delivering additional lateral flow device testing. This grant can be used to cover expenditure from 2 December 2020 to 31 March 2021. All funding must be spent by its conclusion on 31 March, and any funding that remains unspent at this point will need to be returned to DHSC.

- Neighbourhood Services - Cultural recovery (£0.882m). This has been awarded to Manchester Art Gallery for qualifying organisations that were severely financially impacted by COVID-19. The funding will be used to cover income losses and making the Gallery and ongoing exhibitions programme COVID secure.
- Neighbourhood Services - Community Champions Fund (£0.621m). This grant is to be used to work with community-based organisations to protect those most at risk from COVID-19. This will include building on existing work and developing networks where they don't currently exist. The funding is due to be spent in 2020/21.
- Corporate Core - Self Isolation Support (£379k). New burdens funding provided by government for the administration of the Test and Trace Support Payment Scheme, which awards £500 to individuals who are told to self-isolate by the NHS Test and Trace or the COVID-19 App, are employed or self-employed, unable to work from home, losing income as a result and on one of the seven qualifying benefits.
- Corporate Core Administering Business Rates Relief New Burden (£12k). New burdens funding provided by government for the software and administration costs of implementing the extended retail relief scheme, which has awarded an additional £140.5m (including 1% on behalf of the fire and rescue authority) to retail, hospitality and leisure businesses across the city.
- Corporate Core Council Tax Hardship New Burdens (£58k). New burdens funding provided by government for the software and administrative costs associated with implementing the Council Tax hardship fund, which deducts £150 from council tax support claimant's council tax liability.
- Corporate Core Local Authority Discretionary Grant Fund New Burdens (£101k). New burdens funding provided by government for the administration of the Local Authority Discretionary Grant scheme, which has provided £5.4m of support to 957 businesses not registered for business rates bills.

3.4 There have been updates and additional funds relating to grants previously announced as follows:

- Neighbourhood Services - Contain Outbreak Management Fund (£5.749m) Note this is in addition to the £4.423m previously awarded. The

Department of Health and Social Care announced this grant to fund activities such as enforcement, compliance and contact tracing. The COVID-19 Winter Plan was published 23 November, this included an extension to the Contain Outbreak Management Fund to recognise the ongoing public health and outbreak management costs to Local Authorities of tackling COVID-19.

- Sales, fees and charges grant (£3.7m to date, FYE £10.2m) A support package for losses from sales, fees and charges was announced in July. 75% of these losses will be funded by the Government – but only where they exceed 5% of the Council's planned income from sales, fees and charges. The first claim relates to losses from April to July and has been confirmed at £3.7m. Based on current forecasts the full year claim will be in the region of £10.2m.
- Leisure Centre support - c£0.1bn funding has been identified to provide support to council leisure centres most in need. Manchester has bid for £1.3m and is expected to receive the outcome of the bid by late February.
- Growth and Development - Clinically Extremely Vulnerable (CEV) people (£266k) - In addition to the £286k already received, to cover the period 5 to 31 January when new national lockdown restrictions were announced. This is being used to provide support, such as access to food deliveries and signposting to local support services, to the most at risk and enable them to stay at home as much as possible over this period. Further funding is expected for February, at the same rate, where shielding guidance remains in place.

- 3.5 A full resourcing plan has been developed which sets out the use of the different funding streams for the additional COVID-19 related responsibilities and associated workforce requirements.

### **Business Grant support**

- 3.6 There have also been several announcements relating to support for businesses. The Council acts as agent to administer these government schemes so the payments are netted off the grant received and will not be shown gross in the budget. The exception is the Additional Restrictions Grant which will be reflected in the budget as the Council has discretion on its application.
- 3.7 In addition to the support already provided for pre 2 December local restrictions and the second national lockdown, government has announced a further 3 new schemes to provide business support to 4 January. The new schemes are as follows:
- £1k grants for 'wet-led' pubs (additional £179k) - On 1 December an additional £1,000 Christmas grant for 'wet-led pubs' in tiers 2 and 3 was announced. This will be a one-off for December and will be paid on top on the existing up to £3,000 monthly cash grants for businesses. This funding



is in addition to the £70k already received as a result of Government revised calculations. Local authorities will be responsible for distributing the grants.

- 3 December to 30 December - Local Restriction Support Grant (Open) Version 2 (£199k) - Following the second national lockdown which ended on 2 December, local authorities that returned to Tier 2 or Tier 3 received an allocation to pay Local Restrictions Support Grant (Open) Version 2 grants. This was a formula based allocation pro rata to each full or part four-week period in these tiers. Whilst discretionary the formula was based on support to specific businesses that remained open but were significantly impacted and with the funding levels per business suggested. This forms the basis of the Manchester scheme. The Council received £199k with grant payments of up to £2,100 for every four-week period and applied pro-rata.
- 3 December to 30 December Local Restrictions Support Grant (Closed) Version 2 (£4.791m) - Following the second national lockdown which ended on 2 December, local authorities received an allocation to pay LRSG (closed) Version 2 grants for the time they have been in Tier 3. Local authorities must make grant payments to businesses that had to close between 3 December and 30 December, with grants of up to £3,000 per four-week period, pro-rata. Further funding will be available should grant payments exceed the allocation.
- 31 December to 4 January - Local Restriction Support Grant (Closed Addendum) Tier 4 (funding included within LRSG Closed Version 2 allocation) - Businesses that were required to close from 31 December to 4 January under the Government's Tier 4 restrictions will receive grants of up to £3,000 for every four-week period that they have to remain closed, pro rata.

### 3.8 Support made available following the national restrictions introduced on 5 January until mid-February:

- 5 January to mid-February Local Restrictions Support Grant (Closed Addendum) January (£16.780m). The LRSG (Closed Addendum) January is a mandatory grant for businesses that have a rateable value (thresholds in the rating system are used to set different grant rates rather than this being based on eligibility for business rates reliefs). A single grant for the six-week period will be paid. The amounts are fixed and businesses with more than one qualifying property will receive more than one grant. The grants are for properties with a rateable value of £15k or under, £2001; for properties with a rateable value of over £15k and below £51k, £3,000; and for properties with a rateable value of £51k or over, £4,500. The Council's allocation is £16.780m and further funding will be available should grant payments exceed this allocation.
- Closed Business Lockdown Payments (£33.552m) - Government announced an additional one-off lockdown payment for businesses that

were mandated to closed from 5 January to mid February, the third national lockdown. The amounts are fixed and businesses with more than one qualifying property will receive more than one grant. The grants are for properties with a rateable value of £15k or under, £4,000; for properties with a rateable value of over £15k and below £51k, £6,000; and for properties with a rateable value of £51k or over, £9,000. The Council's allocation is £33.552m.

- **Corporate Core - Additional Restrictions Grant Top Up (£4.911m).** This is a top up allocation, in addition to the £11.698m already received, based on a per head of population distribution (using ONS 2019 Mid-Year Population Estimates), giving total ARG funding of £16.609m. ARG can be used in 2020/21 and 2021/22. Similar to the previous allocation each local authority is to facilitate a discretionary grant scheme. In addition to supporting those businesses that are closed but do not have a rateable value, or those who are severely impacted rather than closed and are not eligible for other forms of support, the Council seeks to further expand ARG support to include a range of other businesses including:
  - £2.5m for strategically important cultural, entertainment or convention facilities in the city,
  - £1.0m additional support to charities,
  - £2.0m for strategically economically important businesses in the city,;
  - £1.9m for childcare and day care providers,
  - £460k for independent retailers with no business rates liability that have been mandated to close and can show fixed property related costs,
  - £1.0m for taxi drivers, and
  - £4.74m for businesses affected by a reduction in daytime or commuter trade, within the tourism and culture sector, in the airport supply chain, and self- employed company directors of small businesses without fixed property related costs.

#### **4 Measures taken to balance the budget**

- 4.1 As shown in table two the impact of the COVID-19 additional costs and income shortfalls on the 2020/21 revenue budget is forecast at £58m, increasing to £144m next year.
- 4.2 The un-ringfenced support for 2020/21 now totals £64.8m plus the funding to support sales, fees and charges income losses estimated at £10.2m. In addition, £18.2m of in year savings and mitigations have been identified to support the current year's position.
- 4.3 The tranche four funding announcement and other changes have provided an additional £35.2m to offset COVID related pressures some of which will impact Manchester in 2021/22, subject to any further in-year costs arising from COVID-19. This will leave a forecast balanced budget for 2020/21.

**Table Five: Measures taken to offset the underlying gap in 2020/21**

	<b>Revised 2020/21 £000</b>
COVID-19 Budget impact of Additional Costs and Net income losses (includes mandatory smoothing of CF deficit)	57,960
COVID-19 Emergency Funding (Confirmed)	(64,782)
COVID-19 Sales, fees and charges support (estimate)	(10,200)
Savings, mitigations and other changes	(18,205)
<b>Budget shortfall after expected funding/ mitigations</b>	<b>(35,227)</b>
Reprofile use of reserves to part offset loss of income impacting future years	35,227
<b>Total - Potential Budget Gap</b>	<b>0</b>

## **5 Overview of forecast Position 2020/21**

- 5.1 The following table summarises the spend for 2020/21 by service. The supporting Appendix outlines the main reasons for the variation to budget.

**Table Six: Overall forecast position as at 31 December 2020**

						Memo: Breakdown of variance			
Forecast as at 31 December 2020	Original Approved Budget £000	Revised Budget £000	Forecast Outturn £000	Total Forecast Variance £000	Movement from last reported to Exec £000	COVID related Expenditure £000	COVID related income reduction £000	Other over / under spends £000	Total Forecast Variance £000
<b>Total Available Resources</b>	(666,125)	(861,047)	(848,249)	12,798	(1,103)	0	15,134	(2,336)	12,798
<b>Total Corporate Budgets</b>	126,761	258,395	254,868	(3,527)	(1,695)	0	0	(3,527)	(3,527)
Children's Services	130,320	134,769	133,414	(1,355)	562	674	629	(2,658)	(1,355)
Adult Social Care	221,253	234,448	240,913	6,465	(256)	9,850	0	(3,385)	6,465
Homelessness	15,285	17,604	23,897	6,383	1,216	4,919	34	1,430	6,383
Corporate Core	69,958	95,717	100,135	4,418	2,594	2,061	3,908	(1,551)	4,418
Neighbourhoods	93,802	108,624	120,232	11,608	2,933	4,731	10,493	(3,616)	11,608
Growth and Development	8,746	11,490	14,455	2,965	(842)	1,000	4,527	(2,562)	2,965
<b>Total Directorate Budgets</b>	<b>539,364</b>	<b>602,652</b>	<b>633,136</b>	<b>30,484</b>	<b>6,207</b>	<b>23,235</b>	<b>19,591</b>	<b>(12,342)</b>	<b>30,484</b>
<b>Total Use of Resources</b>	<b>666,125</b>	<b>861,047</b>	<b>888,004</b>	<b>26,957</b>	<b>4,512</b>	<b>23,235</b>	<b>19,591</b>	<b>(15,869)</b>	<b>26,957</b>
<b>Total forecast over / (under) spend</b>	<b>0</b>	<b>0</b>	<b>39,755</b>	<b>39,775</b>	<b>3,409</b>	<b>23,235</b>	<b>34,725</b>	<b>(18,205)</b>	<b>39,755</b>
COVID 19 Government grant				(64,782)	0		(64,782)		(64,782)

						Memo: Breakdown of variance			
Forecast as at 31 December 2020	Original Approved Budget £000	Revised Budget £000	Forecast Outturn £000	Total Forecast Variance £000	Movement from last reported to Exec £000	COVID related Expenditure £000	COVID related income reduction £000	Other over / under spends £000	Total Forecast Variance £000
income (tranche 1 to 4) - Confirmed									
COVID 19 Sales, fees and Charges grant income – Forecast				<b>(10,200)</b>	(3,800)		(10,200)		<b>(10,200)</b>
Reprofile the use of reserves				<b>35,227</b>	391		35,227		<b>35,227</b>
<b>Net forecast over / (under) spend</b>				<b>0</b>	<b>0</b>		<b>18,205</b>	<b>(18,205)</b>	<b>0</b>

5.2 The original approved Directorate budget was £539.364m, and this has increased by £63.288m to a revised budget of £602.652m. This reflects a £56.394m increase to resources and directorate budgets for specific grants and spend relating to COVID-19. Note, this excludes funding for the business support grants schemes and the latest tranche of un-ringfenced support; the detail is included in Appendix 2. As well as the COVID funding this includes the budgets held corporately which have now been allocated totalling £6.894m as follows:

- £5.252m for the 2020/21 pay award allocated across all Directorates.
- £2.805m allocations for inflationary pressures,
  - £0.805m annual contractual inflationary increase on the waste collection and disposal contract,
  - £364k for a 2% inflationary increase on in house foster care allowances,
  - £200k inflationary uplift for external residential placements on the North West Regional Group network,
  - £190k annual inflationary increases on the Street Lighting PFI unitary charge relating to 2019/20 and 2021/22,
  - £32k increase for ongoing management costs of two landfill sites,
  - £40k increase for Bereavement Services,
  - £57k External Foster care inflationary uplift for increases of 1.5% on the North West framework applied to any new placements from 1 April 2020,
  - £0.600m Security contract increase to support the commitment that the workforce should be paid the Manchester Living Wage as a minimum which has added 15% to the cost of the service for which there is no budget provision. This was agreed as part of the re-tender process and the contractor have agreed to work with the Council to try to identify further savings,
  - £61k inflationary increase in business rates across the operational and investment estate,
  - £15k inflationary increase for short term breaks for children and young people, and
  - £441k inflationary increase on waste and street cleaning contract.
- £100k investment in Domestic Violence services for a trauma informed response.
- £50k increased budget in the Neighbourhoods Directorate for Domestic Abuse Capacity Building Fund grant.
- Reductions of £1.109m relating to a change in the Employer Pension Contribution rate following completion of the Pensions Actuarial Review.
- Reduction of £204k following re-procurement of the Council's utilities provision.

5.3 There have also been previously approved virements between Directorates to reflect the movement of services and other changes which are reflected in the above table.

5.4 The increase in total available resources of £194.922m includes

- £138.478m section 31 grant to reimburse the Council for loss of Business Rates income due to Extended Retail Relief. This will be held in a reserve to offset the associated collection fund deficit that is required to be funded in 2021/22,
- £56.394m increase to both resources and directorate budgets for specific grants and spend relating to COVID-19 not yet allocated, see Appendix 2; and
- £50k Domestic Abuse Capacity Building Fund grant to help local authorities plan and prepare for their new duty to provide domestic abuse support in safe accommodation.

5.5 All variances to forecast outturn are measured against the revised budget.

## **6 Conclusion**

6.1 Taking into account the forecast financial implications of COVID-19, the directorate work to date on identifying additional savings and any other known budget changes and confirmed and anticipated government funding the budget will be balanced for 2020/21.

6.2 Whilst the position for 2020/21 and 2021/22 looks manageable the financial position from 2022/23 becomes much more challenging. The Medium-Term Financial Strategy and Budget 2021/22 elsewhere on the agenda sets out the financial context for ensuring future sustainability.

## **7 Recommendations**

7.1 The recommendations appear at the front of this report.

**Appendix 2:****Central Government COVID-19 Funding Announcements to Date**

		Memo: Budget treatment		
<b>Funding</b>	<b>Manchester Allocation £000</b>	<b>Specific Directorate Budget Increase £000</b>	<b>Emergency Funding £000</b>	<b>Transfer payment * £000</b>
<b>Grants announced since last Executive report:</b>				
Adult Social Care - Workforce Capacity Fund	1,333	1,333		
Adult Social Care - Support increased testing in care homes	842	842		
Neighbourhood Services - Cultural recovery	882	882		
Neighbourhood Services - Community Champions Fund	621	621		
Self Isolation Support	379	379		
Administering Business Rates Relief (New Burden)	12	12		
Council Tax Hardship New Burdens	58	58		
Local Auth Disc Grant Fund New Burdens	101	101		
Neighbourhood Services - Contain Outbreak Management Fund**	5,749	3,538		
Clinically Extremely Vulnerable	266	266		
Holiday activity and food grant	385	385		
Sales, fees and charges grant (claim 1 of £3.7m confirmed to date)	10,200		10,200	
<b>Grants Approved in previous Executive reports:</b>				
<b>Cross Cutting:</b>				
COVID-19 Emergency Funding for Local Government - (£0.9bn nationally) - fourth tranche	24,330		24,330	
COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - first tranche	18,589		18,589	



		Memo: Budget treatment		
<b>Funding</b>	<b>Manchester Allocation £000</b>	<b>Specific Directorate Budget Increase £000</b>	<b>Emergency Funding £000</b>	<b>Transfer payment * £000</b>
COVID-19 Emergency Funding for Local Government - (£1.6bn nationally) - second tranche	15,167		15,167	
COVID-19 Emergency Funding for Local Government - (£0.5m nationally) - third tranche	7,085		7,085	
<b>Social Care / Testing:</b>				
Test and trace service (£300m nationally)	4,837	4,837		
Infection Control Round 2 (£546m nationally)	3,084	3,084		
Care Home Infection Control Fund Round 1 (£600m nationally)	3,342	3,342		
<b>Neighbourhoods:</b>				
Contain Outbreak Management Fund (£465m nationally) 12 Oct to 2nd Dec	4,423	4,423		
Local Authority Compliance and Enforcement Grant (£30m nationally)	453	453		
<b>Growth and Development:</b>				
Local Welfare Assistance Fund (£63m nationally)	957	957		
Clinically extremely vulnerable individuals advised to shield (for the period from 5 Nov to 2 Dec 2020)	286	286		
<b>Childrens:</b>				
Winter Grant Scheme (£170m nationally)	2,581	2,581		
<b>Homelessness:</b>				
Next Step Accommodation Grant, cold weather provision and landlord incentive funding	2,000	2,000		
Emergency Support for Rough Sleepers (£3.2m nationally)	68	68		
<b>Corporate Core:</b>				

		Memo: Budget treatment		
<b>Funding</b>	<b>Manchester Allocation £000</b>	<b>Specific Directorate Budget Increase £000</b>	<b>Emergency Funding £000</b>	<b>Transfer payment * £000</b>
Test and Trace Support Payment (£50m nationally)	680	680		
Council Tax Hardship Fund (£500m nationally)	7,458	300		7,158
Reopening High Streets Safely Fund (£50m nationally)	489	489		
Local Authority Business Rates Grant Administration (New Burden)	225	225		
<b>Support for Businesses:</b>				
Expanded Retail Discount 2020/21 (excludes 1% for Fire Authorities)	138,477			138,477
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032	5,432		115,600
Local Authority Discretionary Grants Fund				
Local Restriction Support Grant (open)	7,665			7,665
Local Restriction Support Grant (closed)	502			502
Local Restriction Support Grant (sector)	TBC			
Local Restriction Support Grant (closed addendum) - National Lockdown	11,187			11,187
LRSG Closed Add Jan	16,780			16,780
Closed Bus Lockdown Pay	33,552			33,552
£1k to pubs in tier 3	250			250
Local Restriction Support Grant (open) Version 2	199			199
Local Restriction Support Grant (closed) Version 2				
Local Restriction Support Grant (closed addendum) - Tier 4	4,791			4,791
Additional Restriction Grant (£60m allocated to Greater Manchester)	16,609	16,609		
<b>Total grants</b>	<b>467,926</b>	<b>56,394</b>	<b>75,371</b>	<b>336,161</b>

\*The Council is acting as agent to administer the government scheme for grants to businesses. As the Council is acting as agent these payments will be netted off the grant received and will not be shown gross in the budget.

\*\* Contain Outbreak Management Fund £5.749m is in addition to the £4.423m approved at December 2020 Executive meeting

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# Appendix 1: Executive Summary Integrated Monitoring Report Period 9 – End of December 2020

# Financial Impact of COVID-19

## The position:

The anticipated 2020/21 financial cost of COVID-19 to the Council is currently £164m. Of this £23.2m relates to additional expenditure and £140.8m to loss of income (most of which will impact the budget in future years).

The budget impact of COVID-19 up to March 2021 will be spread across the financial years 2020/21 to 2023/24 due to the way the council budgets for the airport dividend, parking income and the operation of the collection fund.

Government has published regulations to require billing authorities to spread their 2020/21 collection fund deficit over 3 years (2021/22 to 2023/24). The deficit is estimated at £41.5m - included in the forecast at £13.8m a year. From 2021/22. The Spending Review announced a 75% support income scheme for these losses.

This results in an estimated COVID-19 budget impact of £58m in 2020/21 (pre grant allocations) and £144m in 2021/22. The impact will continue beyond 2021/22.

## The mitigation:

In year savings and mitigations have been identified to support the current year's position, these total £18.2m.

Tranche 1 to 4 emergency funding totals £64.8m (plus £0.4m used in 2019/20). £3.7m of round 1 COVID-19 emergency funding to support sales, fees and charges income losses has been confirmed, the round 2 claim is £3.4m and the 2020/21 total is estimated at £10.2m.

The recent funding announcement and other changes have provided additional resources totalling £35.2m which can be used to offset COVID related pressures which impact on the budget in future years, subject to any further in-year costs arising from COVID-19.

This leaves a **balanced budget for 2020/21** after expected funding and mitigations.

	Revised 2020/21
	£000
COVID-19 Budget impact of Additional Costs and Net income losses (includes mandatory smoothing of CF deficit)	57,960
COVID-19 Emergency Funding (Confirmed)	(64,782)
COVID-19 Sales, fees and charges support (estimate)	(10,200)
Savings, mitigations and other changes	(18,205)
<b>Budget shortfall after expected funding/ mitigations</b>	<b>(35,227)</b>
Use of reserves to part fund loss of income impacting future years	35,227
<b>Total - Potential Budget Gap</b>	<b>0</b>

Note the COVID-19 position is based on the round 9 return to MHCLG, which was submitted 29 January 2021

Any additional COVID costs in 2020/21 will be met through the adjusting the smoothing of reserves, if it cannot be accommodated through in-year BAU

Should any further capacity be created in 2020/21, this will enable the Council to further defer and reprofile the use of those reserves that were planned to support the budget position and which could be applied to reduce the gap in 2022/23.

## Impact of COVID-19 from 2021/22

The 2021/22 budget impact of COVID is forecast at £144m from anticipated continuing income losses of £118.8m (council tax, business rates, dividend) as well as additional costs of £25.5m - recognising the social care needs (Adults and Children's) arising from COVID-19 are likely to be severe and will require an ever-increasing share of local authority budgets.

It is anticipated that Business Rates and dividend income will decline due to the expected downturn in the economy arising from COVID-19. These income losses are forecast to have a budget impact of £108.8m which includes the airport dividend of £62m (after using £8.7m in reserve) Collection Fund shortfalls £46.8m and sales fees and charges income of £10m.

The forecast £25.5m additional costs in 2021/22 are due to:

- £6.8m relates to ongoing implications for supporting those sleeping rough through the provision of 250 bed spaces on a more permanent basis as well as associated staffing support
- £13.5m for Adult Social Care. This includes anticipated increased complex discharges (£5m), increased demands on Home Care (£1.8m) and Residential care (£2.5m). There may also be additional staff costs to deal with the backlog of social care assessments for those discharged under COVID-19 arrangements (c £0.8m). In addition, there will be additional demands for public health services which would cost an additional £0.8m in 2021/22. Beyond 2020/21 there are likely to be permanent increases in personal protective equipment (PPE) and salary costs estimated at £2.5m. Early indications from recent numbers of referrals into the safeguarding hub is demonstrating that families have struggled over the past few months and are now asking for support. Some of these requests for support will translate into care packages.
- Spikes in demand for children's social care placements £3.8m. As lockdown measures are lifted, there is a concern that this will lead to an increase in referrals into Children's Services.
- £1.2m anticipated pressures relating to Leisure services
- £131k in Coroners due to a backlog of inquests and £113k estimated increased costs of the May elections

# Period 9 - High Level Headlines 2020/21

The net variations below total **£39.755m** which reflects the COVID-19 budget impact of £57.960m partly offset by in year savings, mitigations and other changes of £18.205m but before COVID-19 main funding.

**Corporate Budgets £9.271m overspend.** COVID related income loss is forecast as £15.134m from dividend losses. Partly offset by £1.674m contingency and budgets to be allocated no longer required, increased Public Health grant allocation of £1.018m, £0.537m income from historic rents, £387k fortuitous rental income, £394k additional grant income, £0.515m reduced historic pension costs and £1.343m savings against budgets to be allocated.

**Children’s Services £1.355m underspend.** COVID related expenditure and income loss is forecast to be £1.303m, this is offset by underspends of £2.658m in the following areas: an underspend due to increasing effective commissioning activity, in-year savings through delaying restructures, vacancies, renegotiation of partner contribution, additional grant and efficiencies. Alongside the savings, there are a number of existing pressures relating to legal charges, short breaks and contribution to multi-agency child placements.

**Adult Social Care £6.465m overspend.** COVID related expenditure is forecast to be £9.850m, this is offset by underspends totalling £3.385m in the following areas: Provider Services of £136k (nb there are a number of significant variations which offset and are detailed on the ASC financial headlines slide) ; Hospital Teams, Front door and TEC of £145k; Integrated Neighbourhood Teams of £1.529m mainly from Homecare; Complex Services £45k overspend; Population Health of £106k; Commissioning £0.910m due to a delay in opening new extra care schemes and new sheltered housing schemes ; Back office of £440k; MHCC underspend of £155k due to recruitment delay; and £9k underspend in MCC Outside of pool.

**Homelessness £6.383m overspend.** COVID related pressures of £4.953m, increased by a further £1.430m due to the net impact of savings, mitigations and other changes. This is due to an increase in Dispersed Accommodation placements, Bed and Breakfast (B&B) numbers being higher than in previous years, and bad debt provision review; this is partly offset by staffing underspends.

**Corporate Core £4.418m overspend.** Due to £5.969m COVID related pressures which are partly offset by in year savings, and mitigations of £1.551m. This is made up of an underspends in Chief Executives £1.106m mainly due to savings on employees' and running costs, savings in Elections because of the cancelled elections offset by historic catering costs to Manchester Central and reduced take up of the annual leave purchase scheme; and Corporate Services £445k mainly due to employee savings, additional capital programmes fee income and higher than forecast savings from the upfront payment of employer contributions.

**Neighbourhoods Directorate £11.608m overspend.** COVID related pressures of £15.224m, made up of £4.731m increased expenditure and £10.493m loss of income. This is offset by in year savings and mitigations of £3.616m across the Directorate. This is mainly due to the employee savings in galleries and libraries, parks and leisure, and compliance and community safety, along with £0.605m higher than forecast income from highways capital works, and £488k in bereavement services.

**Growth and Development £2.965m overspend.** COVID pressures of £5.527m, made up of £1.000m increased expenditure and £4.527m loss of income. This is offset by in year savings and mitigations of £2.562m through a combination of staff savings and additional income across the service.



Period 9 monitoring	Gross position Including COVID impact				
	Original Approved Budget	Revised Budget	Forecast Outturn	Total Forecast Variance	Movement from last Exec
	£000	£000	£000	£000	£000
Total Available Resources	(666,125)	(861,047)	(848,249)	12,798	(1,103)
Total Corporate Budgets	126,761	258,395	254,868	(3,527)	(1,695)
Children's Services	130,320	134,769	133,414	(1,355)	562
Adult Social Care	221,253	234,448	240,913	6,465	(256)
Homelessness	15,285	17,604	23,987	6,383	1,216
Corporate Core	69,958	95,717	100,135	4,418	2,594
Neighbourhoods Directorate	93,802	108,624	120,232	11,608	2,933
Growth and Development	8,746	11,490	14,455	2,965	(842)
<b>Total Directorate Budgets</b>	<b>539,364</b>	<b>602,652</b>	<b>633,136</b>	<b>30,484</b>	<b>6,207</b>
<b>Total Use of Resources</b>	<b>666,125</b>	<b>861,047</b>	<b>888,004</b>	<b>26,957</b>	<b>4,512</b>
<b>Total forecast over / (under) spend</b>	<b>0</b>	<b>0</b>	<b>39,755</b>	<b>39,755</b>	<b>3,409</b>
COVID 19 Government grant income (tranche 1 to 4) - Confirmed				(64,782)	0
COVID-19 Sales, Fees and Charges grant Income - Forecast				(10,200)	(3,800)
Reprofile the use of reserves to fund income losses in future years				35,227	391
<b>Net forecast over / (under) spend</b>				<b>0</b>	<b>0</b>

Memo: Breakdown of variance			
COVID related Expenditure*	COVID related income reduction*	Savings, mitigations and other changes	Total Forecast Variance
£000	£000	£000	£000
0	15,134	(2,336)	12,798
0	0	(3,527)	(3,527)
674	629	(2,658)	(1,355)
9,850	0	(3,385)	6,465
4,919	34	1,430	6,383
2,061	3,908	(1,551)	4,418
4,731	10,493	(3,616)	11,608
1,000	4,527	(2,562)	2,965
<b>23,235</b>	<b>19,591</b>	<b>(12,342)</b>	<b>30,484</b>
<b>23,235</b>	<b>19,591</b>	<b>(15,869)</b>	<b>26,957</b>
<b>23,235</b>	<b>34,725</b>	<b>(18,205)</b>	<b>39,755</b>
(64,782)			(64,782)
(10,200)			(10,200)
35,227			35,227
<b>18,205</b>		<b>(18,205)</b>	

\* COVID-19 pressures as per round 9 return to MHCLG submitted on 29 Jan 2021

# Investments

Investment Priorities	2020/21 Budgeted Investment	2020/21 Full Year Committed Investment	Objective / Update on progress / Outcomes
	£000	£000	
<b>Neighbourhoods Directorate Investment</b>			
Capacity for further pressures including Domestic Violence	100	100	Investment will support earlier identification and intervention working with key partners and agencies. Bid for investment identified there was a 6-8 month lead in period needed to codesign interventions. This has been delayed due to COVID which has a had knock on impact on forecast spend this year. The budget has been mainstreamed for 2021/22 at £230k.
Anti-Social Behaviour team	540	540	Additional funding for the ASBAT team to address the increasing number of cases of antisocial behaviour across the city which have increased by 34% during lockdown compared to the same period last year. The budget is to be mainstreamed in future years at £495k.
Spring Challenge Fund	250	0	Due to lockdown the Spring challenge did not take place, the programme is currently being reviewed.
<b>Total Neighbourhoods Investment</b>	<b>890</b>	<b>640</b>	
<b>Corporate Core Investment</b>			
Our Transformation Investment £1m over 3 years	333	193	Funding for additional capacity of three FTE at 50% along with external support for system implementation etc. The remaining £140k has been released in year towards the savings for 2020/21.
<b>Total Corporate Core Investment</b>	<b>333</b>	<b>193</b>	
<b>Growth and Development Investment</b>			
Deliver Carbon Reduction Plan	1,000	100	This is to fund a dedicated team to deliver the commitments within the Carbon Reduction Plan, recruitment of three officers is anticipated by Q3. This funding is to be profiled over three years to support work to identify and deliver large scale remote renewable energy projects. This includes procuring a Solar PV partner, deliver a Zero Carbon whole building retrofit pilot and develop an accelerated boiler replacement programme. Progress towards the carbon reduction plan this year to date includes - 20% completion of LED lighting for the Town Hall Extension, Solar panels installed Wythenshawe Forum roof, charging stations and electric vehicles on site at Hooper St Depot and Hydrozero pilot in two libraries
Housing Investment Reserve - support implementation of Local Delivery Vehicle	100	100	The £100k initial investment was to provide additional capacity to allow work to establish the viability of a Manchester bespoke scheme, identify indicative land and any title or grant issues, and develop a report leading to full approval of model by Summer 2020.
<b>Total Growth and Development Investment</b>	<b>1,100</b>	<b>200</b>	
<b>Total Investment</b>	<b>2,323</b>	<b>1,033</b>	

# Original Budgeted Savings

**2020/21 Approved Savings** - Of the £7.463m original planned savings, £1.498m are rated as red, which were to be delivered by Homelessness, Neighbourhoods and Growth and Development. The capacity to deliver savings has been greatly reduced with the impact of COVID-19.

**All red rated savings are included as overspends in the Directorate's Period 9 position. Amber savings remain as being achievable but with risk attached.**

	Savings Target 2020/21			
	Green	Amber	Red	Total
	£000	£000	£000	£000
Children's Services	0	0	0	0
Adults Social Care	0	0	0	0
Homelessness	0	0	1,000	1,000
Corporate Core	3,303	146	0	3,449
Neighbourhoods Directorate	1,941	35	348	2,324
Growth and Development	200	340	150	690
<b>Total Budget Savings</b>	<b>5,444</b>	<b>521</b>	<b>1,498</b>	<b>7,463</b>

## **Amber Risk savings of £0.521m include:**

### *Corporate Core - £146k*

- £96k from annual leave purchase scheme, may increase later in the year
- £50k Capital programmes increased income at risk due to slippage

### *Neighbourhoods Directorate- £35k*

- £35k Highways: Increase permit/license fees (skips, hoardings, scaffold, etc.) by 3.5%.

### *Growth and Development - £340k*

- £340k Reduced investment income relating to Project Quantum that will need to allow additional lead time for developers due to COVID-19.

## **Red High Risk savings of £1.998m include:**

### *Homelessness - £1.000m*

- A reduction in the cost to the council of temporary accommodation through transfer to registered providers is not being achieved due to senior staff in Homelessness focusing on the COVID 19 response. Work is ongoing to implement a pilot with a registered provider. Procurement and Legal are reviewing revised timescales.

### *Neighbourhoods Directorate - £348k*

- £21k income from Pest Control due to restricted service offer
- £20k Car park income from pay and display at Heaton Park due to closure
- £30k Other income from Heaton Park due to park closure
- £40k Galleries exhibition tax relief.
- £46k Libraries and galleries income generation due to closures
- £86k from revised operating model at Piccadilly Market
- £105k Highways increase income generation through fees and charges across compliance

### *Growth and Development - £150k*

- £150k Investment Estate additional income target delayed due to the additional lead time for developers and the impact of Covid-19.

# COVID-19 Grant Allocations

Grant	Total Amount £000	Directorate	Spend to Date £000	Plans
COVID-19 Emergency Funding for Local Government - (tranches 1 to 4)	65,171	All	65,171	To partly offset COVID-19 related additional costs and income losses as reported in monthly returns to MHCLG.
Care Home Infection Control Fund Round 1 (£600m nationally)	3,342	Adults Social Care	3,184	All providers which have met the grant conditions and signed the grant agreements have been paid. The funding ended 30th September.
Care Home Infection Control Round 2	3,084	Adults Social Care	2,282	There is a commitment for 80% proportion of the funding for care homes is to be paid. Plans for the remaining 20% allocation are being reviewed.
Test and trace service (£300m nationally)	4,837	Population Health	121	The funding is to ensure that appropriate systems are in place for outbreak management and prevention of COVID-19.
Next Step Accommodation Grant, cold weather provision and landlord incentive funding	2,000	Homelessness	1,681	£1.6m of funding linked to accommodation provision from July to March with £2.6m associated costs (£300k per month). £400k of provision relates to expenditure to be incurred November to March.
Emergency Support for Rough Sleepers (£312m nationally)	68	Homelessness	68	To provide emergency support for rough sleepers to self-isolate during the coronavirus outbreak
Council Tax Hardship Fund (£500m nationally)	7,458	Corporate Core	6,732	The majority of this is the £150 hardship fund payable to a working age claimant in receipt of council tax support. It is anticipated that the number of claims November onwards will fully utilise this grant. Other funding is for food poverty, carers and WPS
Reopening High Streets Safely Fund (£50m nationally)	489	Corporate Core	337	Communication, public information and Business facing awareness raising activities to ensure reopening of local economies to be managed successfully and safely.
Local Welfare Assistance Fund (£63m nationally)	957	Growth and Development	TBC	To assist those struggling to afford food and other essentials due to the financial impact of COVID-19.
Local Authority Business Rates Grant Administration (New Burden)	225	Corporate Core	225	To support the additional Business Rates Administration
Contain Outbreak Management Fund (pre 2nd Dec)	4,423	Neighbourhoods and Population Health	Nil	Led by Public Health working collaboratively with other teams in MCC fund activities such as Test and Trace, VCSE, Comms and the 4Es of Compliance and Enforcement.
Contain Outbreak Management Fund (Post 2nd Dec)	5,749	Neighbourhoods	Nil	The fund will be increased so that it can provide monthly payments to LA's facing higher restrictions until the end of the financial year

# COVID-19 Grant Allocations

Grant	Total Amount £000	Directorate	Spend to Date £000	Plans
Test and Trace Support Payments (Self Isolation Scheme)	1,509	Corporate Core	821	Allocation to assist individuals who have been formally notified to self-isolate; individuals who are on low income can apply, two allocations £0.680m and £379k.
Local Authority Compliance and Enforcement Grant	453	Neighbourhoods	240	Manchester's share of the national allocation to support additional compliance and enforcement activities. Grant not received to date.
Clinically Extremely Vulnerable individuals advised to shield phase 1	286	Growth and Development	Nil	To provide support to clinically extremely vulnerable individuals who are required to shield under national restrictions (5 Nov to 2 Dec). To be delivered through the Manchester Community Hub
Cultural Recovery	882	Neighbourhoods	611	To support the culture sector. Second and third tranches of grant to be received on 30 Dec and 28 April
Winter Grant Scheme (£170m nationally)	2,581	Children's Service's	1,680	To support the hardest hit families and individuals for the cost of food and bills to the end of March 2021.
Sale, fees and charges grant (claim 1 of £3.9m confirmed to date)	10,200	Corporate Budgets	7,040	A support package for losses from Sales, fees and charges. Claims 1 and 2 total £7.040m, claim 3 estimated at £3.160m
Council Tax hardship and Business Rates relief admin grant (New Burdens)	70	Corporate Core	70	To support the additional Council Tax and Business Rates Administration
Support increased testing in care homes	842	Adult Social Care	640	This is ringfenced for lateral flow device testing in Adult Social Care. 80% of funding is protected for care homes and drug / alcohol residential services to be distributed in February. Remaining allocation of 20% is under review.
Community champions fund	621	Neighbourhoods	Nil	To work with community-based organisations to protect those at risk from COVID 19.
Workforce Capacity Fund	1,333	Adult Social Care	Nil	Funding is to supplement and strengthen ASC staff capacity to ensure safe and continuous care is achieved, internally and externally.
Local Authority Discretionary Fund Grant (New Burdens)	101	Corporate Core	Nil	To support additional administration of Local Authority Discretionary Fund Grants to businesses
Clinically Extremely Vulnerable individuals advised to shield phase 2	266	Growth and Development	Nil	To provide support to clinically extremely vulnerable individuals who are required to shield under national restrictions (5 - 31 Jan). To be delivered through the Manchester Community Hub. Further funding is expected for February at the same rate, where shielding guidance remains in place.
Holiday activities and food	385	Neighbourhoods	Nil	To make free places at holiday clubs available for children, who receive benefit related free school meals, in the Easter, summer and Christmas school holidays in 2021

# COVID-19 Grant Allocations – Business Support (Corporate Core)

Grant	Total Amount £000	Spend to Date £000	Plans
Expanded Retail Discount 2020/21 (excludes 1% for Fire Authorities)	138,477	138,477	To provide 100% business rates relief to retail, hospitality and leisure properties in 2020/21
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (£12.3bn nationally)	121,032	106,095	To provide business support grants to small, retail, hospitality and leisure businesses across the city, ranging from £10k to £25k depending on size of property.
Local Authority Discretionary Grants Fund		5,418	To provide discretionary business support grants to businesses who do not necessarily have a business rates liability. Grants range from £5k to £25k.
Local Restriction Support Grant (open)	7,665	7,248	To provide support to Manchester businesses that remained open but were impacted during Tier 2 and Tier 3 local restrictions (5 August to 4 November). Includes 5% discretionary element. No further funding will be provided.
Local Restriction Support Grant (closed)	502	271	To provide support to Manchester businesses that closed during the Tier 3 restriction period (23 October to 4 November). Further funding will be provided if grants exceed allocation.
Local Restriction Support Grant (sector)	TBC (c£21k)	86	To provide support to Manchester businesses have been that closed since March, namely nightclubs and adult entertainment venues (1 November to 4 November). Further funding will be provided if grants exceed allocation.
Local Restriction Support Grant (closed addendum) - National Lockdown	11,187	5,687	To provide support to Manchester businesses forced to close in the second national lockdown period (5 November to 2 December). Further funding will be provided if grants exceed allocation.
Local Restriction Support Grant (open version 2 - post 2 Dec)	199	46	To provide support to Manchester businesses that remained open but were impacted during Tier 3 local restrictions (post 2 December).
Local Restriction Support Grant (closed version 2 - post 2 Dec)	4,791	2,512	To provide support to Manchester businesses that closed during the Tier 3 restriction period (post 2 December). Further funding will be provided if grants exceed allocation.
LRSG Closed Addendum Tier 4		928	To support businesses mandated to closed from entering Tier 4 restrictions on 31 Dec

Business support grant allocations to 31 January 2021

## COVID-19 Grant Allocations – Business Support (Corporate Core)

Grant	Total Amount £000	Spend to Date £000	Plans
Christmas Support Grant	250	203	To provide £1,000 support grant to wet led public houses, bars and clubs.
LRSB Closed Add Jan	16,780	7,634	To provide support to Manchester businesses that closed during lockdown 5 Jan to mid Feb (when lockdown is lifted)
Closed Bus Lockdown Pay	33,552	16,305	Lockdown 3 grant up of £4,000, £6,000 or £9,000 one off payment (depending on RV /size of property)
Additional Restriction Grant (£60m allocated to Greater Manchester)	16,609	1,021	To provide support to Manchester businesses forced to close in the second national lockdown period (5 November to 2 December). Further funding will be provided if grants exceed allocation.

## Budgets to be allocated from Corporately held Inflation, virements and unbudgeted external grant funding

Budget to be allocated	2020/21	Description
	£000	
Education - Short breaks	15	10% uplift due to increase in National Living Wage and the implications of Pension auto enrolment on the befriending service which supports many children and young people who may be on the edge of care.
Neighbourhood Directorate – waste and street cleaning	441	Inflationary increase on the waste and street cleaning contract, mainly relating to pay award increases

Virements	2020/21	Description
	£000	
City Centre Regeneration to Policy, Partnership and Resource	489	Movement of High Street Recovery grant from City Centre Regeneration to Policy, Partnership and Resource
Facilities Management to several directorates	276	Reallocation of security cost increase
Policy, Partnership and Resource to City Centre Regeneration	387	Transfer the infrastructure of staff from planning and policy to City Centre Regeneration
Education Attendance (within Children's Services non pay to pay budget transfer)	190	The Early Help Hub and Prosecutions activity with One Education has now ended and these services have been brought in house. This has resulted in 5 staff being TUPE to the Council. The £190k virement transfers non pay budget to pay budget to align the budget requirements.

Unbudgeted external grant funding	2020/21	Description
	£000	
MHCLG Rough Sleeping and alcohol treatment	854	MHCLG grant funding is available for Taskforce Priority areas which have the highest numbers of people sleeping rough who have been moved into emergency accommodation during the pandemic. The funding aims to meet the needs of people experiencing rough sleeping or at imminent risk of rough sleeping and who require support from the substance misuse community treatment service.
DEFRA port health transition fund	34	The spend will improve performance and capacity for the airport team to deal with additional work created by EU exit



# Corporate Budgets £9.271m overspend

	Gross position including COVID impact				Memo: breakdown of variance	
	Annual Budget	Projected Outturn	Projected Variance from Budget	Movement from Exec	Covid related pressures	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000
Resources Available						
Retained Business Rates	(309,692)	(310,710)	(1,018)	0	0	(1,018)
Council Tax	(174,465)	(174,465)	0	0	0	0
Other Specific Grants	(123,086)	(123,480)	(394)	(70)	0	(394)
Business Rates Grants	(168,333)	(168,333)	0	0	0	0
Dividends	(62,890)	(47,756)	15,134	(676)	15,134	0
Use of Reserves	(22,581)	(22,581)	0	0	0	0
Fortuitous Income	0	(924)	(924)	(357)	0	(924)
<b>Total Corporate Resources</b>	<b>(861,047)</b>	<b>(848,249)</b>	<b>12,798</b>	<b>(1,103)</b>	<b>15,134</b>	<b>(2,336)</b>
Planned Use of Resources						
Other Corporate Items	203,251	203,251	0	0	0	0
Contingency	860	300	(560)	(560)	0	(560)
Budgets to be Allocated	3,427	970	(2,457)	(1,114)	0	(2,457)
Levies	41,277	41,282	5	0	0	5
Historic Pension Costs	9,580	9,065	(515)	(20)	0	(515)
<b>Total Corporate Budgets</b>	<b>258,395</b>	<b>254,868</b>	<b>(3,527)</b>	<b>(1,695)</b>	<b>0</b>	<b>(3,527)</b>
<b>Total</b>	<b>(602,652)</b>	<b>(593,381)</b>	<b>9,271</b>	<b>(2,798)</b>	<b>15,134</b>	<b>(5,863)</b>

**Movement since last reported to Executive** - £2.798m reduced pressure. This is due to £1.674m contingency and budgets to be allocated no longer required and released to support the position, an improvement in dividends due to receipt of £0.500m rental income and £176k Piccadilly triangle, £357k in fortuitous income due to additional rental income, £70k further New Burdens Funding and £20k historic Pension Costs.

## COVID related Pressures (£15.134m):

- £15.810m of dividend income from Manchester Airport Group and National Car Parks is unlikely to be received due to the impact of COVID 19. This has improved since last report due to the receipt of £0.500m rental income and £176k received from Piccadilly Triangle. (Note a significant element of the Airport Dividend is used a year in arrears so the reserve use is still reflected)

## Savings, mitigations and other changes (£5.863m)

- There is an increase of £1.018m on the Retained Business Rates budget due to the late announcement of Public Health allocation for 2020/21 which increased the Council's Baseline Funding Level and reduced the Tariff payment due to Government.
- Council Tax is forecast to budget as changes in the level of collection impact on the following years.
- The over-achievement on Other Specific Grants is due to £70k further New Burdens funding relating to Council Tax Hardship admin and Business Rates Relief admin, resulting in a total overachievement of £468k on New Burdens funding. Offset by lower than budgeted allocations for Council Tax Subsidy Grant of £7k and Care Act Grant of £67k following allocation confirmation from Government.
- Fortuitous income includes historic rents recovered from an agent managing properties on behalf of the council of £0.537m. Rental income relating to 2019/20 has been confirmed as £30k more than estimated and additional rental income relating to 2020/21 is now expected to be £357k more than budget.
- Business Rates Grants reflect £138.477m Section 31 grant to reimburse the council for loss of Business Rates income due to Extended Retail Relief. This will be held in a reserve to offset the associated collection fund deficit in 2021/22.
- £0.560m of the Contingency budget is no longer required and released to support the revenue budget.
- Budgets to be Allocated have a surplus of £2.457m made up of £1.114m budget no longer required and released to support the position, £309k Pension Contribution rate reducing by 0.2% more than expected, £204k from utility savings, and £0.900m release of funds held for investment. £100k of the £1m set aside will be spent in 2020/21 on an initiative to revise the approach to Domestic Violence.
- The overspend of £5k on levies is due to the Flood Levy and the Port Health Levy being £1k higher than expected, offset by the Probation Loan payment which was £9k lower than expected.
- Historic pension costs are currently forecast to underspend by £0.515m; £282k is due to reduced recipients and £233k reduction is due to revised Additional Allowance payments from Tameside MBC, based on actuals to November, reducing the monthly costs for the remainder of the year by £58k per month.

## Children's and Education Services - £1.355m underspend

Children's and Education Services	Gross position including COVID impact					Memo: Breakdown of variance	
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec	COVID related impact	Savings, mitigations and other changes
	£000	£000	£000	£000	£000	£000	£000
LAC Placements	47,736	27,905	48,158	421	1,000		421
Permanence and Leaving Care	18,345	10,899	16,045	(2,300)	(580)		(2,300)
Children Safeguarding Service Areas	44,019	33,430	42,898	(1,121)	(565)	336	(1,457)
Children's Safeguarding	110,100	72,234	107,101	(3,000)	(146)	336	(3,335)
Education Services	9,319	5,576	10,778	1,459	664	967	492
Home to School Transport	9,907	1,071	9,938	31	(92)		31
Targeted Youth Support Service	807	0	807	0	0	0	0
Education	20,034	6,647	21,523	1,489	572	967	522
Children's Strategic Management and Business Support	4,635	4,079	4,792	156	136	0	156
<b>Total Children's and Education Services</b>	<b>134,769</b>	<b>82,960</b>	<b>133,414</b>	<b>(1,355)</b>	<b>562</b>	<b>1,303</b>	<b>(2,658)</b>

## Children's and Education Services: Period 9 (1 of 2)

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Number of Looked after children (snapshot at month end)	Low	Dec-20	1,395	n/a		17		-15	
Number of External Fostering Placements (snapshot at month end)	Low	Dec-20	404	n/a		-7		-49	
Number of Internal Fostering Placements (snapshot at month end)	High	Dec-20	310	n/a		4		19	
Number of External Residential Placements (snapshot at month end)	Low	Dec-20	89	n/a		-3		-16	
Number of Internal Residential Placements (snapshot at month end)	Low	Dec-20	3	n/a		0		-6	
Number of Special Guardianship Orders (projected year end)	High	Dec-20	55	70		2		-9	
Number of active Special Guardianship Order Allowances	Low	Dec-20	592	n/a		2		16	
Number of Adoptions (projected year end)	High	Dec-20	24	60		-3		-16	
Number of active Adoption Allowances	Low	Dec-20	132	n/a		-1		-41	
Number of active Child Arrangement Order / Residence Order Allowances	Low	Dec-20	45	n/a		0		-15	
Number of Referrals per month (total per month)	Low	Dec-20	676	919		10		138	
% of Re-Referrals (year to date)	Low	Apr 20 - Dec 20	19.7%	22.1%		0.6%pts		-4.9%pts	
Number of Children in Need (snapshot at month end - now includes care leavers)	Low	Dec-20	5,252	4,878		36		50	
Number of Child Protection Plans (snapshot at month end)	Low	Dec-20	609	728		-28		-108	
% of children starting a CPP for a 2nd or subsequent time (year to date)	Low	Apr 20 - Dec 20	22.0%	22.0%		-1.4%pts		-2.7%pts	
% of children ceasing a Child Protection Plan, subject to that plan for 2+ years (YTD)	Low	Dec-20	5.4%	4.0%		-0.6%pts		1.9%pts	
Number of Education, Health and Care Plans	Low	Dec-20	5,230	n/a		-20	n/a	628	

Note: Fostering and Residential placement figures reported here may differ from figures reported by Finance due to different data collection systems and calculation methodologies

## Children's and Education Services: Period 9 (2 of 2)

### Performance Analysis

- The number of Looked After Children (LAC) has increased compared to last month but is lower than at this point last year
- External Fostering placements have decreased this month and there has been an increase in Internal Fostering placements. External fostering numbers remain lower than at this point last year and Internal Fostering numbers have increased, improving the ratio of External to Internal fostering placements
- The number of children placed in External Residential placements has decreased and remains lower than last year. Internal Residential placements have stayed the same as last month and remain lower than last year
- The number of Special Guardianship Orders (SGO) projected to have been granted by year end has increased slightly this month but remains lower than target and last year at this time. Projected adoptions are significantly lower than target and lower than last year. This can be at least partly explained by a decrease in court capacity during lockdown and subsequent significant delays in the court process. This is also a regional and national issue.
- The number of active SGO Allowances has increased slightly compared to last month but remains significantly higher than last year. Active financial assistance for adoptions has decreased slightly from last month but is significantly lower than at this point last year and active Child Arrangement Orders/Residence Orders have remained the same compared to last month and lower than last year
- The number of referrals this month has continued at levels more in keeping with the rest of the year following a significant increase in October. Numbers are higher than at this point last year but remain below target.
- Re-Referrals have decreased slightly, however are also below target and have reduced significantly compared to last year
- The number of Children in Need (CIN) has increased slightly this month. The number of CIN is now slightly higher than at this point last year
- The number of Child Protection Plans has decreased again this month and is significantly lower than last year and the target
- The percentage of repeat Child Protection Plans has also decreased. This measure is now at the target and is lower than at this point last year
- The percentage of Child Protection Plans ending where the child was on a Plan for more than two years has decreased this month but after previous increases remains above target and last year's figure.
- The number of active Education, Health and Care Plans has decreased slightly this month

# Children's and Education Services Financial Headlines (1 of 2)

Children's Services revenue budget totals £134.769m

- The overall forecast position as at Period 9 is an underspend of £1.355m, this is made up of;
- Covid-19 pressures through increased costs and reduced income - £1.303m;
- Partly offset by savings, mitigations and other changes of net £2.658m underspend.
- Key movements since last month relate to reduction in Supported Accommodation placements and favourable movement in Social Work due to vacancies.
- Outturn position reflects part year effect of early achievement of the 2021/22 savings.

## COVID related Pressures and Shortfalls in Income (£1.303m):

This includes COVID-19 pressures of £0.674m and shortfalls in income of £0.629m relating primarily to additional spend for Short Breaks during lockdown, PPE equipment and support for schools care. The service has reviewed its 'front door' arrangement to strengthen the response to identify children in need of help/protection and the multi-agency response'. The impact is being closely monitored. Currently there is an underlying underspend in safeguarding but due to Covid-19 and lockdown measures demand for services has been suppressed, the early help hubs are seeing an increase in requests for a targeted offer of intervention and requests for support which appear to be driven by hardship, intrafamilial relationships and incidents of domestic abuse. The Social Work Teams are now receiving requests for social work intervention that compare to 'pre-COVID' levels. Demand for Children's Services may increase as there are multiple factors influencing demand and activity for Children's Services such as deprivation, domestic abuse, substance misuse and adult mental health have been heightened due to the pandemic. Home to School transport is incurring additional costs due to high level of passenger assistant's absence due to need to self isolate, the financial impact of this is yet to be quantified and is not yet included.

## Savings, mitigations and other changes (£2.658m)

Manchester's Children and Education Services continues on a 'journey to excellence' to increase the effectiveness of services and outcomes for children and young people. The current position indicates that implementation of the strategy has started to lead to efficiencies and service underspends.

This includes the following:

An underspend of £4.584m on Children's Services and Education due to increasingly effective commissioning activity with improved processes through liquid logic/controcc and work with providers. There are also in-year savings through delaying restructures, vacancies, renegotiation of partner contribution, additional grant and efficiencies. Alongside the savings there are a number of existing pressures relating to legal charges, short breaks and placements totalling £1.926m which after taking this into account is a net saving totalling £2.658m - detailed on next slide. A number of the underspends are early achievement of the proposed 2021/22 savings.

## Children's and Education Services Financial Headlines (2 of 2)

**Savings/underspends and other mitigations - (£2.658m) made up of:**

**Other non COVID-19 related pressures (£1.926m pressures):**

- Education Services overspend of £0.522m mainly due to additional demand for Short Breaks;
- Legal Services £204k overspend based on activity and use of external legal services due to staff turnover of the Council's in house legal support;
- Strategic Management overspend of £200k as a result of a M People placements; and
- £1m increased contribution to multi-agency children's placements.

**Offset by savings/underspends and other mitigations (£4.584m savings):**

- No Recourse to Public Funds - £0.799m based on current levels of activity, a large part of this underspend has been offered up as an efficiency saving;
- Unaccompanied Asylum Seeking Children (UASC) - £1.050m Home Office grant has increased per child, particularly for those over 18, the Council can now seek to ensure that sufficient support is provided to UASC as long-term support is not currently covered by the grant;
- Our Children Care, Permanence placements and Leaving Care Service - underspend of £0.956m based on current placements and support provided to date;
- Children's Localities, Permanence, Fostering and Adoption Service underspends £1.779m.

The Dedicated Schools Grant (DSG) is projecting an in-year overspend by £393k, the overspend is due to the high needs block, which supports children with special education needs and special school places. DSG received additional high needs funding (after recoupment) in 2020/21 of £11.719m, of which £9.884m was to meet demands, work is on-going in reviewing the areas of pressure within high needs. As at period 9 the cumulative DSG deficit is £3.476m.

**Movement since last reported to Executive - £0.562k increased pressure**

- Reduction in Leaving Care placement costs by £0.580m, - Leaving Care Supported Accommodation placements are 20 below budgeted placements of 93 and have reduced since the last report to the Executive and Unaccompanied Asylum Seeking Grant income is now higher than previously anticipated.
- Reduction in Children Safeguarding areas costs by £0.565m - movement reflects disestablishment of Families First saving and vacancies in Localities.
- Increased contribution to multi-agency child placements of £1m.
- Increase in Education Services pressure by £0.572m mainly as result of the pressures within. The increase in the overspend from the previous period is due to an increase in Quality Assurance and Short Breaks, offset by reduced overspend on transport.
- Core and Strategic Management increase in pressure of £136k mainly due to 3 unfunded posts.

## Adult Social Care and Population Health - £6.465m overspend

Adult Social Care and Population Health	Gross position including COVID impact				
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Provider Services	27,787	19,994	28,153	366	559
Hospital Teams, Front door and TEC	2,491	697	2,597	106	(69)
Integrated Neighbourhood teams	40,146	22,846	46,523	6,377	(833)
Complex Services (LD, MH, Transition)	88,374	59,870	88,987	613	(102)
Population Health	41,567	24,423	41,989	422	(4)
Commissioning MLCO	4,277	2,303	3,367	(910)	(104)
Budget growth and back office	5,630	(4,141)	5,245	(385)	325
Total ASC Pooled Budget	210,272	125,992	216,861	6,589	(228)
MHCC	19,320	14,102	19,205	(115)	(2)
MCC – ASC outside of Pool	4,856	3,025	4,847	(9)	(27)
<b>Total ASC and Population Health</b>	<b>234,448</b>	<b>143,090</b>	<b>240,913</b>	<b>6,465</b>	<b>(256)</b>

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
502	(136)
251	(145)
7,906	(1,529)
568	45
528	(106)
0	(910)
55	(440)
9,810	(3,220)
40	(155)
0	(9)
<b>9,850</b>	<b>(3,385)</b>

## Adult Social Care: Period 9

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
No of MOAT per 100,000 of the 18+ population	Low	Nov-20	12.3	Under Review		0.5		N/A	
Total number of people in Residential Care (65+) at the end of the month	Low	Dec-20	746	TBC		4		-48	
Total number of people in Nursing Care (65+) at the end of the month	Low	Dec-20	374	TBC		6		2	
Weekly Homecare hours (snapshot at end of month)	Low	Jun-19	26,826	TBC		51		-121	
% of Adults receiving a Long term service awaiting a review (Annual Review backlog as a % of people receiving long term services)	Low	Jul-19	34.60%	TBC		-0.9%pts		2.2%pts	
% people leaving Reablement with no ongoing care commitments	High	Dec-20	62.60%	54.00%		6.6%pts		10.8%pts	
% of safeguarding enquiries which resulted in the desired outcome identified by the individual being achieved	High	Dec-20	67.90%	TBC		1.9%pts		-8.1%pts	
The number of carers receiving carers-specific services (per 10,000 popn)	High	Mar-20	29.5	TBC		n/a		-13	

Page 44

### Performance Analysis

Total Older People in Residential and Nursing Care - Total numbers aged 65+ recorded as being in either residential or nursing care at the end of the month have shown a small decrease overall in the last period. Those reported as being in residential care showed a small increase of 14 (from 742 to 746), with an increase of 6 people in nursing care (368 in Period 8, to 374 in Period 9). Nursing home levels are now back to those reported before the pandemic with the year-to-date average of 2019/20 being 363. These figures include everyone recorded as being in receipt of either of these services, including those who were discharged from hospital into a home as a result of COVID, within Liquid Logic. New admissions on discharge from hospital continue to be paid for by Manchester Health and Care Commissioning (MHCC) for 6 weeks so the impact of these will not yet be hitting the ASC budget.

Outcomes following Reablement - Outcomes following Reablement have fallen slightly this month. Those leaving with no further care (Core reablement) increased from 56.0% to 62.6% and those leaving with reduced care fell from 10.9% to 4.9%. This presents a mixed picture compared to previous months. "No further care" levels continue to be improved on performance levels during 2019/20 (average 52.3%), and the 20/21 average of 56.0%, above target (54.0%).

Outcomes following Safeguarding - Following on-going improvements to the Safeguarding workflow on Liquid Logic we can report that the proportion of our clients for whom we have achieved their desired outcome at 67.9%, is below the 2019/20 average of 71.10% and the 20/21 average of 72.21%, and slightly better than the position of 66% reported for last month.



# Adult Social Care and Population Health Financial Headlines (1 of 3)

The Adult Social Care budget totals £234,448m of which £229,592m is part of the Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2020/21. This is an increase of £2.175m from last month and reflects £0.842m for central government allocation for rapid testing across care homes, and £1.333m for COVID workforce capacity funds.

The overall forecast position as at Period 9 is an overspend of £6.465m, this is made up of;

- COVID-19 pressures through increased costs - £9.850m;
- Partly offset by savings, mitigations and other changes of net £3.385m underspend.

The budget includes grant allocations of £3.342m for Infection Control Fund, £3.084m for Infection Control Round 2 and £4.837m for Track and Trace, and now £0.842m for rapid testing and £1.333m for COVID workforce capacity funds, provided by the government.

## COVID related Pressures (£9.850m)

In line with the national picture across councils, the Adult Social Care (ASC) financial position for 2020/21 continues to carry significant financial risk arising from the impact of COVID-19. The pressures created across the care sector are challenging and the recent increases in confirmed cases will provide further challenges in the coming months. The assumptions in the reported position are significant and as such are likely to fluctuate as the year progresses.

The Council has received COVID-19 funding to support pressures across its services. The ASC projected costs eligible for funding total £9.850m with a further £8.409m set against Health COVID-19 funding. In addition, there is £6.426m for Infection Control spend and £4.837m for Test and Trace program, £0.842m for rapid testing and £1.333m for COVID Workforce capacity funds. These figures are reviewed regularly as more information and costs are finalized for each monthly return to Government.

## Savings, mitigations and other changes (£3.385m)

The position at Period 9 is a reported forecast underspend of £3.385m, of which there is an underspend of £3.376m on the Pool and an underspend of £9k relates to services outside of the scope of the Pool.

The Directorate has identified £2.600m of non-recurrent savings which are included in the forecast. The non-recurrent savings relate primarily to realistic assumptions on the recruitment to vacant posts, a revised implementation for the social worker career pathway scheme, revised assumptions on the opening of the new extra care facilities and an expected uncommitted balance on the national living wage (NLW) and inflation budget.

Close scrutiny of each budget line is on-going and individual packages of care are being reviewed to ensure they are the most appropriate they can be to meet the needs of the clients.

# Adult Social Care and Population Health Financial Headlines (2 of 3)

**The savings, mitigations and other changes (£3.385m) are due to:**

- MLCO Provider Services underspend of £136k due to underspends on day centres of £342k, reablement of £1.318m, specialist short team intervention £295k, short breaks of £286k, and other overspends totalling £8k. This is offset by an overspend on in-house supported accommodation of £1.833m (previously partially offset by £400k from reserves, now covered by overall Directorate underspend) and Equipment and Adaptions of £264k.
- MLCO Hospital Teams, Front Door and TEC - £145k underspend, predominantly due to the timing of recruitment.
- MLCO Integrated Neighbourhood Teams - £1.529m underspend due to underspends on homecare of £1.129m (including expected £0.716m costs to be recharged to Health), carers of £67k, and other care net underspends of £0.547m; offset by overspends on the Residential & Nursing budgets of £21k, and integrated neighbourhood teams of £193k.
- MLCO Complex services (Learning and Disability, Mental Health, Transition) £45k overspend due to overspend on cash personal budgets of £160k, mental health supported accommodation of £147k and Emergency Duty service of £45k; offset by underspends on Learning and Disability social worker staffing budgets totalling £94k, the learning disability care packages due to reduced costs and leavers of £128k, Mental Health Care packages of £54k and other minor underspends £31k.
- MLCO Population Health – £106k underspend due to delay in renegotiations on the sexual health contracts.
- MLCO Commissioning - £0.910m underspend due to a delay in the opening of the new extra care schemes and new sheltered housing schemes.
- MLCO Budget growth and back office - £439k due to slippage against the National Living Wage and inflation budget of £0.550m which will be utilised to support the Directorate overall position; slippage against winter pressures of £75k, £188k on staffing across business support, and other minor underspends totalling £1k, offset by a commitment to costs to support the Impower savings delivery partnership of £375k.
- MHCC - £155k underspend due to underspends on staffing
- MCC – £9k underspend relates in the main to the use of a revised timeline regarding the use of external best interest assessors and slippage against staff recruitment.

## **2021/22 Budget Strategy**

- The 2021/22 budget strategy includes non-recurrent financial support from the Population Health forecast position (£1.5m) and the Residential Nursing position (£2.5m). On Population Health this reflects the focus of the service being on COVID-19 resulting in the workforce being reassigned to specific related work programmes. New investments for 2020 have also not progressed on the timeline envisaged. On residential and nursing, the underspend arises because costs of discharges from hospital are being funded by health as per government funding arrangements. The forecast has been adjusted for these areas to enable funding to be earmarked for 2021/22 per the draft ASC budget strategy.

## Adult Social Care and Population Health Financial Headlines (3 of 3)

### **Movement since last reported to Executive - £256k improvement**

The movement arises from a reduction in the forecast COVID-19 costs of £33k to £9.850m, primarily following review of forecast costs in Integrated Neighbourhood Teams. In addition, the mitigating forecast budget underspend has increased by £223k, to £3.385m.

The main factors are an increase in overspends in Provider services of £0.559m and in Budget Growth and Back Office of £325k, due to a revised position regarding a draw down from council reserves, offset by underspends in Integrated Neighbourhood teams of £0.833m, which is primarily due to reduced client numbers; Complex Services of £102k due to reduced care costs, Commissioning of £104k, Hospital Teams, front door and TEC of £69k and other minor variations of £33k.

## Homelessness – £6.383m overspend

Homelessness	Gross position including COVID impact				
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Singles Accommodation	1,844	1,812	1,809	(35)	6
B&B's (Room only)	4,213	3,629	4,506	293	(105)
Families Specialist Accommodation	314	288	306	(8)	18
<b>Accommodation Total</b>	<b>6,371</b>	<b>5,729</b>	<b>6,621</b>	<b>250</b>	<b>(81)</b>
Floating Support Service/HMT	1,476	1,238	1,533	57	24
Dispersed & TAMF	2,166	2,301	4,149	1,983	100
<b>Dispersed Accommodation Total</b>	<b>3,642</b>	<b>3,539</b>	<b>5,682</b>	<b>2,040</b>	<b>124</b>
Homeless Management	685	526	711	1,026	1,051
Homeless Assessment & Caseworkers	2,320	1,698	2,062	(258)	78
Homelessness PRS & Move On	1,098	714	1,066	(32)	(4)
Rough Sleepers Outreach	403	529	408	5	26
Tenancy Compliance	207	135	186	(21)	22
<b>Homelessness Support Total</b>	<b>4,713</b>	<b>3,602</b>	<b>4,433</b>	<b>720</b>	<b>1,173</b>
Commissioned Services	1,510	1,278	1,510	0	0
<b>Commissioned Services Total</b>	<b>1,510</b>	<b>1,278</b>	<b>1,510</b>	<b>0</b>	<b>0</b>
Covid-19 Response Rough Sleepers	1,368	4,066	4,741	3,373	0
<b>Covid-19 Response Total</b>	<b>1,368</b>	<b>4,066</b>	<b>4,741</b>	<b>3,373</b>	<b>0</b>
<b>Total</b>	<b>17,604</b>	<b>18,214</b>	<b>22,987</b>	<b>6,383</b>	<b>1,216</b>

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	(35)
0	293
0	(8)
<b>0</b>	<b>250</b>
34	23
1,546	437
<b>1,580</b>	<b>460</b>
0	1,026
0	(258)
0	(32)
0	5
0	(21)
<b>0</b>	<b>720</b>
0	0
<b>0</b>	<b>0</b>
3,373	0
<b>3,373</b>	<b>0</b>
<b>4,953</b>	<b>1,430</b>

## Homelessness: Period 9

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Number placed in Bed and Breakfast Accommodation: Single person	Low	Dec-20	213	TBC		-10		46	
Number placed in Bed and Breakfast Accommodation: Families	Low	Dec-20	26	TBC		1		-79	
Number of dispersed accommodation placements: Single person	Low	Dec-20	210	TBC		0		54	
Number of dispersed accommodation placements: Families	Low	Dec-20	1,703	TBC		12		231	

### Performance Analysis

Work is ongoing with Registered Providers (RP) to give backdates to homeless households. Offers are being made to encourage people to rightsize properties and make larger properties available. A bid has been successful from MHCLG for capital funding for 1 bedroom affordable flats, which there is a lack of in the city compared to demand. Work is ongoing to help people access the Private Rental Sector (PRS) in affordable locations, many of which are outside of Manchester, and schemes such as a landlords insurance are being used. A bid for £2m of short term funding from MHCLG has been successful. Incentives for PRS landlords are included.

The service is continuing to focus upon accommodating people who sleep rough to mitigate the public health risk, and ensure people do not return to the streets. A bid from MHCLG for 'protect' funding has been successful and will support the most entrenched. A bid for drug and alcohol support of circa £800k was also successful. A cold weather funding bid was also successful for supporting people when the temperature drops below zero. People who sleep rough have been in hotel accommodation due to cold weather since 24 Dec. This will continue during lockdown and to help with the COVID vaccination rollout. Remote working continues as it has proven to be successful. Positively, the number of families in B&B in Dec were 79 fewer than the same point last year. However, there were 46 more single people in such accommodation than there were at the same point last year. The number of families in dispersed accommodation in Dec was 231 greater than in Dec last year. This is to be expected with high numbers still presenting, but with a tougher housing market to move people into. The number of single people placed in such accommodation in Dec was 54 greater than Dec last year. Officers have been working hard throughout the pandemic to move more single people and families out of temporary and into permanent accommodation. Households presenting will continue to increase over the next few months as the economic outcome of the pandemic is fully realised. It is anticipated the number of people sleeping rough will also increase, although significant work and investment is ongoing to keep people from the streets.

The homeless service was returning to business as usual, but the recent lockdown has meant a return to full home working where possible. It is anticipated there will be a significant demand for services once the pandemic is over, and the service is preparing for a large increase in numbers. This is due to the continuation of welfare reform, the high level of rental income that the PRS demands, but most significantly, the number of people that will be economically affected by the outcome of COVID-19, through losing employment, being unable to pay their rent, the reduction in support services that would have otherwise helped them being reduced or stopped due to essential cuts in services. The freeze on evictions is enabling people to ignore their rental arrears, which will cause its own issues as we try to mediate between tenants and landlords, but comms work is progressing to encourage people to access debt advice.

# Homelessness Financial Headlines (1 of 2)

The Homelessness budget for 2020/21 is £17.604m

The overall forecast position as at Period 9 is an overspend of £6.383m, this is made up of;

- COVID-19 pressures through increased costs and income shortfalls - £4.953m;
- Savings, mitigations and other changes of net £1.430m overspend.

The Period 9 position is an overspend of £6.383m. This is an increase of £1.000m from Period 8 and an increase of £1.216m from Period 7, this is a result of finessing the future provision of accommodation and support linked to ongoing provision for those supported as part of COVID-19 response; and a review of the bad debt provision.

## **COVID related Pressures (£6.621m expenditure linked to COVID-19 less £1.668m funding from MHCLG for costs incurred leaving a net £4.953m overspend):**

COVID-19 response to Government's 'Everyone In', providing accommodation for 280 people sleeping rough in the City. Indicative annual cost of £5.075m, **£457k** staffing related expenditure (this does not reflect the cost of staff who have been redeployed, whose costs are covered by budgets linked to substantive roles), **£4.584m** accommodation, food and security to provide accommodation for those who would otherwise be sleeping rough linked to the Governments Everyone In and the exit strategy. In addition to the increased expenditure, there is a forecast lost income of **£34k** linked to Legal Services provided to Registered Providers. **Funding has now been allocated of £2.068m, of which £1.668m has been assigned to accommodation costs already committed with a further £100k to be utilised for additional cold weather provision and £300k for incentives to move people on into Private Rented Sector.**

Dispersed temporary accommodation placements have increased by 291 since March 2020 to 1,901 in December 2020. **£0.546m** of costs have been assigned as COVID-19 costs. Continued increase in numbers in dispersed has increased the expected Housing Benefit Subsidy loss by **£437k**. At budget setting 2020/21 £1.5m of reserves were allocated to cover the impact of increased demand, at this stage this has not been allocated. The Flexible Housing Support grant (£2.1m) is being fully applied to meet the cost.

Savings of **£1m** unachieved, have been reported to MHCLG as part of COVID-19 return, with delays in procurement as a result of Senior Management involvement in Covid-19 response. Work is ongoing with Legal and Procurement to revise timelines.

## **Savings, mitigations and other changes (£1.430m overspend):**

Mainstream funded services, overspend of £1.430m linked to the continued increase in Dispersed Accommodation placements as well as Bed and Breakfast (B&B) numbers being higher than previous years, and review of bad debt provision on housing rental income resulting in an increase of £1.000m; these are partly offset by staffing underspends. At budget setting 2020/21 £1.5m of reserves were allocated to cover the impact of increased demand, at this stage this has not been allocated. The Flexible Housing Support grant (£2.1m) is being fully applied to meet the cost.

The position reported reflects the allocation of £0.979m investment due to increased need for Dispersed Accommodation, £1m of funding to enable a permanent staffing structure to be implemented and £373k of funding to offset the loss of GMCA income at the Longford Centre as per the Council's 2020/21 budget process.

# Homelessness Overview of Period 9 (Continued)

## Additional one off funding in 2020/21

- Rough Sleeper Initiative funding of £0.724m funds a number of different initiatives and services that work together as an RSI Partnership, with the objectives of preventing people from rough sleeping and finding accommodation for people already rough sleeping. This funding included the provision of Rapid Rehousing Pathway programme of £215k for 4 Navigators and 1 Team Leader. These are attached to the Council's Outreach Team and the Navigators will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation
- The new burdens funding off £461k is being utilised to provide capacity to reduce demand. Additional capacity is needed for:
  - Housing Solutions Officers to increase prevention work and reduce flow into the system
  - Private Rented Sector (PRS) team to develop a PRS offer for homeless people
  - Investment to reduce floating support caseloads to allow meaningful work in moving people on and ensuring people are appropriately safeguarded
- Funding of £1.6m has been awarded by GMCA to fund 142 beds spaces in Phase 3 of A Bed Every Night which has been extended to cover the period July 2020 to March 2021, indicative costs are £2.5m. Revenue and Benefits are currently reviewing the proposals at each of the properties to confirm the level of Housing Benefit which can be claimed, current conversations indicate that funding of £300k will be provided, therefore the shortfall in funding is approximately £0.600m which has been included in Covid-19 costs.

### **Movement since last reported to Executive - £1.216m increased pressure**

Homelessness overspend has increased by £1.216m since the last report to Executive. This is following a review of the bad debt provision which has now been increased by £1m within Homeless Management to capture the impact of the Universal Credit roll out which resulted in a shortfall in housing costs met by benefits. A £100k increase in overspend on Dispersed and TAMF and other minor variations of £116k

# Homelessness Period 9 Activity

Table 1. Presentations at Front Door	2016/17	2017/18	2018/19	2019/20	2020/21
Quarter 1	1,329	1,644	1,692	2,388	2,070
Quarter 2	1,400	1,626	2,174	2,525	2,541
Quarter 3	1,331	1,453	1,978	2,393	2,245
Quarter 4	1,619	1,545	2,303	2,534	
<b>Total</b>	<b>5,679</b>	<b>6,268</b>	<b>8,147</b>	<b>9,840</b>	<b>4,521</b>

Total number of B&B cases booked in and out in the month		Jan-20	Feb-20	Mar-20	Apr-20	May-20	June-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20	Total
Families	Booked In	100	71	81	39	51	82	115	68	102	82	84	74	<b>949</b>
	Booked Out	84	91	102	97	69	63	92	89	99	94	92	53	<b>1,025</b>
	<b>Change</b>	<b>16</b>	<b>(20)</b>	<b>(21)</b>	<b>(58)</b>	<b>(18)</b>	<b>19</b>	<b>23</b>	<b>(21)</b>	<b>3</b>	<b>(14)</b>	<b>(8)</b>	<b>21</b>	<b>(76)</b>

Single Person	Booked In	104	101	133	118	126	169	166	165	160	135	127	125	<b>1,629</b>
	Booked Out	121	86	121	107	117	141	174	165	174	137	131	116	<b>1,590</b>
	<b>Change</b>	<b>(17)</b>	<b>15</b>	<b>12</b>	<b>11</b>	<b>9</b>	<b>28</b>	<b>(8)</b>	<b>0</b>	<b>(14)</b>	<b>(2)</b>	<b>(4)</b>	<b>9</b>	<b>39</b>

B&B average placements in month	Jan-20	Feb-20	Mar-20	Apr-20	May-20	June-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20
Single person	169	176	179	191	211	231	233	228	227	219	223	213
Families	112	113	101	50	20	20	41	45	31	31	25	26
<b>Total</b>	<b>281</b>	<b>289</b>	<b>280</b>	<b>241</b>	<b>231</b>	<b>251</b>	<b>274</b>	<b>273</b>	<b>258</b>	<b>250</b>	<b>248</b>	<b>239</b>

Dispersed Accommodation placements at the end of the month	Jan-20	Feb-20	Mar-20	Apr-20	May-20	June-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20
Families	1,489	1,498	1,505	1,573	1,614	1,611	1,618	1,629	1,641	1,626	1,691	1,703
Singles	159	157	158	161	174	184	188	191	194	220	210	210
<b>Total</b>	<b>1,648</b>	<b>1,655</b>	<b>1,663</b>	<b>1,734</b>	<b>1,788</b>	<b>1,795</b>	<b>1,808</b>	<b>1,820</b>	<b>1,835</b>	<b>1,846</b>	<b>1,901</b>	<b>1,913</b>



## Corporate Core – £4.418m overspend (1 of 2)

Corporate Core	Gross position including COVID impact				
Chief Executives	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Coroners and Registrars	2,348	1,583	3,054	706	(38)
Elections	1,079	2,328	902	(177)	(77)
Legal Services	7,129	7,469	6,945	(184)	(178)
Communications	3,371	2,575	3,583	212	(23)
Executive	987	544	785	(202)	(102)
<b>Legal, Comms, Democratic and Statutory Sub Total</b>	<b>14,914</b>	<b>14,499</b>	<b>15,269</b>	<b>355</b>	<b>(418)</b>
Corporate Items	545	88	989	444	(26)
<b>Chief Executives Total</b>	<b>15,459</b>	<b>14,587</b>	<b>16,258</b>	<b>799</b>	<b>(444)</b>

Memo variance of breakdown	
COVID related impact	Savings, mitigations and other changes
£000	£000
827	(121)
0	(177)
401	(585)
423	(211)
0	(202)
<b>1,651</b>	<b>(1,296)</b>
254	190
<b>1,905</b>	<b>(1,106)</b>

## Corporate Core - £4.418m overspend (2 of 2)

Corporate Core	Gross position including COVID impact				
Corporate Services	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Policy, Performance and Reform total	15,692	11,371	15,746	54	736
Procurement & Commissioning	1,414	984	1,237	(177)	(10)
Revenue and Benefits	30,852	11,138	32,313	1,461	(32)
Discretionary Housing Payments and Welfare Provision	2,600	2,240	2,600	0	0
Financial Management	5,532	3,648	4,947	(585)	0
ICT	13,746	13,084	17,434	3,688	2,533
Human Resources/ Organisational Development (HR/OD).	4,119	3,446	3,953	(166)	0
Audit, Risk and Resilience	1,483	1,178	1,384	(99)	(22)
Shared Service Centre	1,132	1,120	797	(335)	0
Capital Programmes	( 31)	961	388	419	(168)
CS Corporate Items (non business plan)	226	264	36	(190)	30
Customer Services	4,217	3,123	3,803	(414)	(15)
Commercial Governance	259	234	222	(37)	(14)
Decriminalised Parking Enforcement	( 649)	5,666	(649)	0	0
Bus Lane	( 334)	5,080	(334)	0	0
<b>Corporate Services Total</b>	<b>80,258</b>	<b>63,537</b>	<b>83,877</b>	<b>3,619</b>	<b>3,038</b>
<b>Total Corporate Core</b>	<b>95,717</b>	<b>141,661</b>	<b>100,135</b>	<b>4,418</b>	<b>2,594</b>

Memo variance of breakdown	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	54
0	(177)
1,967	(506)
0	0
0	(585)
1,307	2,381
53	(219)
0	(99)
0	(335)
737	(318)
0	(190)
0	(414)
0	(37)
0	0
0	0
<b>4,064</b>	<b>(445)</b>
<b>5,969</b>	<b>(1,551)</b>

## Corporate Core: Period 9

	Desired Performance	Period	Performance	Are we better than....?					
				Target		Last Period		Last Year	
Availability of 11 critical ICT Services and Applications (year to date)	High	Dec-20	99.4%	98.5%		0%pts		0.1%pts	
Average Number of ICT Major Incidents in a month (year to date)	Low	Apr 20 - Dec 20	6.00	n/a		0.00		-0.88	
% of transactions delivered face to face (year to date)	Low	Apr 20 - Dec 20	0.0%	n/a		0%pts		-3.7%pts	
% of transactions delivered by telephone (year to date)	Low	Apr 20 - Dec 20	34.4%	n/a		0.6%pts		-14.4%pts	
% of transactions delivered online (year to date)	High	Apr 20 - Dec 20	65.6%	n/a		-0.6%pts		18.2%pts	
% of annual due Council Tax collected (year to date)	High	Apr 20 - Dec 20	72.1%	94%	n/a	8.1%pts	n/a	-1.5%pts	
% of annual due Business Rates collected (year to date)	High	Apr 20 - Dec 20	64.4%	97%	n/a	7.2%pts	n/a	-13.5%pts	
% invoices paid within 10 days (average monthly result YTD)	High	Apr 20 - Dec 20	63.2%	65%		-0.6%pts		4.2%pts	
% invoices paid within 30 days (average monthly result YTD)	High	Apr 20 - Dec 20	83.8%	90%		-0.7%pts		-5.6%pts	
% of pursuable miscellaneous debt over 1 year old (excluding C'tax and B'rates)	Low	Nov-20	10.0%	5%		-2.7%pts		1.5%pts	
BR Grants: Small Business Grant ( monthly % figure of target allocation allocated)	High	16-Dec	95.81% (£64,780,000)	£67,610,000	n/a	0.01%	n/a	n/a	n/a
BR Grants: Retail, Hospitality & Leisure Grant (monthly % figure of target allocation allocated)	High	16-Dec	95.64% (£41,315,000)	£43,195,000	n/a	0.03%	n/a	n/a	n/a
BR Grants: Local Authority Discretionary Grant (monthly % figure of target allocation allocated)	High	16-Dec	99.73% (£5,417,500)	£5,432,000	n/a	0.00%	n/a	n/a	n/a
Local Restriction Support Grant	High	31 Jan	£24,616,134	n/a	n/a	n/a	n/a	n/a	n/a
Additional Restriction Grant	High	31 Jan	£1,021,445	n/a	n/a	n/a	n/a	n/a	n/a
Closed Business Lockdown Payment	High	31 Jan	£16,305,000						

## Corporate Core: Period 9

### Performance Analysis

- The % of small business and retail, hospitality and leisure business support grants allocation was finalised on 30 September. Overall, £111.5m was allocated to 9,471 businesses - 95.94% of businesses identified as in scope.
- Following local and national restrictions further business support grant has been allocated through the Local Restriction Support Grant, Additional Restriction Grant and Closed Business Lockdown Payment schemes. To 31 Jan £41.9m of support has been allocated to businesses under these schemes.
- The proportion of transactions undertaken online and via phone were typically just over 48% each before the service responded to the impacts of the pandemic (with face-to-face transactions representing circa 3% of transactions). However, 85% of transactions in the financial year up to the end of June were online and 15% were via phone (due to the closure of non-critical contact centre phone lines from March as a result of the pandemic). The reopening of these non-critical phone lines (e.g. C'tax, b'rates, n'hoods, switchboard) from July has seen the financial year to date figures gradually move back towards pre-pandemic levels each month. Online transactions stood at 66% and phone transactions at 34% at the end of December (the same as November).
- The percentage of Council Tax due for 2020/21 which had been collected at the end of December (72.07%) was 2% points below that collected at the same point last year, and at nearly £156m, it was nearly £2.4m more than that collected at the same point last year, entirely due to the annual increase. COVID-19 and the lockdown has impacted on people's ability to pay.
- The percentage of business rates due for 2020/21 which had been collected at the end of Nov (64.41%) was 13.8% points lower than that collected at the same point last year and at over £153m, was nearly £142m less than that collected at the same point last year (£295m) with the Governments Expanded Retail Discount accounting for most of the reduction. This decrease was exacerbated by the need to suspend direct debit payments while grants and retail relief were administered. These restarted from 21 May 2020 with repayment plans reprofiled over ten or eleven months.
- At the end of December, the 'total amount of pursuable miscellaneous debt which was over a year old' (£3.58m), as a percentage of the 'total amount of all pursuable debt' (£52m) was 6.88%. This was a drop of over 3% from the end of November when the 'total amount of pursuable miscellaneous debt which was over a year old' (£3.60m), as a percentage of the 'total amount of all pursuable debt' (£36m) was 10%. The drop in the % result was mainly due to debt being raised during December 2020 which was not paid to the Council before the end of the month, rather than a reduction in the amount of pursuable miscellaneous debt which was over a year old.
- Formal recovery of such debt only resumed in late July 2020. The amount of collectable debt +1yr old is now just over £3.6m, almost £2.1m more than the figure from April 2018. Circa 57% of the increase since April 2018 is attributed to the ASC business area with the majority of this belonging to the NHS. The Council is prioritising chasing NHS invoices and other large ASC invoices to reduce the collectable debt figure and progress is being made in resolving outstanding disputes which are preventing payment. With the NHS currently prioritising paying COVID-19 related invoices it is more challenging to chase older invoices. The stalled start to the recovery is also a challenge.
- The percentage of invoices paid within 10 and 30 days remain slightly below targets.

## Corporate Core Financial Headlines (1 of 3)

Corporate Core revenue budget totals £95.717m

The overall forecast position as at Period 9 is an overspend of £4.418m, this is made up of:

- COVID-19 pressures through increased costs and reduced income - £5.969m;
- Partly offset by savings, mitigations and other changes of net £1.551m underspend.

The Council Tax Hardship fund of £300k is to support Carers and Welfare Provision and the budget also includes self isolation grant of £379k.

The test and trace support payments are currently projecting to exceed the grant allocation and officers are considering requesting additional Funding from the Department of Health and Social Care.

The budget and position reflects £11.698m Additional Restriction Grant (ARG) allocated to the Council to support businesses across the city during the Very High local COVID alert level (Tier 3). An additional top up ARG allocation of £4.911m received in January following the third national lockdown announcement is also included in the budget.

It is forecast that all the other additional grants will be fully utilised in year.

The Core budget is net of £3.449m savings that were approved as part of the 2020/21 budget setting process

The Corporate Core is forecasting an overall overspend of £4.418m at Period 9 an increase of £2.594m since the last executive report. The overall overspend is made up of £5.969m COVID pressures through increased costs and lost income. This is offset by in year mitigations of net £1.551m underspend mainly due to employee savings following revised recruitment assumptions and running costs.

## Corporate Core Financial Headlines (2 of 3)

### COVID related Pressures (£5.969m)

These are due to:

- £2.061m increased expenditure largely relating to ICT costs of mobilising staff to work more flexibly and additional licensing costs, £498k relating to Coroners for cemetery and mortuary services and £12k in Legal Services for equipment and installation to allow semi virtual meetings to be held.
- £3.908m shortfall in income due to reduced capital programme fee income of £0.737m due to the slow down of capital schemes, reduced income in registrars of £329k, legal services of £370k, Communications of £323k, Revenue and Benefits reduced income £1.895m due to a number of council tax enforcement notices being waived, lower than forecast take up of the annual leave purchase scheme of £254k.

### Savings, mitigations and other changes (£1.551)

These are made up of Chief Executives £1.106m and Corporate Services of £445k and further detail is provided below.

The Chief Executives £1.106m underspend is due to the following:

- Elections underspend of £177k due to cancelled 2020/21 election;
- Legal £0.585m, Coroners and Registrars £121k, Communications £211k and Executive office underspend of £202k due to savings on employee budgets, running costs and civil ceremonies.
- Reduced by £190k in Corporate items for Manchester Central historic catering costs.

The Corporate Services forecast underspend of £445k is due to:

- Employee savings and running costs of £2.310m in Policy and Performance and Reform, Procurement, Financial Management, HR/OD, Audit, Shared Service Centre, Customer Services and Commercial Governance Team;
- Corporate items £250k underspend due to pensions savings from upfront funding of contributions (3 years).
- Capital Programmes £318k additional income
- Offset by £2.433m ICT related costs charged to revenue budget in year to avoid eroding the ICT capital fund.

## Corporate Core Financial Headlines (3 of 3)

### **Movement since last reported to Executive - £2.594m increased pressure**

This is made up of £444k improvement in Chief Executives, and a £3.038m increased pressure on Corporate Services. Further detail of these variances are set out below.

The Chief Executives position has improved by £444k, mostly due to Legal services £178k due to additional commercial income, Executive £102k on employees savings and running costs as there will be no civil ceremonies for the remainder of the financial year and Elections £77k due to 20/21 cancelled election. The remaining underspend of £86k is employee savings and running costs in Communications, Coroners and Registrars.

The corporate services increased pressure of £3.038m is made up of £2.433m ICT related costs charged to revenue budget in year to avoid eroding the ICT capital fund, £0.710m contribution to reform initiatives and £100k increased pressure in ICT for de-commissioning costs of the data centre; offset by £168k increased underspends in Capital Programmes due to acceleration of a major leisure programme and other smaller variances of £37k.

## Neighbourhoods Directorate - £11.608m overspend

Neighbourhoods Directorate	Financial Outturn Summary Report 2020/21 including COVID impact				
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Neighbourhood Management and Directorate Support	1,160	524	1,160	0	(74)
Operations and Commissioning	51,520	45,149	56,408	4,888	328
Parks, Leisure, Events and Youth	7,964	7,812	12,147	4,183	(87)
Compliance and Community Safety	19,989	7,436	19,307	(682)	(264)
Libraries, Galleries and Culture	10,198	6,768	9,812	(386)	(191)
Neighbourhood Area Teams	2,700	1,741	2,532	(3)	73
Other Neighbourhood Services (including Covid pressures)	352	266	827	310	310
<b>SUB TOTAL</b>	<b>93,883</b>	<b>69,696</b>	<b>102,193</b>	<b>8,310</b>	<b>95</b>
Highways	14,741	5,557	18,039	3,298	2,838
<b>SUMMARY TOTAL</b>	<b>108,624</b>	<b>75,253</b>	<b>120,232</b>	<b>11,608</b>	<b>2,933</b>

Memo breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
0	0
6,024	(1,136)
4,575	(392)
506	(1,188)
216	(602)
0	(3)
0	310
<b>11,321</b>	<b>(3,011)</b>
3,903	(605)
<b>15,224</b>	<b>(3,616)</b>



## Neighbourhoods: Period 9

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?					
				Target		Last Period		Last Year	
Neighbourhoods									
Total levy refuse tonnage (provisional)	Low	Dec-20	6,510	5,772		-267		543	
Total levy recycling tonnage (provisional)	High	Dec-20	5,582	4,200		n/a	n/a	1118	
Citywide recycling rate (provisional)	High	Q2 20/21	40.2%	n/a		n/a	n/a	-2.8%pts	
Total number of waste related requests for service resolved in the quarter	High	Q3 20/21	1,165	n/a		-423	n/a	-141	n/a
% of waste related requests for service resolved informally (remainder were formal resolutions)	n/a	Q3 20/21	87%	n/a		1.7%pts	n/a	12.5%pts	n/a
Flytipping reports completed by BIFFA (12 month rolling)*	Low	Jan 20- Dec 20	26,244	n/a		409		4680	
Number of burials (in the month)	n/a	Dec-20	187	Projection: 122	n/a	30	n/a	82	n/a
Number of cremations (in the month)	n/a	Dec-20	123	Projection: 89	n/a	18	n/a	35	n/a
Connected City									
Road network beyond mid-life grading (A, B, C, U roads - excluding footways)	Low	2020	17.7%	23.0%		n/a		-2.3%pts	

\* This data includes some reports for compliance and side waste, please note further analysis of this data is undertaken prior to the submission to WasteDataFlow.

### Performance Analysis

In December, more refuse was collected than forecast (target 5,772) due to residents spending more time at home due to tier 3 and 4 restrictions. The amount of refuse collected above the forecast decreased in December (738 tonnages above the target) compared to November (1,220 tonnages above the target). Recycling tonnages are 1,382 tonnes above the target for December. In December 2020, more commingled, pulpable and organic recycling was collected than the target.

In addition to waste related requests for service, the Neighbourhood Compliance Teams proactively investigated 465 flytipping, commercial and domestic waste incidents (13% decrease from last period). The Neighbourhood Project Team also proactively investigated 808 jobs and served 815 notices in relation to flytipping during this period. This is a 17% and 0.4% decrease respectively.

In the 12 months to December 2020, reports of fly tipping dealt with by Biffa were 22% higher than the previous year. After an initial decline in requests at the start of the year fly tipping has been consistently higher in 2020. As COVID restrictions relaxed after the first lockdown reports continued to increase, peaking in August 2020 at 2,800 requests for service completed by Biffa. This was 65% (+1,102) higher than the same month last year. From this point requests have been declining and returning to similar levels seen in 2019. However, reports in the month of December remain 26% higher than the same month in 2019.

# Neighbourhoods Directorate Finance Headlines (1 of 3)

Neighbourhoods Directorate revenue budget totals £108.624m

The overall forecast position as at Period 9 is an overspend of £11.608m, this is made up of:

- COVID-19 pressures through increased costs and reduced income - £15.224m;
- Offset by identified in year mitigations of net - £3.616m underspend.

## COVID related Pressures (£15.224m)

This is made up of a combination of increased expenditure £4.731m and forecast reductions in income of £10.493m. Further details are provided below:

£4.731m increased COVID-19 costs are made up as follows:

- Leisure services £3.322m support to leisure operator to fund the ongoing costs of maintaining City Council assets during closure.
- £86k in Parks and £35k in Events for additional signage, markings and cabin costs.
- Highways Services - £0.640m increased costs of introducing social distancing measures.
- £13k sanitisers and shields within Libraries.
- £494k within Waste Services for additional collection costs and the increased cost of bins.
- £138k additional security, staffing and equipment costs within Bereavement Services.
- £3k minor costs within Fleet Services.

£10.493m reduced income is made up as follows:

- Reduced income of £5.389m in Operations and Commissioning Services, due to the £1.761m loss on the Christmas Offer income including Christmas Markets, £2.869m reduced income for Wholesale, Retail, City Centre and Commercial Markets as a result of required closure, £0.744m reduced income in Other Business Units (Catering £0.692m, Pest Control £52k) and £15k in Fleet Services.
- Libraries & Galleries £203k due to reduced sales income and funding contribution because of closure and reduced footfall.
- Leisure, Parks and Events - £1.132m due to reduced income because of closure, this includes £0.514m because of the cancelled Parklife concert and loss of car parking income and also £0.572m Leisure mostly due to loss of Swimming Income and £46k in Events.
- Highways reduced income from car parking £2.982m and sales of fees and permits £281k.
- £0.506m reduced income from penalty notices and licences in Community Safety and Enforcement.

The above figures assume use of GMCA reserves to mitigate the overspend on the Waste Levy due to increased tonnages as a result of COVID-19.

# Neighbourhoods Directorate Finance Headlines (2 of 3)

## **Savings, mitigations and other changes (£3.616m)**

The Directorate has identified in year savings of £4.091m that have been offset against the COVID-19 cost pressures as part of undertaking this work it has been assumed that most vacant posts will not be filled through external recruitment before April 2021 at the earliest. The breakdown of the identified in year savings are provided below.

Operations and Commissioning £1.136m underspend due to;

- The underspend relates to the decision to request drawdown of the catering reserves to mitigate the projected lost income for Manchester Fayre £0.605m together with staffing savings due to revised recruitment profiles and ad hoc savings on running costs across the Markets estate offset by the change in the funding of essential building and maintenance work at New Smithfield Market resulting in an adverse variance of £103k on Markets. Fleet Services have increased net fleet hire income of £49k, Bereavement Services are forecasting a net increase in income of £488k, Pest Control have savings of £52k mainly on staffing and a £45k employee saving within Grounds Maintenance.
- Compliance and Community Safety £1.188m savings due to;
- Mostly relates to employee savings due to revised recruitment assumptions with some vacant posts now anticipated to be filled in the new financial year.

Libraries, Galleries and Culture £0.602m saving mostly due to;

- £494k Saving on employee costs in Libraries;
- £8k saving on running costs in Libraries and £100k Saving on the Libraries book fund.

Parks, Leisure, Youth and Events £392k savings due to;

- £392k employee savings due to revised recruitment assumptions and savings on running costs due to postponement of Events.

Neighbourhood Teams £3k savings due to;

- £168k Staff savings offset by
- £165k costs associated with Walmer Street sink hole and demolition. The Council will seek to recover these costs from insurance providers, but this is likely to be timely and uncertain.

Other Neighbourhoods Services £310k overspend due to:

- Increased bad debt provision to allow for increased risks around long term outstanding retail debts

Highways - £0.605m savings due to;

- Higher than forecast income from highways capital works that have been undertaken during the lockdown period, savings on employee costs, accident and trip claims.

## Neighbourhoods Directorate Finance Headlines (3 of 3)

### **Movement since last reported to Executive - £2.933m increased pressure**

The movement is mainly due to increased pressure in Highways of £2.838m due to reduced income from car parking. The joint venture ended on 31 December and the car parks transferred back to Manchester City Council. The overspend has increased since the last reporting period due to reduced income from these car parks as a result of the current lockdown. There is also an increase in overspend on Operations and Commissioning of £328k which is caused by increased Waste Collection costs, further lost income within Markets, £165k relating to Walmer St sink hole and building demolition, and £310k increased bad debt requirement to allow for increased risks around long term outstanding retail debts. These are offset by planned recruitment savings in Compliance and Community Safety of £264k and Libraries, Galleries and Culture £191k, Parks £35k, Neighbourhood area teams of £92k and Neighbourhood Management and Directorate Support of £74k, increased income and reduced expenditure within Parks and Events of £52k.

## Growth and Development - £2.965m overspend

Growth and Development	Gross position including COVID impact				
	Annual Budget	Net actual spend to date	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	
Operational Property	8,273	6,260	8,220	(53)	(120)
Facilities Management	9,687	5,836	9,792	105	108
Property Rationalisation	0	1,122	0	0	0
Investment Estate	(11,887)	(10,935)	(9,800)	2,087	608
Manchester Creative Digital Assets Ltd (MCDA)	0	279	0	0	0
Growth & Development	164	(109)	111	(53)	0
City Centre Regeneration	914	735	916	2	(73)
Housing & Residential Growth	1,445	888	1,041	(404)	0
Planning, Building Control & Licensing	(588)	(805)	151	739	14
Work & Skills	2,039	1,138	1,882	(157)	0
The Community Hub	1,443	1,411	2,125	682	(1,379)
Manchester Adult Education Services (MAES)	0	1,073	17	17	0
Our Town Hall Project	0	1,375	0	0	0
<b>Total Growth &amp; Development</b>	<b>11,490</b>	<b>8,268</b>	<b>14,455</b>	<b>2,965</b>	<b>(842)</b>

Memo: Breakdown of variance	
COVID related impact	Savings, mitigations and other changes
£000	£000
6	(59)
197	(92)
0	0
2,146	(62)
870	(870)
0	(53)
1	1
0	(404)
1,504	(765)
0	(157)
783	(101)
17	0
0	0
<b>5,527</b>	<b>(2,562)</b>

## Growth and Development : Period 9

Outputs and Cost-Drivers	Desired Performance	Period	Performance	Are we better than...?		
				Target	Last Period	Last Year
Number of Planning Applications with fees of £10k - £50k	High	Dec-20	4	n/a	0	1
Number of Planning Applications with fees of £50k +	High	Dec-20	1	n/a	0	-1
Planning Fee Income	High	Dec-20	£340,046	£210,555	-£67,716	-£48,750
Net annual Business Rate charges payable (quarterly snapshot)	High	01-Jan-20	£232.99m	n/a	-£7.53m	-£135.23m
No. of properties for which business rates are payable (quarterly snapshot)	High	01-Jan-20	27,029	n/a	-34	14
No. of new homes built (excluding small developments)	High	Q2 20/21	4,009	n/a	n/a	1082
% of properties empty long-term	Low	2019/20	0.53%	n/a	n/a	0.01%points

### Performance Analysis

'Planning Fee income in December was £340k, an increase of £67k from the previous month and far exceeding the expected target of £210.5k. Given the unprecedented economic climate, the expectation is that planning fee income will fluctuate and may fall short of expectations this year, however continued receipt of some larger applications means the target income is being achieved.

The amount of Business Rate charges payable dropped in December by £7.5m, and overall was £135m below the charge for the previous year due to the ongoing rates relief.

Construction of new homes is continuing in spite of the pandemic and 4,009 homes are expected to complete by the end of 2020/21, including over 400 affordable homes.

## Growth and Development Financial Headlines (1 of 2)

Growth and Development revenue budget totals £11.490m

The overall forecast position as at Period 9 is an overspend of £2.965m, this is made up of:

- COVID-19 pressures through increased costs and reduced income of £5.527m;
- Offset by identified in year savings and mitigations of £2.562m.

The net £11.490m budget includes Government grant allocations for Reopening High Streets Safely Fund of £489k, Local Welfare Assistance Fund of £0.957m and COVID Support for clinically extremely vulnerable individuals of £0.552m and reflects the pay award.

The overall Directorate position is due to the following:

Overspends of £3.632m in:

- Facilities Management - £105k, additional costs of the Target Operating Model (Security), offset by savings on staffing costs and other efficiencies.
- Investment Estate - £2.087m, mainly as a result of anticipated Covid-19 income pressures and increased bad debt provision to allow for increased risks around longterm outstanding retail debts. These are offset by staffing savings, and forecast additional income from Manchester International Airport and the Development Sites.
- City Centre Regeneration - £2k, due to higher than budgeted salary costs, offset by the cost of the Planning and Infrastructure team that have transferred across since the P8 report.
- Planning, Building Control & Licensing - £0.739m due to a net income reduction of £256k in Building Control, £66k in Landcharges, £417k shortfall in licensing, and £363k from taxi MOT/testing. These are offset by £363k of mainly staffing savings in planning.
- Community Hub - £0.682m – ongoing provision of food support to the most vulnerable residents.; and
- Manchester Adults Education Service (MAES) - £17k of COVID-19 related expenditure.

## Growth and Development Financial Headlines (2 of 2)

Offset by underspends of £0.667m:

- Growth and Development - £53k underspends on staff costs due to vacancies;
- Housing and Residential Growth - £404k due to staff vacancies, reduced general running costs and increased rental income on the Ben Street scheme; and
- Work and Skills - £157k due to staffing savings of £57k and reduced project costs of £100k.
- Operational Property - £53k mainly due to staffing savings and utility costs at the Town Hall Complex,

### **Movement since last reported to Executive - £0.842m improvement**

The position has improved since the last report to Executive, predominantly due to a £1.379m improvement in The Community Hub. There are other improvements include operational property of £120k and City Centre Regeneration of £73k; offset by £0.608m on Investment Estate due to increased bad debt provision to allow for increased risks around long term outstanding retail debts, pressures in Facilities Management of £108k and Planning, Building Control and Licensing of £14k.



# Housing Revenue Account

	Annual Budget	Net Actual Spend	Projected Outturn	Projected Variance from Budget	Movement from last reported to Exec
	£000	£000	£000	£000	£000
Housing Rents	(60,881)	(30,557)	(61,027)	(146)	0
Heating Income	(600)	(341)	(623)	(23)	0
PFI Credit	(23,374)	(11,687)	(23,374)	0	0
Other Income	(1,281)	(780)	(984)	297	(65)
Funding from General/MRR Reserves	(18,632)	0	(18,632)	0	0
<b>Total Income</b>	<b>(104,768)</b>	<b>(43,365)</b>	<b>(104,640)</b>	<b>128</b>	<b>(65)</b>
Northwards R&M & Management Fee	20,694	15,564	21,097	403	0
PFI Contractor Payments	36,296	21,237	34,084	(2,212)	(1,547)
Communal Heating	584	273	607	23	0
Supervision and Management	5,213	2,914	5,391	178	(42)
Contribution to Bad Debts	613	(51)	547	(66)	(307)
Depreciation	17,378	0	17,378	0	0
Other Expenditure	1,370	485	1,393	23	0
RCCO	19,841	0	(2,416)	(22,257)	(518)
Interest Payable and similar charges	2,779	0	2,779	0	
<b>Total Expenditure</b>	<b>104,768</b>	<b>40,422</b>	<b>80,860</b>	<b>(23,908)</b>	<b>(2,414)</b>
<b>Total HRA</b>	<b>0</b>	<b>(2,943)</b>	<b>(23,780)</b>	<b>(23,780)</b>	<b>(2,479)</b>

Movement in General/MRR Reserves	Opening Balance	Budgeted Adjustment	Forecast Closing Balance	Additional Adjustment	Revised Forecast Closing Balance
	76,012	(18,632)	57,380	23,780	81,160

# Housing Revenue Account Financial Headlines

The Housing Revenue Account (HRA) is forecasting lower than forecast expenditure of £23.780m at Period 9. This is due to:

Underspends of £24.704m:

- Reduced contribution towards capital expenditure of £22.257m, this is due to reduced capital expenditure, partially due to the impact of COVID and a combination of increased time to undertake works because of changes to working practices, and reduced works because of reduced accessibility to tenants' properties.
- Reduced PFI Payments £2.212m:
  - £0.595m decrease on Brunswick PFI mainly due to the delays in forecast completion date for the extra care scheme – currently forecast March 2021.
  - £123k saving due to rate of inflation being lower than forecast.
  - £68k increased in Communal Heating costs due to higher charge whilst a new contract is agreed.
  - £1.562m decrease due to spend being incurred on sprinkler installations in Miles Platting or Brunswick during 2020/21. This has been pushed back into 2021/22.
- Additional Rental income of £146k. It is forecast that £255k extra rent will be received due to reduced number of Right To Buy sales, offset by a loss of £109k due to the delay in the Brunswick Extra Care Scheme
- £66k reduction in Bad Debt Provision due to an adjustment to Leaseholder relating to 2019/20.
- Additional income of £23k on Communal Heating schemes due to the reduction in 2/4 blocks on the scheme being slower than originally planned. This is offset by a corresponding increase in gas costs.

Offset by overspends of £0.924m:

- Northwards Management Fee - £403k higher than forecast largely due to increased costs of the agreed pay awards, additional costs in respect of supplier relief payments due to support provided during COVID and costs of support to tenants as part of the planned demolition of Riverdale Estate.
- Other income £297k lower than forecast due to overpayments of VAT Shelter monies made by One Manchester in previous years and a refund due to S4B following an agreed recalculation of Service Charge collection 2019/20.
- Supervision and Management - increase £178k. This is due to higher than forecast salary costs and estimated costs of £200k relating to work associated with the ALMO review, offset by a reduction in the requirement for valuations, plans and EPCs regarding Right to Buys.
- An increase of £23k in Communal Heating gas costs due to the reduction in 2/4 blocks on the scheme being slower than originally planned. This is offset by a corresponding reduction in income (above).
- An increase of £23k relating to other expenditure as below:
  - An increase of £100k for a Paint & Repair scheme in West Gorton.
  - A reduction of £45k due to the end of the agreement to pay Eastlands Environmental Insurance.
  - A reduction in Tenant's Management Organisation fees of £32k.

Any surplus/deficit in year has to be transferred to/from the HRA reserve. At Period 9 it is forecast that £5.148m will be transferred to reserves at year end (budget of £18.632m less underspend of £23.780m). This would leave a balance of £81.160m in the HRA General Reserve at year end.

## Manchester City Council Report for Resolution

**Report to:** Executive – 17 February 2021

**Subject:** Medium Term Financial Strategy and Budget 2021/22

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

### Summary

This report sets the strategic and financial context which supports the 2021/22 Budget. The 2021/22 Budget will be a one-year budget, following the Government's decision to announce a one-year spending review 25 November 2020 followed by a one-year Provisional Local Government Finance Settlement, 2020/21 released on 17 December 2020 and (confirmed as final on 4 February 2021). The proposed 2021/22 budget will continue to reflect the priorities set out in the Corporate Plan. The full detail for 2021/22 can be found in the accompanying 2021/22 Revenue Budget Report.

This report sets out the Strategic Framework for Our Manchester Strategy and Corporate Plan priorities. It also provides the financial context for the budget and the required statutory assessment of the robustness of the proposed budget

### Recommendation

The Executive is requested to consider the Revenue Budget Reports 2021/22 and Capital Strategy 2021-2025 elsewhere on the agenda in the context of the overarching framework of this report.

**Wards Affected:** All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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The proposed 2021/22 budget will reflect the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.
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Our Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	This report sets out the Strategic Framework for the delivery of a balanced budget for 2021/22. The Framework is aligned to the priorities of 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 and work.	
A connected city: world class infrastructure and connectivity to drive growth.	

### Implications for:

- Equal Opportunities Policy – there are no specific Equal Opportunities implications contained within this report.
- Risk Management – as detailed in the report.
- Legal Considerations – as detailed in the report.

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### Financial Consequences – Revenue and Capital

This report provides the framework for Revenue and Capital planning from 2020/21.

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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 – 20 January 2021 - [Provisional Local Government Finance Settlement 2021/22](#)

## 1. Introduction

- 1.1. The economic impacts of COVID-19 are profound and will fundamentally change the financial landscape for years to come. There has already been a huge impact on residents, businesses and the economy, as evidenced through data on health inequalities, employment and furlough trends, retail performance and footfall. There have been significant additional costs faced by the Council in supporting residents through the pandemic, and an associated reduction in budgeted income. The latest position is set out in the Period 9 Global monitoring report elsewhere on this agenda.
- 1.2. Prior to COVID-19 there was an underlying budget gap of c£22m for 2021/22 rising to c£80m by 2024/25. This was a result of cost pressures including inflationary increases and demography. This was to be addressed in the Medium-Term Financial Planning process. There has been a significant financial impact from the COVID-19 pandemic, which is in addition to this underlying gap.
- 1.3. It was expected that there would be a national spending review in 2020, resulting in a new multi-year settlement from 2021/22. However due to the COVID-19 pandemic this did not happen, and a further one-year spending review was announced on 25 November 2020. The provisional Local Government Finance Settlement 2021/22 was released on 17 December 2020. The final Finance Settlement was announced on 4 February and made no changes for Manchester.
- 1.4. As reported to Executive 20 January 2021 the settlement recognised the COVID-19 pressures continuing to impact on next year and announced additional emergency funding and support for losses in local tax collection. There are also additional resources through the continuation of New Homes Bonus and increased Social Care Grant, alongside increased referendum limits for Council Tax increases. The additional funding announced, alongside the proposed savings options of £41m will enable a balanced budget to be delivered in 2021/22.
- 1.5. The Medium-Term Financial Plan and Capital Strategy have been updated to reflect the 2020/21 budget position and the current and anticipated financial impacts of the COVID-19 pandemic. Whilst the Government has provided some additional funding to address the pressures local authorities are facing for social care, this is insufficient to meet the underlying increases in need and there remains no longer term solution beyond 2021/22.
- 1.6. The Our Manchester Strategy ambitions, and Corporate Plan are the touchstone for decisions taken about what to prioritise and set the framework for the Medium Term Financial and Capital Strategies.
- 1.7. There continues to be progress in growing the Manchester economy however there is still a long way to go to tackle the legacy of deprivation that remains. The need to restructure the City's economy and eliminate the level of exclusion which a high proportion of residents still experience through

unemployment, low skills and low paid unstable work helped shape the Our Manchester Strategy and remains the priority.

1.8. The report elsewhere on the agenda 'Revenue Budget 2021/22' sets out the position in more detail. The Directorate Budget Reports include the detail on the savings proposals and budget pressures.

1.9. This report sets out the strategic and statutory context for setting the budget including:

- The Our Manchester Strategy
- Progress to date on delivering the Our Manchester Strategy, building on the recent State of the City analysis
- The Corporate Plan
- A summary of the financial position and context
- The required statutory assessment of the robustness of the proposed budget and adequacy of proposed reserves
- Other fiduciary and statutory duties
- Financial Governance

## **2. The Our Manchester Strategy**

2.1. The priorities for the city are set out in the Our Manchester Strategy. In May 2020, the Executive agreed for a reset of the Our Manchester Strategy 2016 - 2025 to be undertaken as part of the Council's COVID-19 recovery planning. The Our Manchester Strategy was developed in 2015 and launched in 2016 as the city's overarching 10-year vision.

2.2. Over the first five years of the Strategy, Manchester has made significant progress against some of its aims. However, some challenges remain, and the city now finds itself in a very different place due to the impact of COVID-19. Whilst the strategic objective for Manchester to be in the top flight of world class cities by 2025 remains, it is necessary to reset the Strategy's priorities for the next five years, acknowledging but looking beyond the current challenges to ensure we can still achieve our ambition for the city. A mixed methods approach to the reset has been undertaken, including considerable engagement activity with over 3,800 people to establish key priority themes.

2.3. The reset has been overseen by the Our Manchester Forum, a partnership board of 40 leaders from Manchester's public, private and voluntary sectors from across the city who oversaw the creation of the original Strategy in 2015 and have been monitoring its implementation.

2.4. A draft of the reset, *Our Manchester Strategy – Forward to 2025*, was presented to the Council's six Scrutiny Committees in January and the final version is elsewhere on this agenda to be recommended for adoption by Full Council in March 2021.

2.5. To achieve our vision, our communities want to see a renewed focus on:

- Our young people - providing investment, support, opportunity and hope for the future of the city
- Our economy - fulfilling opportunities for our residents to create and attract a talented, globally competitive and diverse workforce
- Our health - tackling physical and mental inequalities and ensuring fair access to integrated services
- Our housing - creating a choice of housing in liveable neighbourhoods across all of the city
- Our environment - pioneering zero carbon solutions and improving green space
- Our infrastructure – active, integrated, affordable and green transport system and improved digital connections

2.6. The above has been reflected in the refreshed Corporate Plan.

### **3. Progress on Delivering the Our Manchester Strategy**

3.1. The reset Our Manchester Strategy retains the original Strategy's five themes, with the new priorities streamlined under them. Progress will continue to be annually reported in the State of the City report. The following section is structured in terms of the five themes of the Strategy:

- A Thriving and Sustainable City
- A Highly Skilled City
- A Progressive and Equitable City
- A Liveable and Low Carbon City
- A Connected City

#### *A Thriving and Sustainable City*

3.2. Manchester's population has continued to grow over the past year with an estimated 579,600 residents in 2020<sup>1</sup>, projected to reach upwards of 666,900 by 2030. According to the ONS 2019 mid-year estimates the city's population has grown twice as fast as the national rate from 2018-2019. This growth has been concentrated in and around the city centre and particularly strong amongst 25-39 year olds. International migration continues to be a key driver of the city's growing population. However, there are significant uncertainties for how this will be affected by the UK exiting the European Union, including impacts on key sectors of the economy, such as social care and hospitality.

3.3. Manchester's ambitions for a strong recovery from COVID-19 are set out in the city's [\*Powering Recovery: Manchester Economic Recovery and Investment Plan\*](#) published in November 2020, including support for key sectors and business case propositions. The Council is working with key partners and with Government to implement the plan. This builds on the priority of developing a more inclusive economy set out in the 2019 '*Developing a More Inclusive Economy – Our Manchester Industrial Strategy*'.

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<sup>1</sup> MCC Forecasting Model W2020



- 3.4. Manchester's economy was on a strong and consistent trajectory of growth prior to the economic impacts of COVID-19 from March 2020. The numbers of jobs and businesses in the city had both grown significantly since 2015. Employment in the city had risen by 15% since 2015, reaching 410,000 in 2019. The city continued to diversify its economy towards knowledge-intensive sectors, with a fifth of the workforce employed in the financial, professional and scientific sectors. Pre-COVID, the sectors with high recent growth included business, finance and professional services; science, and research and development; cultural, creative and digital sectors; and wholesale and retail. COVID-19 is now dramatically changing the economic landscape of the city, with sectors such as digital and construction proving resilient, and significant challenges to overcome in the hospitality, retail, leisure, culture and tourism sectors.
- 3.5. Major developments in the city centre include Mayfield, St John's, The Factory, Great Jackson Street, Piccadilly, First Street, and Circle Square. Key successes include the Oxford Road Corridor, which continues to attract new occupants to the cohesive cluster of science and technology businesses, academics, clinicians and world-leading health institutions.

*A Highly Skilled City*

- 3.6. A highly skilled workforce is fundamental to creating an inclusive economy in Manchester. Upskilling the city's population is also vitally important in reducing levels of dependency by ensuring that more people have the opportunity to access high quality jobs and share in the city's economic growth.
- 3.7. There remains a significant gap between resident and workplace wages, representing a real challenge to achieving a more inclusive economy. In 2019, an estimated 13.1% of employees working in Manchester were paid less than the Living Wage Foundation's Real Living Wage of £9.00 an hour. For employees living in Manchester, that percentage was estimated to be 21.8%. Progress is being made with that proportion reducing in recent years and the gap between resident and workforce closing.
- 3.8. There is a direct link between low wages and low skills. Manchester has a higher than national average proportion of residents qualified to degree level and above. However, an estimated 10.7% of our residents had no qualifications in 2019. This has improved since 2015 (12.4%) and very significantly improved since 2005 (25%), but still higher than the national rate of 7.5%. An example of progress being made is that Manchester now has 95 accredited Living Wage employers headquartered in the city, including Manchester City Council. The Council is also supporting The Manchester College to provide a city centre campus that will support residents to achieve the skills required to match the jobs being created.
- 3.9. Improving the education and attainment of young people is key to making longer-term progress towards a more inclusive economy. After a number of years of sustained improvement, primary schools have seen a slight dip in attainment outcomes, with the percentage of pupils achieving the expected

standard in combined reading, writing and maths at Key Stage 2 reducing from 62% in 2018 to 61% in 2019, compared to the national average of 65%. However, the Key Stage 1 to 2 progress made by Manchester pupils in reading, writing and maths in 2018/19 was statistically significantly above the national average. At Key Stage 4, compared to the national average, Manchester still has a lower number of pupils achieving GCSEs in English and Maths, and the English Baccalaureate, and a lower Attainment 8 score and Progress 8 level. Through strategic partnership working, there is a continued focus on bringing all outcomes for Manchester children at all levels of education to be at least in line with national results, including a particular focus on closing the gap between boys and girls, ensuring pupil progress stays above national average, and continuing work on improving outcomes in reading.

- 3.10. The number of schools judged to be good or better has improved significantly in recent years and is now above the national average for both primary and secondary schools, with 90% of Manchester schools judged to be 'Good' or better in August 2020. The closure of schools due to COVID-19 has hugely affected young people in the city. Despite remote learning and home schooling, there are likely to be attainment setbacks in future years.
- 3.11. Work is taking place to ensure that education and training is aligned with the skills needed by businesses in and around the city. As outlined below, digital exclusion is a significant issue, with estimated at least 27,000 adults digitally excluded for a variety of reasons. Employers continue to report significant digital skill shortages in the city; this has been highlighted with the increased need for digital activity during COVID-19. A number of projects are in place to tackle digital exclusion issues. Apprenticeships and action to tackle youth unemployment, particularly in the most deprived neighbourhoods, and for Children Leaving Care continue to be a top priority. Capital investment in schools will continue with investment in the primary and secondary estate to create new places and to provide permanent accommodation where schools are currently using temporary facilities.

#### *A Progressive and Equitable City*

- 3.12. Manchester's aspires to be a truly equal and inclusive city, where everyone can thrive at all stages of their life and can quickly and easily reach support to get back on track when needed. Inclusion and equality were consistently a top priority for respondents to the Our Manchester Strategy reset engagement activity.
- 3.13. Despite the strong progress made connecting more Manchester residents to the opportunities of economic growth in recent years, COVID-19 has exacerbated existing inequalities in the city in terms of the economic and social impacts, as well as health impacts. The claimant count of Manchester residents out of work and claiming benefits doubled between March and August 2020. Young people aged 16-24 and older people aged 50+ have been disproportionately affected, as have those from Black, Asian and Minority Ethnic backgrounds, and people with disabilities. Over 62,000 residents were

furloughed and over 16,000 were in receipt of self-employment support (equivalent to one-third of our working age population) at the worst of the pandemic.

- 3.14. Poverty is a very significant issue across the city. Over 45,000 Manchester children are living in poverty, after housing costs are considered, which is an increase of more than 10,000 since 2015. While the city's Family Poverty Strategy is taking some practical steps to mitigate the effects of poverty, the drivers are national welfare reforms, and national Government decisions to make ten years of cuts to public services and the voluntary and community sector. Digital exclusion is also linked to poverty; for example, the affordability of purchasing broadband at home and data on mobile devices presents a hurdle.
- 3.15. Manchester's vision is for children and young people to have a safe, happy, healthy and successful future. Strong progress has been made to improve Children's Services in recent years, and there has been a significant reduction in referrals made over the last two years due to improvements in partnership working across the city. However, there is still a high number of Looked After Children in the city, with poor outcomes for many, despite improvements in the offer for Care Leavers. Children's Services continues to be an area of significant budget pressure for the Council.
- 3.16. Economic improvements have not been matched by similar improvements in health outcomes. People living in Manchester experience higher levels of ill health and early death than other major cities and local authorities in England. Rates of premature death from cancer, heart and lung diseases are amongst the highest in the country. Healthy life expectancy is below 58 years for men and women. Life expectancy is 7.7 years lower for men and 7.6 years lower for women in the most deprived areas of Manchester than in the least deprived areas. The Manchester Population Health Plan<sup>2</sup> describes how the Council will work with partners to deliver improved health outcomes and reduced inequalities. Some recent improvements have been made, including earlier diagnosis of more cancer cases and significant reductions in smoking during pregnancy. However, COVID-19 has reinforced existing health inequalities in Manchester and nationally, with particularly high rates of deaths among Black, Asian and Minority Ethnic communities.
- 3.17. The [Our Healthier Manchester Locality Plan](#) was originally produced in 2016 and has recently been refreshed, setting the ambition to significantly improve outcomes for residents and reduce health inequalities within a financially sustainable system. Plans are now being developed to significantly accelerate integration of health and social care, including 'supercharging' of the Manchester Local Care Organisation. The city's health and social care infrastructure has been hugely challenged by the pressures of COVID-19, but there have also been significant improvements made to how health and social care teams work together that will help to advance integrated working in future.

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<sup>2</sup> <http://www.manchester.gov.uk/healthplan>

- 3.18. Manchester has experienced an increase in homelessness presentations over the last five years, as per national trends. 2,178 households were in temporary accommodation in March 2020 compared to 406 in March 2015, and by December 2020 this figure had risen to 2,446 households. Welfare reforms have affected many families and single people, alongside high levels of demand for social housing in the city and a lack of good quality, affordable private rented sector housing. The Council's homelessness services have successfully prevented 1,178 individuals and families becoming homeless during 2019/20, and a further 542 individuals and families between April and December 2020 through a range of interventions.
- 3.19. During COVID-19, the 'Everyone In' initiative provided safe and supported accommodation for over 330 people who had been sleeping rough in the city. Using funding from the Rough Sleeper Initiative in 2019/20, 1,278 people were relieved from rough sleeping in Manchester and a further 525 people avoided rough sleeping due to effective prevention. The 2020 single-night snapshot of people sleeping rough counted 68 people in Manchester, compared to 123 in 2018. This represents a decrease of 45% and provides some evidence of positive outcomes from the ongoing work of the homelessness service and partners in the city to tackle rough sleeping and move people away from a street lifestyle.

*A Liveable and Low Carbon City*

- 3.20. Manchester's future success is dependent on the city being a great place to live and visit. The city's different neighbourhoods need the right mix of housing that people can afford, good schools, parks, sports and cultural facilities, roads and transport links, and streets and public spaces free of litter and antisocial behaviour. This will be brought together in the development of the next Manchester Local Plan which is currently under way. Residents have identified through the Our Manchester Survey that they value their local assets with satisfaction with services mirroring the quality of available shops and amenities, green spaces, libraries and health services.
- 3.21. The housing pipeline is continuing to deliver new homes at scale across the city with over 4,100 new homes completed in 2019/20 (up from c.3,000 in 2018/19), more than in any London borough. An additional 4,000 new homes are expected to be completed in 2020/21. This success is expected to continue with investment in the Northern Gateway (a joint venture between the Council and the Far East Consortium) providing an opportunity to unlock large scale, high volume, multi-tenure housing sites with the potential to deliver up to 15,000 new homes over the next 15 years, 20% of which will be affordable.
- 3.22. The [Residential Growth Strategy](#) includes a housing growth target of 32,000 new homes between April 2015 and March 2025, including a minimum of 6,400 affordable homes. In total, over 13,200 new homes have been built since 2015/16, including 1,519 affordable homes. A further 9,939 are currently under construction, including 867 affordable homes.

- 3.23. Manchester has world class galleries, museums and cultural venues, many of which are supported directly and indirectly by the Council. Our cultural offer attracted substantial numbers of visitors prior to COVID-19. Manchester Central Library was the most visited UK public library in 2019/20 with over 2 million visits. HOME and Manchester Art Gallery each received over 750,000 visitors in the year. An example of how the city's institutions have changed their offer in response to COVID-19 can be seen in the 60% increase in online library lending since March 2020.
- 3.24. In November 2018, following analysis by the Tyndall Centre for Climate Change Research, the Council adopted a science-based carbon budget for Manchester of 15 million tonnes of CO<sub>2</sub> between 2018 and 2100, and committed the city to becoming zero carbon by 2038 at the latest. The Council declared a Climate Emergency in July 2019 which recognised the need for the Council, and the city as a whole, to do more to reduce CO<sub>2</sub> emissions and mitigate the negative impacts of climate change. It also demonstrated the Council's commitment to be at the forefront of the global response to climate change and to lead by example.
- 3.25. The Council's [Climate Change Action Plan 2020-25](#) was developed to ensure that all aspects of the Climate Emergency Declaration were converted into clear actions with tonnes of CO<sub>2</sub> savings included where applicable. The Plan builds on over a decade of previous activity which has seen the Council's direct CO<sub>2</sub> emissions reduce by 54.7% between 2009/10 and 2019/20. A report to Neighbourhoods and Environment Scrutiny in February 2021 outlines the progress made to date and the challenges ahead; the paper can be accessed here:  
<https://democracy.manchester.gov.uk/ieListDocuments.aspx?CId=148&MId=3393&Ver=4>

*A connected city*

- 3.26. An integrated, attractive and affordable transport network is needed to enable residents to access jobs and stay healthy through active travel. Prior to COVID-19, there had been increased use of public transport for travel, including a 73% increase in Metrolink trips and 13% increase in rail trips between 2015 and 2019. During that period, there was a 9% reduction in trips made by car and a 50% increase in cycling trips into the city centre. These developments will be further supported by the new [City Centre Transport Strategy](#), the [Greater Manchester Transport Strategy 2040](#), and the *Climate Change Action Plan 2020 - 2025*. While usage levels have been down by as much as 95% at certain points during COVID-19, these are expected to recover effectively as the country emerges from lockdown restrictions later this year. COVID-19 has seen an increase in journeys made by walking and cycling; respondents to the Our Manchester Strategy engagement activity stressed the importance of this being sustained in the future.
- 3.27. Air quality has substantially improved during the lockdown period, including reductions of up to 75% in travel volumes and emissions of NO<sub>2</sub>. The Greater Manchester Clean Air Zone Plan aims to accelerate emissions reductions

associated with transport, including encouraging users to switch to less polluting vehicles.

- 3.28. Manchester Airport is a key asset for the future growth of the city and the wider Greater Manchester, North West region and beyond. The Airport received 11.6 million more passengers in 2019 (29.4 million in total) compared to 2010, and its future growth is being supported by a £1 billion transformation programme. Reducing carbon emissions associated with the airport is built into the Climate Change Action Plan 2020 - 2025. COVID-19 has had a devastating impact on the UK's aviation sector since March 2020; the Council has supported the Airport to continue to function and work towards an effective recovery in 2021.
- 3.29. Digital connectivity continues to improve for residents and businesses. However, there is still a need to increase broadband coverage and deliver full fibre to premises across Manchester at a faster pace to secure the city's status as a leading digital centre. Digital exclusion remains a significant challenge for many, partly due to digital infrastructure issues, as well as digital skills and affordability.

#### 4. Corporate Plan

- 4.1. Our Corporate Plan priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the Council and city-wide focus on the importance of Equality, Diversity and Inclusion. The plan also reflects the priorities for the Council's internal transformation, including new work on the Future Shape of the Council that will support the delivery of future budget savings and managing pressures.
- 4.2. Our Corporate Plan priorities going forward are, in no particular order of importance:

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>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</i>	Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in</i>	Deliver the Economic Recovery Plan, supporting the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's residents affected by challenges to the international, national and local economy.
	Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.

<i>the Our Manchester Industrial Strategy</i>	Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities
<b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i>	All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.
	Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.
	Reduce number of children needing a statutory service.
<b>4. Healthy, cared-for people</b> <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i>	Take actions to improve population health outcomes and tackle health inequalities across the city.
	Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.
	Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.
	Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless
<b>5. Housing</b> <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i>	Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.
	Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.
<b>6. Neighbourhoods</b> <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	Enable all our diverse neighbourhoods to be clean, safe and vibrant.
	Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.

<b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.
	Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.
<b>8. Equality</b> <i>Deliver on our equality, diversity and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i>	Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	Delivery of the Future Shape of the Council change programmes, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

- 4.3. The Single Council Business Plan 2021/22 describes in more detail the action being taken to deliver the Corporate Plan. The plan is structured around the eight priority themes above and has been produced following the development of 41 service plans which describe in more detail the achievements, priorities and activities of the services which collectively make up Manchester City Council. The plan also describes the Council's key workforce and technology considerations for 2021/22 as key enablers to delivering our Corporate Plan, Equalities implications and the approach to risk management.

## 5. Financial Context

- 5.1. The Council's net revenue budget is funded from five main sources which are Business Rates, Council Tax, 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.
- 5.2. The budget for 2021/22 is being set in a period of austerity which began with the 2011/12 Budget. The Local Government Association has calculated that by 2020 Local Government will have delivered £16bn in savings to the Treasury, whilst also absorbing inflationary increases, maintaining the delivery of services to communities and facing increasing social care demands.
- 5.3. From 2010/11 to 2021/22 the Council's Spending Power (as defined by government) has reduced by £129m (21%) compared to an England average reduction of 7%. The drop in spending power per head, (based on the ONS



2019 Mid-Year Estimate population data), is £234 per head (compared to an England average reduction of £71 per head).

- 5.4. Manchester and similar authorities were disproportionately impacted by the central government grant cuts due to the methodology applied pre 2016/17 which did not take account of the ability to raise council tax penalising local authorities with a low council tax base who are more dependent on government grant funding. Manchester has over 90% properties in council tax bands A-C which constrains the ability to raise funds from this source. If between 2010/11 and 2021/22 Manchester had had the average level of funding reductions it would now have c£85m more a year available.
- 5.5. At the national level the settlement proposals confirm an increase in Core Spending Power (CSP) for local authorities of 4.6% (£2.2bn). The stated increase for Manchester is 5%. Core Spending power is the Government's preferred measure of the resources available to Councils. It should be noted the Core Spending power assumes all Council's take up the maximum Band D increases, and that tax base growth in line with average (by LA) since 2016/17.

#### *Impact on Council finances*

- 5.6. This has resulted in required budget cuts of £379m from 2010/11 to 2020/21 inclusive, after taking into account inflation and rising demand, and a reduction of almost 4,000 full time equivalent staff (around 40% of the workforce). Recent years' cuts have been less severe but local government spending is still much lower in real terms than it was in 2010.

**Table 1: Savings target by year**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Savings Planned	107	61	36	30	55	26	17	25	15	7	379



5.7. Prior to the COVID-19 pandemic the growth in the City was starting to generate significant additional revenues. In order to become more resilient and self-reliant the Council has adopted an approach through its strategic planning to maximise the revenues available to it. These include:

- **Business Rates** - Manchester has been part of a business rates 100% retention pilot since 2017/18 and it has been confirmed this will continue for 2021/22. This means that the Council retains 100% of the additional business rates growth achieved since the start of the Business Rates Retention scheme in 2013. Additional retained growth to date was £10.4m in 2017/18, £9.8m in 2018/19 and £9.7m in 2019/20. Additionally, there was a £6m return from GMCA in 2018/19, and £4.8m for 2019/20. A further £3.9m return is proposed for 2020/21 (subject to GMCA approval at its meeting on 12 February) which has been made available to support the budget next year.
- **Council Tax** - The success in encouraging housing growth, particularly in the City Centre, has seen an average growth in the council tax base of around 3% a year for the past 5 years. Over 60% of the new city centre housing is at a council tax band of C or above compared with 20% in the rest of the city, contributing to increasing the council tax base which is essential to the longer-term financial sustainability of the Council. The impact of the COVID-19 pandemic is still evolving however demand for housing in the city continues to be strong. The temporary closure of construction sites last spring initially disrupted development however the impact was temporary, and all major residential developments are back on site, albeit many are working to extended timetables.
- **Investment Income** - The Council has always been prudent in accounting for dividends and has limited share holdings. The shareholding in Manchester Airport Group has allowed significant regeneration, both directly in the south of the city, but also across the city region. Where Council's have such long-term, well established interests, the dividend inevitably forms part of the revenue base and therefore any market changes, such as COVID-19, which impact on the dividend income have a subsequent impact on the Council's financial position. This is not irresponsible or speculative investment and should not be considered as such when the government is supporting income losses. A regional thriving Airport is vital to the "levelling up" of Greater Manchester and beyond.
- The Council's investments generated dividend income of £71m in 2019/20 (predominantly but not exclusively from the Airport), this is not expected to resume until at least 2023/24. Proceeds from loans to the airport advanced in 2018/19 and 2020/21 are contributing a net £12m each year to support the revenue budget. Net income from the commercial estate is budgeted at c£12m per annum, the majority of this is considered secure.

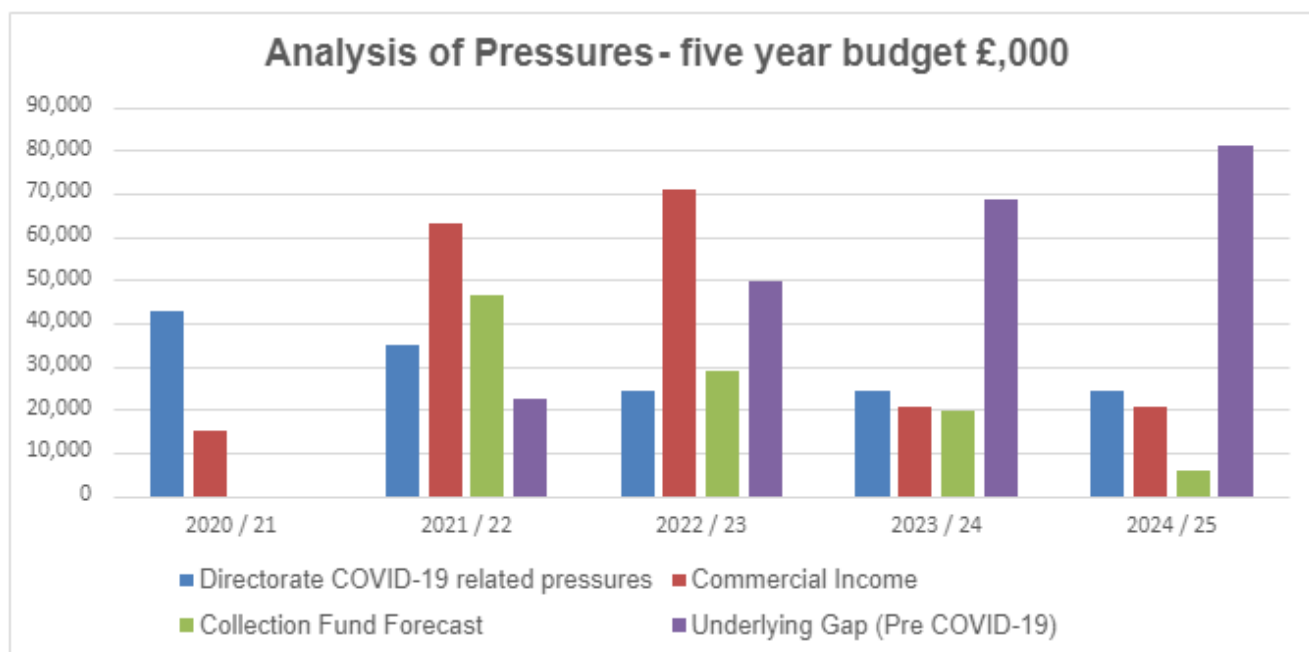
*Update on the Finance Settlement and the Three-Year Financial Position*

- 5.8. As stated above, prior to Covid-19 there was an underlying budget gap of c£22m for 2021/22 rising to c£80m by 2024/25. In July this year, there was a forecast budget gap of £162.5m for 2020/21 which was reported to the Executive. This incorporated the underlying budget shortfall and the impact of COVID-19, partially offset by the £22.4m measures agreed in year to support the budget position. These included the use of income returned from the GMCA, in year savings measures and using interest from loans such as to Manchester Airport Group to support the revenue budget position.
- 5.9. The impact of COVID-19 is set out in detail in the Council's Global Monitoring Report and included in the 2021/22 Revenue Budget Report. The latest return to MHCLG submitted in January summarises the position, prior to any government support, as follows:

**Table 2: Summary of COVID-19 Impact across 2020/21 and 2021/22 (excluding funding announcements)**

	2019/20 £'000	2020 / 21 £'000	2021/22 £'000
<b>Additional Costs (MCC only)</b>	<b>389</b>	<b>23,235</b>	<b>25,532</b>
<b>Income:</b>			
<b>Loss of Income (MCC only)</b>		140,812	111,677
Adjustment for element of airport dividend not budgeted to use in year		(55,809)	(8,729)
2020/21 Council Tax and Business Rates shortfalls impact a year in arrears		(41,449)	13,816
<i>2020/21 Council Tax shortfall relating to 2019/20 deficit impact a year in arrears*</i>		(3,072)	3,072
Bus Lane and Parking Income - impact on reserves capacity		(5,757)	(1,430)
<b>Budget impact of lost income</b>	<b>0</b>	<b>34,725</b>	<b>118,406</b>
<b>Total Costs and Net income losses</b>	<b>389</b>	<b>57,960</b>	<b>143,938</b>

- 5.10. The graph below neatly summarises the combined financial challenge faced by the Council over the period 2020-25.



5.11. The pressures are presented over four blocks as follows:

- Purple bar – the underlying local authority budget pressures of c£22m for 2021/22 rising to c£80m by 2024/25.
- Blue bar - the forecast additional ongoing directorate C19 costs and income losses. For 2021/22 the cost are estimated at c£25.5m including the impact on Adult Social Care (£13.5m), Homelessness (£6.8m) Children's Services (£3.8m), Leisure £1.2m and Core £0.2m. Additionally there is c£9.2m anticipated from loss of sales fees and charges income (£5.4m) and investment income £(2.7m)
- Red bar - the loss of commercial income, in particular dividend income generated through our economic approach for regeneration.
- Green bar - shows the forecast impact on council tax and business rates which is expected to be a pressure over the five years.

5.12. The Finance Settlement contained measures which significantly improved the budget position and provided additional funding to support COVID-19 related costs and loss of sales fees and charges and collection fund income. However, they did not provide any support for the loss of commercial income and the Council is having to make significant budget cuts in 2021/22. The Spending Review measures can be summarised as follows:

- **Headline measures**
  - Confirmation that the national **Core Spending Power (CSP)** will increase by 4.6% (£2.2bn).
  - The CSP assumes maximum Band D increases, and tax base growth in line with average (by LA) since 2016-17.
  - **Settlement Funding Assessment (SFA)** increases by £13m – i.e. by the inflationary increase in Revenue Support Grant.
  - **New Homes Bonus (NHB)** allocations of £622m will be made in 2021-22. There is no NHB Returned Surplus in 2021-22. The Government is

inviting views on a replacement for NHB (where housing most needed, where councils most ambitious).

- **£111m lower tier services grant.** Distribution is based on the SFA but also includes an element that ensures “no council will have less funding available in 2021-22 than 2020-21”.
- **£300m grant for Children's and Adults social care**, allocations have been equalised for each authority's ability to generate income from the ASC precept (limited to £240m). All other social care grant funding in 2020-21 continues unchanged into 2021-22.
- **£1.55bn Tranche 5 COVID-19 funding** – Allocated based on the COVID RNF which was developed for Tranche 3
- **Collection Fund:**
  - Confirmed **Band D council tax** - 2% council tax referendum limit, 3% ASC precept.
  - **Local Council Tax Support grant (£670m)** is a new grant outside core settlement which will fund authorities for the expected increase in local council tax support payments in 2021-22 (£5.7m). This is supporting Council's bottom line to compensate for reduced levels of Council Tax. Can also be used to provide further targeted support to those unable to pay.
  - **Local Tax Income guarantee scheme** – 75% support scheme methodology announced.
- **Other Announcements:**
  - **Homelessness Prevention Grant** - this replaces Flexible Housing Support Grant and the Homelessness Reduction Grant, allocations totalling £310m 2021/22 were announced 21 December 2020
  - **Pay Awards** - Pay freeze announced in the Spending Review alongside the lower than expected increase to the National Living Wage
  - £165m is available for troubled families programme.
  - £15m has been allocated to implement the **Redmond Review**.
  - The Government will seek to find a new consensus for broader reforms for local government (including BRRS and FFR) when the post-COVID future is clearer.

5.13. The expected impact of the settlement on the council's budget was estimated at £58.9m next year, as reported to Executive 20 January 2021. Since then, the collection Fund position has been finalised and the estimated receipt for the Local Tax income guarantee scheme updated. The total impact on budget is now estimated at £58.7m as shown in Table 3 below.

**Table 3: Spending review - impact on budget**

	2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000
<b>Spending Power Changes:</b>			
Revenue Support Grant inflation	320	320	320
Business Rates Adjustments	752	1,100	1,056
New Homes Bonus Scheme	4,104	0	0

	2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000
Lower Tier Services Grant	1,236	0	0
<b>One off COVID-19 support:</b>			
COVID-19 Emergency funding-Tranche 5	22,229	0	0
<b>Collection Fund Announcements:</b>			
Local Council Tax Support grant	5,709	0	0
Local Tax Income guarantee scheme	10,288	10,288	10,288
Continuation of the 100% Business Rate Pilot	5,131	0	0
<b>Other Announcements:</b>			
Remove pay award assumption in 2021/22	6,403	7,702	8,502
Reduced contract cost of min wage	2,529	3,558	3,012
<b>Total Impact on council budget</b>	<b>58,701</b>	<b>22,968</b>	<b>23,178</b>

- 5.14. In addition to the above there is £11.3m of Social Care resources including £5.1m from the 3% ASC Precept, and £6.2m one-off social care grant, which are assumed to go into the Pooled Fund, aside from £0.3m which will support Childrens services.
- 5.15. Without any further savings or actions this would leave a budget deficit of £46m in 2021/22, rising to £92m from 2022/23.

*Strategy for Delivering a Balanced Budget*

- 5.16. Despite the pressures being faced the Council remains determined to deliver the agreed priorities for Manchester. The budget is not just about how to manage within available resources but also on where funding should be invested to deliver on resident priorities and working with partners to jointly develop new ways of delivering services such as prevention and early help, giving families strengths and self-reliance so they will benefit from greater self-determination and improved life chances - and in so doing reducing the need for more costly support in the future. The difficult balance has to be maintained between protecting investment to generate growth (and grow the revenues available to the Council), provide high quality universal services and to protect the most vulnerable.
- 5.17. Underpinning the budget strategy is a prudent approach to investment income and the use of fortuitous or one-off grants and income received. This has been used to support investment in key services over a longer time frame to avoid sudden budget cliff edges in funding leading to the requirement to make budget cuts. Key to this has been:
- Income from the 100% Business Rates Growth Retention Pilot and one-off grant funding has been smoothed over typically a three-year period to enable on going investment into core services such as social care.

- Loan interest received has been used to directly offset the costs of borrowing, with any additional income used to establish a Capital Financing Reserve as part of the capital fund. The ambitious capital programme, including the refurbishment of Our Town Hall as well as the need to deliver priorities such as the affordable housing strategy will require additional borrowing of £915m over the next three years. The Capital Financing Reserve will be deployed to ensure there are no additional pressures on the revenue budget as a result of this activity.
- 67% of airport dividend income is used a year in arrears with a further 12% used two years in arrears. Smoothing reserves are also in place to support volatile income such as planning fees. These measures are designed to withstand economic shocks and recessions.
- Risks are regularly reviewed, and mitigations put in place. As an example, an additional risk reserve has been created to mitigate against the potential impact of Brexit.

5.18. However, the above has not been sufficient to deal with the impact of COVID-19 and further action is required to deliver a balanced budget in 2021/22 and to place the Council on a more sustainable footing over the three-year period. The proposed approach is as follows:

- To use the balance sheet risk reserves to smooth the underlying budget position and remove the ongoing financial impact of COVID-19 experienced in 2021/22 and 2022/23. The planned use of the airport dividend reserve in 2023/24 will reduce the spike in the budget deficit seen in that year.
- To deliver a significant programme of budget cuts. These been weighted towards the Corporate Core in order to protect front line services where possible. A programme of £50m cuts has been agreed over the three years. The level of budget cuts to be delivered in 2021/22 have now been reduced from £50m to £40.7m with the use of the proposed 3% social care precept and social care grant to reduce the target budget cuts for Adult Social Care. The budget proposals first went to Scrutiny Committee for consideration in November 2020 and are now out to Consultation as part of the Council's Budget Consultation which opened on 20 January.
- To instigate a major whole Council transformation programme which will take into account the impact of COVID-19, significant planned changes in health and social care and the overall financial position. This will have the objectives of improving the council's longer-term resilience, providing a framework for future cuts decisions, changing and modernising how we work and improving outcomes for residents. A report setting out this work is due to come to March Executive.
- The further planned use of reserves to support the budget position and mitigate any future budget risks.

5.19. Table Four below sets out the budget gap after the Finance Settlement and proposed budget cuts. Table Five beneath sets out the draft budget position.

**Table 4 Budget Position Post Settlement**

	<b>Revised 2020 / 21 £'000</b>	<b>2021 / 22 £'000</b>	<b>2022 / 23 £'000</b>	<b>2023 / 24 £'000</b>
Original Gap (pre COVID)	0	22,554	49,508	68,714
COVID-19 Budget impact of Additional Costs and Net income losses	57,960	143,938	123,759	64,639
<b>Gross Underlying Gap (inc Covid-19)</b>	<b>57,960</b>	<b>166,492</b>	<b>173,267</b>	<b>133,353</b>
COVID-19 Emergency Funding - Confirmed	(64,782)	0	0	0
COVID-19 Sales, Fees and Charges grant - forecast	(10,200)		0	0
Savings, mitigations and other changes	(18,205)	(2,327)	(1,941)	(1,503)
Corporate measures	0	(55,382)	(17,897)	(16,102)
Reprofile use of reserves to part offset loss of income impacting future years	34,835	(11,803)	(11,516)	(11,516)
<b>Budget position pre-Spending Review</b>	<b>(392)</b>	<b>96,980</b>	<b>141,913</b>	<b>104,232</b>
Spending Review / settlement	0	(58,701)	(22,968)	(23,178)
COVID-19 Sales, Fees and Charges grant - forecast		(4,481)		
Reprofile use of reserves to part offset loss of income impacting future years	392	11,803	(23,711)	11,516
<b>Budget position after Spending review</b>	<b>0</b>	<b>45,601</b>	<b>95,234</b>	<b>92,570</b>
Savings Proposals	0	(40,717)	(45,537)	(48,409)
Savings target being met by ASC precept and Social Care Grant	0	(8,700)	(5,077)	(5,077)
Reprofile use of reserves to part offset loss of income impacting future years		3,816	(3,816)	0
<b>Forecast revised budget gap</b>	<b>0</b>	<b>0</b>	<b>40,804</b>	<b>39,084</b>

5.20. The resulting three-year budget position is set out in the table below.

**Table 5 Three year budget position**

	<b>Proposed 2021 / 22 £'000</b>	<b>2022 / 23 £'000</b>	<b>2023 / 24 £'000</b>
<b>Resources Available</b>			
Business Rates Related Funding	155,537	304,726	314,678
Council Tax	176,857	186,145	195,813
Grants and other External Funding	120,243	64,040	55,957
Dividends	0	600	50,600



	<b>Proposed 2021 / 22 £'000</b>	<b>2022 / 23 £'000</b>	<b>2023 / 24 £'000</b>
Use of Reserves	184,667	53,423	14,380
<b>Total Resources Available</b>	<b>637,304</b>	<b>608,934</b>	<b>631,428</b>
<b>Resources Required</b>			
<i>Corporate Costs:</i>	112,363	112,760	113,452
<i>Directorate Costs:</i>	524,941	536,978	557,060
<b>Total Resources Required</b>	<b>637,304</b>	<b>649,738</b>	<b>670,512</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>40,804</b>	<b>39,084</b>

- 5.21. It should be noted that considerable uncertainty remains beyond 2021/22. In particular, the fact the current Finance Settlement and Spending Review are for 2021/22 only, the main sources of local authority funding in business rates and council tax are volatile and the potential reforms to local authority funding. These are outlined below.
- 5.22. There is no certainty over either the quantum or distribution of local government funding after 2021/22. In 2021 the Government plans to carry out a Spending Review, there is no detail on the timeline, process or time period that the review will cover. The Spending Review sets the quantum of funding available for local government whilst the Finance Settlement sets out the distribution to individual local authorities.
- 5.23. The main funding streams available to local authorities are outdated and no longer fit for purpose. Calls are increasingly being made by the business sector to reform business rates. This income made up over half of the council's original net budget for 2020/21 and is increasingly volatile, reducing due to the economic situation as well as appeals and business reliefs being provided to support certain business sectors.
- 5.24. The potential reforms to local government finance could be the most significant changes to the funding of local authorities since 2013-14 when the business rate retention system was introduced. There is some intelligence around the changes the government plan to make however there is no certainty around impact; whether they will be implemented in 2022/23; or, deferred further due to lack of capacity in government.
- 5.25. The main funding reforms delayed from 2019/20 and potentially being implemented in 2022/23 include:
- Fair Funding Review - Reviewing the funding formula that determines settlement funding allocations for each local authority. This will give each authority an updated 'needs assessment'. The current drivers were last updated in 2013 and whilst the review is long overdue, it could lead to significant redistribution of available funds. The outcome for the council is impossible to predict as it is dependent on a complicated interaction of factors including whether deprivation factors will continue to form a key part of the funding formula. It is expected that there will be time limited

transition funding. However, at this stage, the Government is yet to announce its formal proposals.

- The government intends to carry out a full business rates reset to adjust baselines according to 'need'. This could have a significant re-distributional effect on business rates income. Re-setting business rates baselines in 2022-23 in a sustainable way would be made even more difficult as income is unlikely to have settled following the pandemic.
- There were plans to introduce reforms to the administration of the business rates system, with the intention of increasing stability and certainty. This is intended to remove the volatility of appeals from local authorities.
- The business rates revaluation is due in 2023.
- The New Homes Bonus incentive is due to end in 2021/22 with the consultation expected on its replacement.

5.26. Other national risks to the future funding position include:

- The economic and service impact of Brexit following the trade agreement and new partnership with the EU.
- The lack of a sustainable funding solution for adult social care - There is still no clear indication of the government's plans. There is no certainty on the future of the various social care grants including the £30.8m for the Improved Better Care Fund (incorporating winter pressures) and £23.9m Children's and Adults Social Care Support Grant. The pressures on adult social care will be increased by the ongoing impact of COVID-19. The residual impact of the pandemic may last many years and care providers will require ongoing support.

5.27. The future budget position is extremely challenging. The resilience of the Council has been eroded and the Council's reserves are significantly reduced.

5.28. The forecast impact on the Council's reserve position is set out below. This incorporates an indicative use of a further £51m in 2022/23 which is available to support the future budget position. The only unearmarked reserve is the General Fund reserve. This will be increased from £21m to £25m recognising the scale of the budget cuts being delivered and uncertainty facing the Council in the future.

**Table 6 Summary reserves position**

	Opening Balance 1 April 2020 £'000	Forecast Opening Balance 1 April 2021 £'000	Forecast Opening Balance 1 April 2022 £'000	Forecast Opening Balance 1 April 2023 £'000	Forecast Opening Balance 1 April 2024 £'000	Forecast Opening Balance 1 April 2025 £'000
<b>Ring-fenced Reserves outside the General Fund:</b>						
HRA Reserves	111,871	116,848	97,657	83,669	86,064	84,994

	Opening Balance 1 April 2020 £'000	Forecast Opening Balance 1 April 2021 £'000	Forecast Opening Balance 1 April 2022 £'000	Forecast Opening Balance 1 April 2023 £'000	Forecast Opening Balance 1 April 2024 £'000	Forecast Opening Balance 1 April 2025 £'000
School Reserves	15,993	15,734	15,734	15,734	15,734	15,734
<b>Earmarked Reserves:</b>						
Airport Dividend Reserve	55,806	43,953	39,040	0	0	0
Insurance Fund	18,589	18,089	17,589	14,089	13,589	13,089
Statutory Reserves	22,570	16,471	16,551	17,762	19,197	20,632
Balances Held for PFI's	2,116	2,204	1,906	1,800	1,661	1,463
Reserves directly supporting the revenue budget	55,258	36,113	9,166	3,481	3,481	0
Reserves held to smooth risk / assurance	41,952	212,538	50,385	15,561	3,751	2,732
Reserves held to support capital schemes	119,969	144,899	124,319	91,886	75,910	54,303
Reserves held to support growth and reform	19,243	21,766	11,364	7,605	3,097	1,386
Grants and Contributions used to meet commitments over more than one year	7,224	14,286	2,842	1,113	521	484
Small Specific Reserves	5,980	5,070	4,494	3,881	3,787	3,693
<b>Sub-Total Earmarked Reserves</b>	<b>348,706</b>	<b>515,389</b>	<b>277,655</b>	<b>157,178</b>	<b>124,994</b>	<b>97,782</b>
<b>General Fund</b>	<b>21,353</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>

*The 2021/22 Revenue Budget*

- 5.29. Taking into account all of the uncertainty above, the Council will be publishing a one-year revenue budget for 2021/22 which is aligned to the Spending Review and Finance Settlement. The report to Executive 20 January 2021 set out the draft budget position following the January Scrutiny Committee process and associated budget consultation. This has now been updated following the key decisions on the Council Tax and Business Rates base and position and all other changes since January and is shown in the table below:

**Table 7: Budget Position 2020/21 (Latest) and 2021/22 (Proposed)**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed 2021 / 22 £'000</b>
<b>Resources Available</b>			
Business Rates Related Funding	339,547	514,696	155,537
Council Tax	174,465	174,465	176,857
Grants and other External Funding	66,642	131,823	120,243
Dividends	15,810	900	0
Use of Reserves	69,661	37,405	184,667
<b>Total Resources Available</b>	<b>666,125</b>	<b>859,289</b>	<b>637,304</b>
<b>Resources Required</b>			
<i>Corporate Costs:</i>			
Levies / Statutory Charge	71,327	67,851	66,580
Contingency	860	300	4,719
Capital Financing	44,507	44,507	39,507
Transfer to Reserves	18,263	199,474	1,557
<i>Sub Total Corporate Costs</i>	<i>134,957</i>	<i>312,132</i>	<i>112,363</i>
<i>Directorate Costs:</i>			
Additional Allowances and other pension costs	9,580	9,066	9,066
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	10,271	970	3,230
Directorate Budgets	509,313	535,117	510,641
<i>Subtotal Directorate Costs</i>	<i>531,168</i>	<i>547,157</i>	<i>524,941</i>
<b>Total Resources Required</b>	<b>666,125</b>	<b>859,289</b>	<b>637,304</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>

5.30. The full detail of the Council's budget is set out in the following reports which are also on the agenda:

- The Revenue Budget Report 2021/22
- Budget Reports (Children and Education Services; Adult Social Care and Population Health; Homelessness; Neighbourhood Services; Growth and Development; and the Corporate Core)
- Capital Strategy and Budget
- Housing Revenue Account
- Dedicated Schools Grant
- Treasury Management Strategy and Annual Investment Strategy

5.31. The table below shows which scrutiny committees have considered which business plans. The reports have been tailored to the remit of each scrutiny as shown in the table below.

**Table 8: Scrutiny Reports**

<b>Date</b>	<b>Meeting</b>	<b>Budget Paper</b>
9 February	Resources and Governance Scrutiny Committee	Report covering the Corporate Core and the relevant parts of both Neighbourhoods Directorate (Operations and Commissioning and Growth and Development Directorate (Operational and Investment estate and facilities management)
9 February	Health Scrutiny Committee	Adult Social Care and Population Health
10 February	Children and Young People Scrutiny Committee	Children and Education Services
10 February	Neighbourhoods and Environment Scrutiny Committee	Report covering the relevant services from within the Neighbourhood Directorate (Compliance and Highways)
		Homelessness report
11 February	Economy Scrutiny Committee	Report covering Growth and Development Directorate (Planning and Building Control, Work and skills, Strategic Housing)
11 February	Communities and Equalities Scrutiny Committee	Report covering the relevant services from within the Neighbourhood Directorate (Parks, Leisure Youth and Events)

## **6. Budget Calculations: report on robustness of estimates and adequacy of proposed financial reserves**

- 6.1. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations. The Council's CFO's report in relation to the robustness of the estimates and adequacy of the reserves is set out below.

### *Robustness of the Estimates*

- 6.2. The Council has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report together with the other budget related reports on the agenda set out a total picture of the proposals from which members can consider the risks and the arrangements for mitigation set out below.

- 6.3. The future uncertainty regarding future funding for local authorities makes a robust and evidenced assessment of financial governance and future resilience critical. The CFO has examined the major assumptions used within the budget calculations and has carried out sensitivity analysis to ascertain the levels of potential risk in the assumptions being used. The key risks identified to the delivery of a balanced budget and their mitigation are set out in the table below.

Risk	Mitigation
Non-Delivery of Savings	As outlined above robust monitoring arrangements are in place to enable early corrective action to be taken if savings are not deliverable as planned. Within Health and Social Care, the Better Outcomes Better Lives programme involved a robust independent review of demand management and developed a realistic savings and transformation programme alongside strengthened governance arrangements.
Increasing demand for social care, impact welfare reforms and rising homelessness is higher than budget assumptions	Additional government funding of c£6m in 2021/22 for social care and Council resources have been used to provide more funding in these areas based on a reassessment of demand. Funding received in 2019/20 has been smoothed over three years with a reserve to cover future demand. The profile of future demand has been reviewed and updated for 2021/22 including identifying and funding estimated ongoing impact of COVID-19.
Volatility of resource base including business rates	As the Council becomes more reliant on locally raised resources and dividend income it is more susceptible to any downturn in the economy. To mitigate the risk the majority of the airport dividend is used in arrears and a business rates reserve has been established. The position on all these income streams is closely reviewed each month and reported to the Senior Management Team and Executive Members. A thorough review of the Collection Fund has been carried out. For business rates the collection rates and appeals provisions have been reassessed in line with current risks. Additional government financial support has been provided via the Spending Review.
Delivery of a balanced budget beyond 2021/22	Longer term scenario planning has started to address the uncertainty beyond 2021/22. The Council will be implementing a full Transformation Programme to ensure delivery of the Corporate Plan, improve future resilience and provide the framework for future budget decisions. The estimated three-year position and approach is set out in the main body of this report. Given the level of future uncertainty and risk, £51m of earmarked reserves have been identified to smooth any future budget shocks.

Risk	Mitigation
Impact of Brexit	<p>The potential effects of Brexit on the Council are currently un-quantified but could impact on revenue budgets, capital projects, treasury management and the pension scheme. As the risks associated with BREXIT are so difficult to quantify the approach, in line with a number of local authorities is to build up the level of the business rates reserve and protect the level of the General Fund reserve to help mitigate any adverse impact. More detailed planning and risk assessments for the different scenarios are being carried out within GM and Manchester.</p>
Overspend on significant capital projects	<p>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.</p> <p>There are strong governance arrangements underpinning the decision-making process, all capital investment decisions have a robust business plan that set out any expected financial return alongside risk and deliverability implications. An independent review of the capital programmes function is also being carried out to provide further assurance around delivery and cost control. The scope of the review is on the agenda for the February Resources and Governance Scrutiny Committee.</p> <p>The capital programme is monitored monthly, with quarterly reports to Executive. There are specific programme and risk management arrangements in place to assess individual projects and to oversee their completion. The Strategic Capital Board receives monthly updates from each directorate board on each board's part of the capital programme, detailing financial forecasts, risks, and expected outcomes. By reviewing projects regularly, such monitoring can be used to support future actions, including the estimation of future costs and mitigations as necessary.</p>

- 6.4. The Council has a well-developed corporate risk register and a financial risk register that is reviewed monthly. Each Service Head has carried out an individual risk assessment of their budgets incorporated into the Risk Registers contained within the Business Plans.
- 6.5. It is the opinion of the CFO that any significant budget risks to the General Fund and the Housing Revenue Account have been identified and that suitable proposals are being put in place to mitigate against these risks where possible. The Council's budget monitoring procedures are now well embedded and are designed to specifically monitor high level risks and volatile budgets. An assessment of anticipated business rates income has been carried out based on the information available and provision has been made for outstanding appeals. This is considered to be a prudent provision.

- 6.6. The CFO considers that the assumptions on which the budget has been proposed whilst challenging are manageable within the flexibility allowed by the General Fund balance. This and the fact that the Council holds other reserves that can be called on if necessary, means the CFO is confident the overall budget position of the Council can be sustained within the overall level of resources available. However, to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, further savings will need to be identified and implemented in order to ensure the Council's future financial stability is maintained.
- 6.7. The Council has arrangements to fulfil its statutory duties particularly the needs of vulnerable young people and adults. Proposals have been drawn up on the basis that Strategic Directors are satisfied they can continue to meet their statutory duties and the needs of the most vulnerable.

*Adequacy of the proposed Financial Reserves*

- 6.8. The General Fund Reserve is held to meet costs arising from any unplanned event. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to "smooth" expenditure across years. It is currently estimated that the balance on the reserve at 1 April 2021 will be £25m, increased from the current £21m. The level of the un-earmarked General Fund reserve held has been risk assessed by the CFO and is felt to be prudent recognising earmarked reserves are held to mitigate specific risks such as the level of volatility in Council funding streams (such as business rates) and general uncertainty over the levels of funding available going forwards. There are a number of risks as set out previously in paragraph 6.3.
- 6.9. The expected level of the General Reserve is therefore seen as the minimum level required to be held to protect the Council from the financial risks inherent within the proposed budget strategy. The view of the Deputy Chief Executive and CFO is that it would be prudent in light of the higher level of risk being faced by the Council the reserve should be increased.
- 6.10. The Council also has a number of earmarked reserves which are detailed in the 2020/21 budget report elsewhere on the agenda and summarised in Table 6 of this report. They have a 2020/21 opening balance of £349m, as well as £112m relating to the HRA and £16m to Schools. The level of reserves required is robustly assessed as part of the budget setting process. Monitoring of these reserves takes place through the monthly reporting process to senior managers and members during the financial year and at the year-end as part of the closure of accounts. Based on the numbers alone it appears the Council is at the more resilient end of the reserve spectrum, however there are considerable risks within this position. The Council is an extremely complex organisation with a wide scale and diversity of assets, interests, liabilities and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves.



## 7. Fiduciary and Statutory Considerations

- 7.1. In setting the budget the Council has a duty to ensure:
- it continues to meet its statutory duties
  - Governance processes are robust and support effective decision making
  - its Medium-Term Financial Strategy reflects the significant challenges being faced and remains responsive to the uncertainties in the economy by continuing to deliver against its savings targets
  - its savings plans are clearly communicated and linked to specific policy decisions, with the impact on service provision clearly articulated
  - it has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience
  - it continues to provide support to members and officers responsible for managing budgets
  - it prepares its annual statement of accounts in an accurate and timely manner
- 7.2. In coming to decisions in relation to the revenue budget and council tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the council tax requirement and the setting of the overall budget and council tax. The amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 7.3. In exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike a fair balance between the interests of Council taxpayers and ratepayers on the one hand and the community's interests in adequate and efficient services on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties. Officers have addressed the duty to strike a fair balance between the different elements of the community and the interests of council tax and business rate payers in developing the proposals which are set out in the Directorate reports.
- 7.4. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on:
- (a) the robustness of the estimates made for the purposes of the calculations; and
  - (b) the adequacy of the proposed financial reserves.
- 7.5. The Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations.

- 7.6. Section 28 of the Local Government Act 2003 also imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 7.7. Under Section 114 of the Local Government Finance Act 1988, where it appears to the CFO that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the CFO has a duty to make a report to the Council.
- 7.8. The report must be sent to the Council's External Auditor and every member of the Council and the Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the CFO. Failure to take appropriate action in response to such a report may lead to the intervention of the Council's Auditor. Following well publicised difficult financial positions of some local authorities there is a growing scrutiny of the financial position of individual local authorities.
- 7.9. Guidance on when councils should issue section 114 notices has been temporarily modified to reduce "highly disruptive" spending freezes during the COVID-19 crisis. CIPFA announced that the statutory requirements on chief finance officers to set a balanced budget had not changed, but it has amended its guidance so that a s114 notice "should not normally be necessary" while informal discussions with government over funding are taking place. To this end, a CFO facing the prospect of issuing a s114 declaring that the council cannot balance its books should make informal contact with the MHCLG at the "earliest possible stage" and at the same time make the council's cabinet and auditor aware of the situation.
- 7.10. Unlike declaring a S114, which by law must be done publicly, this can all be done confidentially, with any report to Executive considered in private. This has the backing of central government as well as treasurers' societies and the Local Government Association and could remain in place for several months.
- 7.11. The CFO does not consider that Manchester City Council is in Section 114 territory.

#### *Equalities Duties*

- 7.12. In considering the budget for 2020/21 the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations.
- 7.13. The Council will continue to use its Equality Impact Assessment framework as an integral tool to ensure that all relevant services have due regard to the effect that their business proposals will have on protected groups within the City.

## **8. Financial Governance**

### *Leadership and Governance*

- 8.1. The Council's governance arrangements are set out in full in the Annual Governance Statement. Arrangements for revenue and capital budget planning, monitoring and delivery are believed to be robust. The Council complies in full with the requirements set out in the CIPFA Statement on the role of the Chief Finance Officer. The S151 duties lie with the CFO who is also the Deputy Chief Executive, is a full member of the Senior Management Team and fully involved in the Council's governance and decision-making processes.

### *Assessment of value for money in the delivery of services*

- 8.2. The Council's external auditors are required to provide a Value for Money conclusion following the guidance issued by the National Audit Office November 2017 which specified the criteria for auditors to evaluate. The external auditors were satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020. An unqualified Value for Money conclusion was issued.

### *Financial Management Code*

- 8.3. The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The Code builds on established CIPFA Prudential and Treasury Management Codes which require local authorities to demonstrate the long-term financial sustainability of their capital expenditure, associated borrowing and investments. The FM Code was launched in 2019 to be implemented from April 2020 with the commencement of a shadow year. It is expected that by 31 March 2021 Local Authorities can demonstrate that they are working towards full implementation of the code with the first full year of compliance being 2021/22.

- 8.4. Demonstrating this compliance with the FM Code is a collective responsibility of elected members, the CFO and their professional colleagues in the leadership team. It is for all the Senior Management Team to work with elected members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority.
- 8.5. The FM Code applies a principle-based approach. It requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. The principles are:
- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
  - Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
  - Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
  - Adherence to professional standards is promoted by the leadership team and is evidenced.
  - Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- 8.6. The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 8.7. The Code is structured over seven sections as shown below:
- Section 1: The responsibilities of the chief finance officer and leadership team
  - Section 2: Governance and financial management style
  - Section 3: Long to medium-term financial management
  - Section 4: The annual budget
  - Section 5: Stakeholder engagement and business plans
  - Section 6: Monitoring financial performance
  - Section 7: External financial reporting
- 8.8. Section Three of the code is particularly important as it covers the need for a long-term approach to the evaluation of financial sustainability, recognising that short-termism runs counter to both sound financial management and sound governance. The following paragraphs set out the Financial Management standards in this area and demonstrate how the Council will meet requirements.
- 8.9. Standard F - The authority has carried out a credible and transparent financial resilience assessment - The CIPFA Financial Resilience Index has been developed to enable organisations to identify pressure points. It contains nine measures of financial sustainability to reflect risk including three which assess

the adequacy of reserve levels, level of debt, interest payable, size of council tax base, level of business rates growth above baseline, fees and charges ratio and % budget spent on social care. The results show the Council to be relatively well placed on earmarked reserves and in a reasonably comfortable mid position on the others. The only ratio classed as high risk relates to the low council tax base which is well understood. This is mitigated by attempts to grow other income streams and highlighting the importance of council tax equalisation in all funding discussions and consultation with the government.

- 8.10. The index is not intended to represent the entire story on the financial sustainability of a Local Authority but provides some indicators of potential risk. In addition, the CFO has examined the major assumptions used within the budget calculations and associated risks as reported at Section 6.
- 8.11. Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members. - This report sets out the longer term financial strategy and how financial sustainability is being maintained. It is also demonstrated by the Section 25 statement within this report.
- 8.12. Standard H - The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities - as detailed in the Capital and Treasury Management Strategies the Council is compliant with the requirements of the Prudential Code. This includes information based on the proposed revenue and capital budgets, such as authorised and operational boundaries for debt and the maturity structure of the Council's borrowing. The Council takes a highly prudent approach to investments, both treasury and otherwise, with a view to minimising risk. External advice is taken on investments as required and the Council does not normally make strategic investments outside of the local authority boundary.
- 8.13. Standard I - The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans. It is recommended best practice that Local Authorities have a longer-term strategy for financial resilience and a multi-year financial plan. Whilst the suite of budget reports are limited to 2020/21 to align with the central government one year Spending Review and Finance Settlement effective arrangements are in place to facilitate longer term financial planning including:
  - Five-year Capital Strategy (and financing arrangements) and asset management plans
  - Three-year financial position and strategy for delivering a balanced budget set out in this report
  - Five-year reserve strategy with three years published in the MTFP
  - Financial and scenario planning over the next spending review period
  - Three-year Children's and Adults investment proposals for the use of additional one-off funding received in 2019/20.
- 8.14. Sustainable service plans have been produced over the life of the MTFP including tracking delivery and an assessment of success in delivery of

savings - Directorates have put forward additional savings proposals in the scrutiny budget reports. The total savings identified for 2021/22 are £40.7m. Officers have satisfied themselves with the robustness of the planned reductions and their broad deliverability. A detailed risk rated savings tracker is produced and monitored monthly and progress discussed at monthly Departmental Monitoring Meetings and Senior Management Team (SMT) at its monthly budget focussed meeting. Updates are also provided monthly to Executive Members. The quarterly Integrated Monitoring to SMT also includes an assessment of the key financial risks and mitigations. For the areas within its remit the Manchester Health and Social Care Commissioning Board and Management Team have a detailed process to agree business plans and monitor progress on the delivery of savings which is also tracked on a monthly basis.

- 8.15. In 2020/21 20% of savings were considered high risk in terms of deliverability. These related to Homelessness, the Neighbourhoods Directorate and Growth and Development and have been reassessed as part of the 2021/22 budget setting process.
- 8.16. A new Senior Management Team Board is being established to oversee the Council change programme and delivery of the budget cuts which will provide added rigour to the process. The strengthening of the arrangements for the Manchester Local Care Organisation or MLCO, which has responsibility for community-based health care and adult social care, includes the establishment of the Accountability Board which will include the Council's Chief Executive and S151 Officer
- 8.17. Section Four of the code requires that *'the authority complies with its statutory obligations in respect of the budget setting process'* and *'the budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves'*. This is demonstrated by the Section 25 statement within this report.
- 8.18. Section Five requires that *'The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget'*. The priorities for the City are set out in the 'Our Manchester' Strategy, the long-term vision for the city. The underpinning principles of the budget strategy have been developed to reflect The Our Manchester ten year ambitions.
- 8.19. The second standard within this section is *'The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.'* The Council undertakes VFM analysis which includes annual benchmarking of outcomes and unit costs against authorities with defined similar characteristics. Given the scale of the financial challenges faced an independent analysis was commissioned in July 2020 and the evidence used to inform the budget planning. The analysis highlighted areas of strength for Manchester as well as similar authorities which have better outcomes for lower spend in certain areas. These instances provide scope for

more detailed investigation in conjunction with the Service concerned and improvements to be identified where required.

- 8.20. Additionally, the governance process for investment and funding decisions for the Council's capital programme requires a clear and detailed business case for any proposed investment, which must explain the benefits of the project to the organisation, both financial and otherwise, alongside the funding requirement. This allows senior officers and members to make decisions on proposals based on value for money and other concerns, for example statutory requirements.

### *Budget Scrutiny*

- 8.21. The Scrutiny Committee meetings on the 9-11 February 2021 will review the budget proposals within their remit. The Resources and Governance Scrutiny Committee will meet on 1 March 2021 to look at the overall budget proposals and receive comments from other scrutiny committees prior to the Budget going to Budget Council 6 March.

## **9. Fiduciary and Statutory Considerations**

- 9.1. The last few years have been challenging for the Council given the high proportion of cuts which have had to be made to the Council's budget at a time when the demand for services such as Children and Adults social care has been rising. This has been exacerbated by the disproportionate level of funding reductions the Council has taken.
- 9.2. Manchester continues to lead the way in terms of transformation, delivering efficient services and creating the conditions for all of our communities to benefit from economic growth. The Council has maintained its reputation for innovation and reform through a number of key mechanisms:
- Using the commitment to social value to ensure communities see the benefit from investments. This has included commitments from suppliers to employ staff who live locally, no use of zero hours contracts and agreements to reduce energy consumption and carbon emissions in the City.
  - Working alongside partners in the Greater Manchester Combined Authority the Council has worked hard to make the most of the opportunities to focus on local priorities through the Spatial Framework, Local Industrial Strategy, digital opportunities and in tackling homelessness.
  - focused on doing things differently for example developing the population modelling toolkit, creating a more meaningful definition of affordability to support the emerging Local Plan and Housing Strategy and supporting the implementation of the Manchester Living Wage across supply chains.
  - Continuing with the integration of public services to improve the offer to residents. The benefits are already being seen of the approach to integrating health and social care through improvements in the number of years men in the city can expect to live in good health.

- 9.3. This set of budget and business plans is a continuation of commitment to the delivery of the Our Manchester Strategy and how it has been used as a framework for prioritising the deployment of resources.
- 9.4. This report also sets out the position and approach over the life of the Medium-Term Financial Strategy. Whilst a balanced budget for 2021/22 can be achieved the financial position is extremely challenging with significant budget gaps remaining for 2022/23 and 2023/24. Fundamentally, the government has not provided any support for the loss of dividend income that we would achieve through our economic strategy for Manchester, and this is a key factor in the requirement to make over £40m of cuts in 2021/22 and the ongoing budget gap. The likely depletion of reserves is also a cause for concern.
- 9.5. Finally, the report also sets out the approach to the management of risk and an assessment against the requirements of the Financial Management code. Whilst it concludes that a reasonable and prudent approach is being taken it again highlights the levels of risk the Council is facing and the reduced levels of resilience now in place.



## Manchester City Council Report for Resolution

Report to: Executive – 17 February 2021  
Resources and Governance Scrutiny Committee – 1 March 2021

Subject: Revenue Budget 2021/22

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

### Summary

This report sets out the budget proposals for 2021/22 based on the outcome of the Final Local Government Finance Settlement and the issues which need to be considered prior to the Council finalising the budget and setting the Council Tax for 2021/22. This report should be read in conjunction with the reports from Strategic Directors relating to budget proposals for their services, the Housing Revenue Account budget report, the Dedicated Schools Grant Report, the Medium-Term Financial Strategy and Budget Report 2021/22, the Capital Strategy and Budget 2020/21-2024/25 and the Treasury Management Strategy; all contained elsewhere on this agenda.

### Recommendations

The Executive is requested to:

- (i) Note that the financial position has been based on the Final Local Government Finance Settlement announced on 4 February together with any further announcements at that date,
- (ii) The resources available are utilised to support the financial position to best effect, including use of reserves and dividends; consideration of the updated Council Tax and Business Rates position; the financing of capital investment, and the availability and application of grants (including Covid-19 allocations),
- (iii) Note the anticipated financial position for the Authority for the period of 2020/21 to 2021/22 which is based on all proposals being agreed,
- (iv) Consider the detailed budget reports from individual Strategic Directors elsewhere on this agenda and the proposals for service and expenditure changes, together with the feedback from the Scrutiny Committees, in reaching decisions regarding the final budget recommendations for 2021/22,
- (v) Note that the Capital Strategy and Budget 2020/21 to 2024/25 will be presented alongside this report,
- (vi) Note the Deputy Chief Executive and City Treasurer's review of the robustness of the estimates and the adequacy of the reserves. This is covered in the Budget 2021/22 Covering Report elsewhere on this Agenda,
- (vii) Make specific recommendations to Council to approve in the budget for 2021/22:
  - a. an increase in the basic amount of Council Tax (i.e., the Council's element of Council Tax) by 1.99%. The Council has consulted on the 3% Adult Social Care precept increase. If agreed, it is proposed to

- prioritise this resource to support care budget pressures and notably the impact of COVID-19 on care for residents both to support new and increased needs and complexity.
- b. the contingency sum of £1.854m,
  - c. corporate budget requirements to cover levies/charges of £66.731m, capital financing costs of £39.507m, additional allowances and other pension costs of £9.066m and insurance costs of £2.004m,
  - d. the inflationary pressures and budgets to be allocated sum of £3.671m; and delegate the final allocations to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources. The health and social care elements of these costs have already been included in the Pooled Budget. The use of these budgets will be agreed with the Manchester Partnership Board, which has representation from all key partners, along with identifying whether any more formal approvals are required in line with the Council's key decision thresholds.
  - e. the estimated utilisation of £9.786m in 2021/22 of the surplus from the on-street parking and bus lane enforcement reserves, after determining that any surplus from these reserves is not required to provide additional off-street parking in the authority; and
  - f. the planned use of, and movement in, reserves as identified in the report and in Appendix 3 subject to the final call on reserves after any changes are required to account for final levies etc.
- (viii) Delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive to agree the use of the Adult Social Care Reserve in consultation with the Executive Members for Finance and Human Resources and Adult, Health and Wellbeing and the Chief Executive of the MLCO.
  - (ix) Delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive to agree the use of the Social Care Reserve in consultation with Executive Members for Finance and Human Resources and Children's Services
  - (x) Approve the gross and net Directorate cash limits as set out in Section 5 and Appendix 1,
  - (xi) Approve the in-principal contribution to the Health and Social Care Pooled Budget, and subject to the approval of a new S75 Agreement at Executive,
  - (xii) Delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive in consultation with the Executive Member for Finance and Human Resources and the Leader of the Council to draft the recommended budget resolution for budget setting Council in accordance with the legal requirements outlined in this report and to take into account the decisions of the Executive and any final changes and other technical adjustments,
  - (xiii) Note that there is a requirement on the authority to provide an itemised council tax bill which, on the face of the bill, informs taxpayers of that part of any increase in council tax which is being used to fund adult social care; and to provide specific information about the purpose of the council tax increase in the information supplied with demand notices,
  - (xiv) Approve, in principle, implementation of any new business rate reliefs in 2021/22 or changes as announced by Government in the Chancellor's Spring Budget on 3 March, which will increase the relief offering to businesses. Note

- that the business rates bills will not be issued until after the Spring Budget announcement and any changes have been actioned, and
- (xv) Recommend that Council approve and adopt the budget for 2021/22.

**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 2021/22 budget will reflect the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

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.	This report considers the medium-term financial strategy for 2021/22 that 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 and work.	
A connected city: world class infrastructure and connectivity to drive growth.	

**Implications for:**

- Equal Opportunities Policy – there are no specific Equal Opportunities implications contained within this report.
- Risk Management – as detailed in the report.
- Legal Considerations – there are no specific legal considerations contained within the report.

**Financial Consequences – Revenue**

This report sets out a number of proposals which are subject to consideration by Executive following that by Scrutiny Committees. The implications for the Council's revenue budget for 2021/22, if all proposals are agreed, are set out within the report.

Elsewhere on the agenda are the Medium-Term Financial Strategy, the Directorate Reports including a joint report for Health and Social Care, the Housing Revenue Account Budget, the Dedicated Schools Grant, Medium Term Financial Strategy and Budget 2021/22 Report and the Capital Strategy and Budget Report 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 forthcoming year and provide a framework for Revenue and Capital planning for 2021/22.

The latest financial position for 2020/21 is set out within the Global Revenue Budget Monitoring report elsewhere on the Agenda.

### **Financial Consequences – Capital**

There are no capital consequences arising specifically from 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.

Executive – 11 November 2020 Report to update on the Council's MTFP focusing on the financial position and strategy from 2021/22  
 Executive - 14 October 2020 P5 Revenue Budget Monitoring 2020/21 and Budget Position 2021/22

Executive - 9 December 2020 P7 Revenue budget monitoring 2020/21  
Executive – 20 January 2021 - Provisional Local Government Finance Settlement  
2021/22

## **Table of Contents**

The structure of the report is as follows:

Section 1	Introduction
Section 2	Background and Context
Section 3	Financial Context
Section 4	Underpinning Financial Assumptions
Section 5	Financial Reserves
Section 6	Directorate Budgets
Section 7	Workforce Implications
Section 8	Consultation
Section 9	Conclusion
Section 10	Recommendations
Appendix 1:	Gross and Net Directorate Cash Limit Budgets 2021/22
Appendix 2:	Savings and Efficiency Proposals 2021/22
Appendix 3:	Legal Background to Setting the Revenue Budget and Council Tax
Appendix 4:	Reserves

## **1 Introduction**

- 1.1. The Final Local Government Finance Settlement 2021/22 was released on 4 February 2021, with no changes from the provisional settlement announced 17 December 2020. Due to the announcement of a one-year Spending Review by government the Council will publish a single year budget for 2021/22, whilst maintaining focus on longer term financial planning. This report sets out a one-year budget for 2021/22, however the longer-term implications have been considered and these are set out, along with the strategy for ensuring financial sustainability, in the Medium-Term Financial Strategy. It is anticipated that the implications of COVID-19 will have a significant impact on the Council's finances for several years.
- 1.2. The financial considerations contained within this report are based on the Final Local Government Finance Settlement issued on 4 February 2021 and announcements on grant allocations. It should be noted that the final amount of Public Health grant is yet to be confirmed. It also contains the outcome of the decisions on council tax and business rates surpluses and bases that have been made by the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources under delegated powers.
- 1.3. Executive are asked to consider the budget proposals in this report alongside any feedback from Scrutiny meetings and make recommendations on what should be included in the revised budget.

## **2. Background and Context**

- 2.1. At the time the 2020/21 budget was set there was considerable uncertainty about the position post 2020/21, including potential changes to the business rates regime and funding allocation formula. The spending review process was also unclear. Prior to COVID-19 there was an underlying budget gap of c£22m for 2021/22 rising to c£80m by 2024/25, as a result of cost pressures including inflationary increases and demography. This was to be addressed in the Medium-Term Financial Planning process. Since then, the Council has seen the financial impact of COVID-19, which is outlined in the Period 9 Global monitoring position reported elsewhere on this agenda.
- 2.2. The strategic framework remains the Our Manchester Strategy, the Corporate Plan and the Locality Plan. The Single Council Business Plan 2021/22 describes in more detail the action being taken to deliver the Corporate Plan.
- 2.3. The Medium-Term Financial Strategy elsewhere on the agenda sets out the context for the budget. The budget proposals for 2021/22 will continue to reflect the priorities set out in the Corporate Plan. Whilst the Council is publishing a one-year budget in line with the one-year spending review there is a need to plan for a three-year position. The Medium-Term Financial Strategy takes a three year look at the position, the risks and uncertainties faced and the approach to ensuring financial resilience.

- 2.4. The budget proposals must be within the resources available to the Council. This report, therefore, considers the financial position considering both resources available from central government and those generated locally alongside the need to fund unavoidable cost pressures, including those resulting from the COVID-19 pandemic, and to invest in Council priorities. It brings together the agreed priorities with residents, any recent funding announcements, and the Council's statutory duties.

### **3. Financial Context**

#### **COVID-19 Pandemic**

- 3.1. During the pandemic local government has stepped up and delivered. Manchester City Council has provided accommodation to 280 homeless people sleeping rough in the city, delivered free school meal vouchers to over 34,000 vulnerable school aged children during both the December and February half term, allocated over £1.4m in food support to the most vulnerable residents through the Manchester Community Hub, distributed over £153m in funding to businesses and conducted a successful local Track and Trace scheme.
- 3.2. This has not been without cost. 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 the majority of the airport dividend 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 a result of the COVID-19 pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive, elsewhere on this agenda). The budget impact of the pandemic is estimated at £58m this year increasing to £144m next year. It is anticipated the losses will continue to be felt over the five-year period. Whilst some issues are uniform to most local authorities every local authority will have different specific issues which impact them. For Manchester, the most significant is commercial income losses with a budget impact of c£15m lost this year increasing to £71m before recovering somewhat from 2023/24.
- 3.4. The losses have been partly supported by central government through emergency funding which totals £64.8m in 2020/21 and £22.2m in 2021/22. In addition, support is anticipated through the Sales, Fees and Charges compensation scheme which is based on a claims process and estimated at £10.2m this year and £4.5m relating to quarter one of 2021/22.

#### **Overall position**

- 3.5. Prior to COVID-19 there was an underlying budget gap of c£22m for 2021/22 rising to c£80m by 2024/25. This was a result of cost pressures including

inflationary increases and demography. This was to be addressed in the Medium-Term Financial Planning process. The significant financial impact from the COVID-19 pandemic estimated at £144m in 2021/22 is in addition to this, giving an underlying gross pressure for 2021/22 of £166m.

- 3.6. Prior to the Spending Review mitigations and corporate measures of £57m were identified to support the position. In addition, it was proposed £12m of airport dividends were re profiled from 2020/21 to support next year's budget. This resulted in pre-Spending Review budget gap of £97m.
- 3.7. This will be balanced through the additional funding announced in the Finance Settlement (£58m), a planned £41m budget cuts, proposed £9m use of the 3% Adult Social Care precept and grant to fund costs in adult social care and forecast Sales, Fees and Income compensation for losses (£4m). This is partly offset by movement of c£15m airport dividend to 2022/23.

**Table 1 Budget Overview**

	<b>Revised 2020 / 21 £'000</b>	<b>2021 / 22 £'000</b>
Original Gap (pre COVID)	0	22,554
COVID-19 Budget impact of Additional Costs and Net income losses	57,960	143,938
<b>Gross Underlying Gap (inc Covid-19)</b>	<b>57,960</b>	<b>166,492</b>
COVID-19 Emergency Funding - Confirmed	(64,782)	0
COVID-19 Sales, Fees and Charges grant - forecast	(10,200)	0
Savings, mitigations and other changes	(18,205)	(2,327)
Corporate measures	0	(55,382)
Reprofile use of reserves to part offset loss of income impacting future years	34,835	(11,803)
<b>Budget position pre settlement</b>	<b>(392)</b>	<b>96,980</b>
Spending Review / settlement	0	(58,701)
Savings Proposals	0	(40,717)
Savings target being met by ASC precept and Social Care Grant	0	(8,700)
COVID-19 Sales, Fees and Charges grant - forecast		(4,481)
Reprofile use of reserves to part offset loss of income impacting future years	392	15,619
<b>Forecast revised budget gap</b>	<b>0</b>	<b>(0)</b>

- 3.8. The Corporate measures of £55.4m are detailed in the relevant sections of this report. The most significant are as follows:
- Use of net income from the airport loan, after allowing for the costs of interest and minimum revenue provision (MRP), to support the revenue budget rather than the capital programme:
    - Loan advanced in 2020/21 - £14.9m (2 years including 2020/21 and 2021/22).
    - Loan advanced in 2018/19 - £10m (2 years including 2020/21 and 2021/22).



- Additional income of £7.7m in 2021/22 returned from GMCA made up of Waste and Business Rates rebates, this will be carried forward in reserve to support 2022/23.
  - Use of funds which were originally planned to be shared with GMCA (business rates pilot growth) now used to partly offset the business rates deficit in 2021/22 £6.3m.
  - Use of capital fund reserve £2.8m.
  - Minimum revenue provision saving £2.4m.
  - Use of bus lane income to support the transport levy costs of £2m.
  - Ongoing increase of £1m on the Retained Business Rates budget due to the late announcement of Public Health allocation for 2020/21 which increased the Council's Baseline Funding Level and reduced the Tariff payment due to the Government.
- 3.9. Other changes totalled £1.9m and included the ongoing impact of 2020/21 mitigations such as utilities savings (£0.4m), pension contribution decrease in addition to that budgeted (£0.3m), an underspend on additional allowances payments (£0.5m) alongside a review of the amount set aside for directorate investment £0.7m.
- 3.10. Spending Review announcements were reported to 20 January Executive and have improved resources by £58.7m. The most significant announcements and assumptions being Tranche 5 emergency funding (£22.2m), the Local Tax Income guarantee scheme (£10.3m), the Local Council Tax support grant (£5.7m), reduced pay assumptions (£8.9m), An additional year of New Homes Bonus (£4.1m), a new Lower Tier services grant (£1.2m) and continuation of the business rates 100% retention pilot (£5.1m) and inflationary increases £1.2m.
- 3.11. In addition, the Spending Review increased funds available for Social Care through an increased Adult Social Care (ASC) Council Tax precept of 3% which is worth c£5.1m to the Council and a £300m increase to the Social Care grant, of which Manchester's share is £6.3m. It is proposed £8.4m of this is used to fund care budget pressures and thereby reduce the savings requirement, with the balance of £3m supporting investments in the health and social care pooled budget (£2.7m) and within Childrens Services (£0.3m).
- 3.12. In summary the additional funding announced, alongside the proposed savings will enable a balanced budget to be delivered in 2021/22. In addition, this will allow the identified £11.8m plus a further £3.2m of planned reserves to be reprofiled to support the position in 2022/23 where there remains a significant budget gap.

### **Budget Cuts Proposals**

- 3.13. Prior to the Spending Review the Council was facing a budget gap of almost £100m. The Finance Settlement has improved the position, although it assumes that local authorities will increase council tax by 4.99% including the 2% referendum limit and the 3% Adult Social Care precept.

- 3.14. The Council consulted on a proposed 4.99% council tax increase and the consultation closed on 24 December. The responses to the consultation were reviewed by January Executive and the full increase, including the social care precept, is included in the budget proposals set out in this report. The majority of the additional social care grant and the social care precept have been applied to fund care budget pressures and thereby reduce the £20m budget cuts target for Adult Social Care by £8.4m with the Council now proposing a total of £40.7m budget cuts, rising to £47.8m by 2024/25.
- 3.15. The final budget cuts proposals are detailed in the directorate budget reports elsewhere on this agenda and listed in Appendix 1. The summary position by directorate is shown below.

**Table 2 Savings Proposals**

Amount of savings proposals	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Indicative FTE reduction
Adults Services	11,597	3,326	3,477	0	18,400	0.0
Children Services	12,359	(152)	(1,309)	100	10,998	14.0
Homelessness	2,335	0	0	0	2,335	7.0
Neighbourhoods (Incl. Highways)	6,683	493	100	100	7,376	2.0
Growth and Development	2,024	591	604	(905)	2,314	22.4
Corporate Core	5,719	562	0	0	6,281	115.6
Total Savings Options	40,717	4,820	2,872	(705)	47,704	161.0

3.16. The proposed budget cuts and requests for additional funding are being considered again at the February Scrutiny Committee meetings. Any recommendations from these meetings are included in the papers to the Executive.

3.17. The table below summarises the budget position after the impact of all the changes outlined in this section of the report and a full review of all the resources available and expenditure commitments.

**Table 3 Summary of Resources Available and Budget Requirement**

	Original Budget 2020 / 21 £'000	Revised Budget 2020 / 21 £'000	Proposed 2021 / 22 £'000
<b>Resources Available</b>			
Business Rates Related Funding *	339,547	514,696	155,537
Council Tax	174,465	174,465	176,857
Grants and other External Funding	66,642	131,823	120,243
Dividends	15,810	900	0
Use of Reserves	69,661	37,405	184,667
<b>Total Resources Available</b>	<b>666,125</b>	<b>859,289</b>	<b>637,304</b>

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed 2021 / 22 £'000</b>
<b>Resources Required</b>			
<i>Corporate Costs:</i>			
Levies / Statutory Charge **	71,327	67,851	66,580
Contingency	860	300	4,719
Capital Financing	44,507	44,507	39,507
Transfer to Reserves ***	18,263	199,474	1,557
<i>Sub Total Corporate Costs</i>	<i>134,957</i>	<i>312,132</i>	<i>112,363</i>
<i>Directorate Costs:</i>			
Additional Allowances and other pension costs	9,580	9,066	9,066
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	10,271	970	3,230
Directorate Budgets	509,313	535,117	510,641
<i>Subtotal Directorate Costs</i>	<i>531,168</i>	<i>547,157</i>	<i>524,941</i>
<b>Total Resources Required</b>	<b>666,125</b>	<b>859,289</b>	<b>637,304</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*A large number of businesses received full relief from business rates in 2020/21, due to the pandemic. The Council was reimbursed for this income loss through a section 31 grant received in 2020/21, totalling £139m. Due to the accounting rules for collection fund the associated deficit is recognised in 2021/22, therefore the grant will be carried forwards in reserve to offset. This is shown as reduced business rates income and netted off in the transfer to reserves figure in the Resources Required section of the table. The reduced business rates income also includes the estimated 2020/21 business rates deficit that does not relate to the additional reliefs awarded.

\*\*Although included within the table of levies / charges above, the Waste Levy is administered by the Neighbourhoods Directorate and will be included within their published budget. The revised budget figure has reduced after taking into account the reduced contribution required by GMCA

\*\*\* The 2020/21 £199m Transfer to Reserves includes the £139m business rates S31 grant referred to above and £30.9m carry forward of COVID-19 related grant for the income guarantee scheme to be used across 2021/22 to 2023/24

3.18. The changes between the original and revised budget are detailed in full in the Period 9 Global Monitoring report elsewhere on the agenda.

#### **4. Underpinning Financial Assumptions**

4.1. This section of the report sets out the detailed assumptions which underpin the revised budget for 2020/21 and the 2021/22 proposed budget.

#### **Resources Available**

## Business Rates Income

- 4.2. Business Rates income is collected locally and partly redistributed between local authorities through a system of tariffs and top-ups. This redistribution is to ensure that areas do not lose out just because their local business rates are low compared to their assessed needs. The tariff is the amount paid to the Government to adjust income from business rates and bring it in line with the Government's assessment of the baseline funding level required. The top up was the amount received to bring funding in line with the Government's assessment of baseline funding level required.
- 4.3. The Council had been part of a pilot to retain 100% of additional business rate growth in Greater Manchester since 1 April 2017. The scheme set a growth baseline above which the ten Greater Manchester authorities would retain 100% of growth for the length of the pilot. On commencement of the 100% pilot the Council became a tariff authority (paying money to the government) rather than a top-up authority as it was previously under the 50% scheme.
- 4.4. Under the 100% pilot agreement, Revenue Support Grant and Public Health funding rolled into the business rates system. This means the 2021/22 Settlement Funding Assessment, or Baseline Funding Level, of £289.915m includes Revenue Support Grant of £58.291m and Public Health Funding of £52.857m. The direct Public Health allocations have not been confirmed for 2021/22.
- 4.5. In summary the total business rates related income available is as set out in the table below.

**Table 4 Business Rates Related Funding**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed Budget 2021 / 22 £'000</b>
Business Rates Baseline (per MHCLG)	329,127	329,127	329,127
Growth / (Loss) compared to baseline	11,226	11,226	(8,296)
<b>Forecast Business Rates Income per NNDR1</b>	<b>340,353</b>	<b>340,353</b>	<b>320,831</b>
Business Rates Tariff	(40,550)	(39,532)	(39,212)
Surplus relating to 2018/19	2,501	2,501	0
Surplus relating to 2019/20	9,579	9,579	818
Deficit related to S31 Grant Extended Retail Relief	0	0	(139,075)
Deficit relating to 2020/21 (total £41.039m spread over 3 years)	0	0	(13,680)
Compensation for irrecoverable losses	0	30,864	0
Business Rates S31 Grants (non-COVID)	29,856	29,826	25,854
Business Rates Grants (COVID)	0	139,075	0
Transfer from / (to) Business Rates Reserve	(2,192)	2,000	0

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed Budget 2021 / 22 £'000</b>
<b>Business Rates related income</b>	<b>339,547</b>	<b>514,696</b>	<b>155,537</b>
<b>Memo: Smoothing via reserves:</b>			
Extended Retail Relief		(139,075)	139,075
Compensation for irrecoverable losses		(30,864)	10,288
<b>Net Bottom line impact</b>	<b>339,547</b>	<b>344,757</b>	<b>304,900</b>

- 4.6. The business rates baseline is the amount of business rates income that an authority is predicted to raise annually as included in the Settlement Funding Assessment. This would usually have been increased in line with September CPI, however as part of the Finance Settlement this has been frozen for 2021/22.
- 4.7. Growth / loss compared to baseline – The business rates baseline sets the level of business rates yield government expects billing authorities to generate. This baseline was set in 2013/14, when the business rates retention scheme was implemented, and has been index linked to inflation since. Manchester has growth above this baseline to 2020/21, and in 2021/22 with the impacts on collection and appeals due to the pandemic, the Council expects to fall below this baseline.
- 4.8. The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources agrees under her delegated powers to determine the Business Rates base for 2021/22 including the calculation of the Council's business rate income and the major preceptors share. Further, the notification of the calculations as required to the Secretary of State and the Greater Manchester Combined Authority. In accordance with the Non-Domestic Rating (Rates Retention) Regulations 2013. The City Council's business rates income used for budget setting purposes for the year 2021/22 shall be £320.831m; the decision was made on the 29 January 2021.
- 4.9. The business rates tariff - In the Finance Settlement, it was announced that Revenue Support Grant would increase by an inflationary increase of 0.55%. As the Council is part of a 100% business rates pilot that is reflected in a reduced tariff being payable to government.
- 4.10. Reduced Business Rates income - This is the estimate of the difference in business rates income to the Government's business rates baseline. This includes the amount the Council anticipates collecting in business rates, plus the Council's share of the business rates deficit relating to the prior year.
- 4.11. Business rates Surplus / Deficit - Billing authorities are required under section 32 of The Local Government Finance Act 1992 to estimate any surplus/deficit on their collection fund for the year relating to business rates. Any such estimated surplus or deficit is shared between the billing authority and its major precepting authorities. The key decision relating to the declared business rate deficit is delegated to the Deputy Chief Executive and City

Treasurer, in consultation with the Executive Member for Finance and Human Resources and was made on 29 January 2021.

- 4.12. The Council's 99% share of the 2020/21 Business Rates Deficit declared is estimated at £179.296m. This is made up of three elements as follows:
- A surplus of £0.818m which represents the difference between the Council's share of the estimated surplus for 2019/20 declared in January 2020 compared to the outturn at 31 March 2020.
  - The reliefs that were granted to the retail, leisure and hospitality sectors as a result of the COVID-19 pandemic and totals £139.075m These reliefs result in a reduction in business rates due but are fully funded by section 31 grant. Due to the accounting arrangements for the Collection Fund these grants will be accounted for in 2020/21. In order to fund the resultant deficit in 2021/22 this amount will be transferred to reserves.
  - The final element is the estimated deficit for 2020/21 that was declared at the end of January 2021. This totals £41.039m and comprises the reduced collection rate as a result of the pandemic and an increase in the provision for appeals. The volume of appeals has increased both due to businesses claiming material changes in circumstances due to the pandemic and other known issues relating to rateable value reductions across the country for large shops, hospitals and fire stations. This element of the deficit is fixed and required to be spread over a three-year period between 2021/22 and 2023/24 at £13.680m per annum.
- 4.13. **Compensation for irrecoverable losses** - The Government has agreed to fund local authorities for 75% of irrecoverable losses in rates income relating to 2020/21 once additional section 31 grants have been taken into account - an amount of £30.864m is anticipated in 2020/21. This will be transferred to reserves and drawn down over 3 years.
- 4.14. **Business Rates Grants** – Section 31 grants are awarded to offset the reduction in business rates yield due to the changes announced by the government. This includes grants to facilitate the extension and enhancement of the 100% Small Business Rates Relief and in 2020/21 Extended Retail Relief which applied 100% relief to retail, hospitality and leisure properties in response to the pandemic for one year only, reducing rates yield by an additional £139.075m. The total Section 31 grants for 2020/21 currently total £199.795m, of which £29.856m applies to reliefs in place prior to COVID-19, £139.075m for the additional reliefs granted as part of the COVID-19 response and £30.864m for the Government's 75% Income Guarantee scheme. The £25.854m for 2021/22 covers the existing pre COVID-19 reliefs. All grants reflect Manchester's increased business rates share as a result of being part of the rates retention pilot.
- 4.15. In addition, the cost of discounts, awarded to qualifying businesses within the Enterprise Zones (EZ), are reimbursed to the Council. The estimate for 2021/22 anticipates that there will be growth above the EZ baseline in the Manchester Science Park. This is ringfenced reinvestment within this EZ and will fund the costs of the enterprise zone growth manager and the borrowing costs associated with developments.

- 4.16. The Government has confirmed that the 100% business rates growth retention pilot for ten Greater Manchester authorities will continue for 2021/22. There is no confirmation of what will happen beyond next year.

**Table 5 Forecast Business Rates Grants**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed 2021 / 22 £'000</b>
<b>Business Rates Grants:</b>			
Small Business Rates Relief	15,352	15,352	16,139
Multiplier Cap	13,665	13,665	16,738
Discretionary Revaluation	45	45	0
Enterprise Zone discounts	1,058	1,058	811
Retail relief	5,762	5,762	0
Adjustment to Top up in relation to multiplier cap	(6,026)	(6,026)	(7,834)
Extended Retail Relief	0	139,075	0
Local Income Guarantee Scheme Grant	0	30,864	0
<b>Total Business Rates Grants</b>	<b>29,856</b>	<b>199,795</b>	<b>25,854</b>

- 4.17. The Greater Manchester Councils, including Manchester, together with Cheshire East and Cheshire West and Chester, previously participated in the Greater Manchester and Cheshire Business Rates Pool which enabled any levy that would be otherwise be passed to the Government to be retained for the benefit of the Greater Manchester Combined Authority and Cheshire authorities. Due to the increased risks of authorities potentially breaching their safety net position, it has been agreed to dissolve the pool for 2021/22.
- 4.18. Any additional changes announced by the Chancellor in the Spring Budget on 3 March 2021 that reduce business rates income will be reimbursed as Section 31 grants. A supplementary return will be requested by Government to estimate the increased relief award and additional business rates grant due to the Council in 2021/22. As some changes are expected in the Spring Budget Announcement, the issuing of business rates bills will be delayed until after the Announcement and any changes have been processed.

### **Council Tax**

- 4.19. The Council collects council tax which includes the Council's own elements as well as the GMCA police and crime commissioner precept, the GMCA fire precept and the GMCA mayoral general precept. This report focuses on the increase to the Council element.
- 4.20. The changes to the council tax receivable by the Council are set out below:
- Referendum criteria – The Spending Review confirmed the referendum threshold at 2% for the authority's other expenditure, (excluding adult

social care). This will generate an additional £3.4m and is included in the Revenue Budget proposals.

- Social Care Precept – the Spending review also confirmed an Adult Social Care precept of 3%. This will generate an additional £5.1m and is also included in the budget proposals.
- An increase in the Council Tax base of 1.8% (from the previous year's approved position) reflecting estimated housing growth within the City.
- The assumed council tax collection rate has been reduced from 96.5% to 94.5% as a result of the reduced collection being experienced due to the pandemic. Council tax due in the current year will continue to be collected for a number of years so the ultimate collection rate will be higher.
- A Council Tax deficit arising from the reduction in the in year collection rate and the increased number of people claiming Council Tax Support.

- 4.21. As set out earlier in this report, the Council consultation on the 3% adult social care precept closed on 24 December. The Council is minded to take the full 3% increase and the funding, worth £5.077m, would be added to the Health and Social Care Pooled Budget to support the funding of the £19.916m investment required to meet the ongoing costs from Covid-19 and demand and inflationary pressures detailed in the Adult Social Care and Population Health Budget 2021/22 report elsewhere on this agenda.
- 4.22. The impact of these changes on the 2021/22 position are shown in the table below. More detail on the setting of the Council Tax base and the calculation of the deficit are set out below the table:

**Table 6 Net Council Tax Income Increase**

	<b>2020/21 £000</b>	<b>2021/22 £000</b>
General Increase	3,242	3,394
Adult Social Care Increase	3,259	5,117
Increase to Tax Base	3,907	1,118
Change in prior year surplus	(2,450)	(7,237)
<b>Total Increased Council Tax</b>	<b>7,958</b>	<b>2,392</b>

### **Setting the Council Tax Base**

- 4.23. The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, has 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.
- 4.24. This calculation was based on data available on 31 December 2020 and the decision must be made between 1 December 2020 and 31 January 2021. The Council has to notify the precepting authorities of its calculation for 2021/22 by 31 January 2020. The tax base for tax setting purposes for the year 2021/22 was agreed on 7 January 2021 at 119,649.3. This compares to the base of



118,864.6 an increase of 0.7% and is due to an increase in the number of properties in the city, partly offset by an increase in the amount of council tax support awarded.

- 4.25. The base assumes that the number of Council Tax support claims will increase by an additional 1,500; this will be a significant increase of 12.8% from April 2020.

### **Declaring the Council Tax Surplus or Deficit**

- 4.26. Billing authorities are required under section 32 of The Local Government Finance Act 1992 to estimate any surplus/deficit on their collection fund for the year relating to council taxes. Any such estimated surplus or deficit is shared between the billing authority and its major precepting authorities. The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, has delegated powers to agree the declared council tax surplus or deficit and this key decision approving the £2.984m deficit was made on 21 January 2021.
- 4.27. The 2020/21 Council Tax position has been estimated based on information available at the end of December 2020. An overall deficit of £2.984m is estimated of which Manchester's proportion is £2.482m. This deficit is split into two elements. The first part relates to the difference between the council tax surplus declared in January 2020 and the lower surplus calculated as part of the 2019/20 outturn as a result of the reduced collection rate at the start of the pandemic. The total part of that deficit is £2.488m of which the Council's proportion £2.072m is included in the 2021/22 budget.
- 4.28. The second part of the deficit relates to the in-year position and this is estimated at £496k due to the need to increase the bad-debt provision above the earlier assumption; with the Council's share being £410k.
- 4.29. The Government announced in the settlement that it would fund 75% of irrecoverable losses relating to the in year position. However, the definition of irrecoverable losses relating to council tax does not include any loss as a result of reduced collection rates, as a result the Council is not entitled to any compensation under this scheme. The omission of collection rate has been raised with government through the Council's consultation response.
- 4.30. The Government also announced that any in year loss has to be spread over 3 years, this is therefore included in the budget at £137k per annum for 2021/22 to 2023/24.

**Table 7 Council Tax Position**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed Budget 2021 / 22 £'000</b>
Council Tax requirement	169,437	169,437	179,066
2018/19 Surplus	583	583	0

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed Budget 2021 / 22 £'000</b>
2019/20 Surplus / Deficit	4,445	4,445	(2,072)
2020/21 Deficit	0	0	(137)
	<b>174,465</b>	<b>174,465</b>	<b>176,857</b>

### **The Band D Council Tax Rate**

- 4.31. Table 6 below shows the proposed changes to the Band D Council tax rate if the proposed increases are agreed by the Council and GMCA. The decision on the level of increase in the Council element will be considered at Council on 5 March following consultation on the proposed 3% social care precept. Decisions on the GMCA elements will be made by the GMCA on 12 February.
- 4.32. This includes the 4.99% increase for the Council and the indicative £10 Band D equivalent for the GM Police and Crime Commissioner precept. No other precept increases are anticipated for the GMCA.

**Table 8 Proposed Band D Council Tax Impact on Manchester Band D Council Tax**

<b>Precepting Authority</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>Increase %</b>
Council (including Adult Social Care Precept)	1,425.46	1,496.59	4.99%
GM Mayoral Police and Crime Commissioner Precept	208.30	218.30	4.8%
GM Mayoral General Precept (including Fire)	90.95	90.95	0%
<b>Total</b>	<b>1,724.71</b>	<b>1,805.84</b>	<b>4.7%</b>

### **Other Non Ring-Fenced Grants and Contributions**

- 4.33. The following table lists the other non ring-fenced grants and contributions expected. There are also number of direct grants which are held within the Directorate cash limit budgets, as shown in table ten and detailed in the directorate reports.

**Table 9 Other Non Ring-Fenced Grants and Contributions**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed 2021 / 22 £'000</b>
Better Care Fund (Improved)	30,815	30,815	30,815
Children's and Adult's Social Care Grant	17,564	17,564	23,877
Lower Tier Services Grant	0	0	1,236
New Homes Bonus	8,864	8,864	8,330
Contribution from MHCC	4,000	4,000	4,000
GMCA Rebate		7,681	0
Education Services Grant	1,260	1,260	1,200
Housing Benefit Admin Subsidy	2,514	2,514	2,514
Fortuitous Income (one off)	0	924	0
R&B additional grants (New Burdens)	0	468	0
Council Tax Support Admin Subsidy	863	856	856
Care Act Grants	162	95	95
Business Rates Returned Levy	600	0	
COVID 19 Emergency funding	0	46,582	22,229
Local Council Tax Support grant			5,709
COVID grant for Sales, fees and charges losses	0	10,200	4,481
Loan Income from Airport	0	0	14,901
<b>Total Non Ring-fenced Grants</b>	<b>66,642</b>	<b>131,823</b>	<b>120,243</b>

4.34. More detail on the non ring-fenced grants and contributions is set out below. Other grants and contributions are contained within the Directorate budgets and detailed in the directorate reports elsewhere on this agenda:

- **Better Care Fund (Improved)** - was created in the 2015 Spending Review and increased in the Spring Budget 2017 to provide local government with new funding for adult social care. This was provided to ensure that councils could take immediate action to fund care packages for more people, support social care providers and relieve pressure on the NHS locally. This grant is being used to fund priorities and pressures within Adult Social Care and is currently included in the Health and Social Care Pooled Budget. The full detail is set out in the Manchester Local Care Organisation - Adult Social Care Business Plan.
- **Children and Adults Social Care Grant** - The Social Care Grant for adult and children's service was again confirmed in the 2021/22 Local Government Finance Settlement. The national grant has increased by £300m, £240m of this has been equalised to account for each authority's ability to generate income from the ASC Council Tax precept. The Council will receive an additional £6.3m. £3.3m is being used on a one-off basis to fund care pressures. The full detail is contained within the Adult Social Care and Population Health Budget 2021/22 report.
- **Lower Tier Services Grant** – This is a new one off un-ringfenced grant which will allocate £111m to local authorities with responsibility for lower

tier services. The proposed grant methodology is two-fold. £86m will be allocated based on relative needs (last assessed in 2013/14). The balance includes a one-off minimum funding floor to ensure that no authority sees an annual reduction in Core Spending Power (CSP). This funding is in response to the current exceptional circumstances and is a one-off. The Council will receive £1.2m which is supporting the overall budget position in 2021/22.

- **New Homes Bonus (NHB)** - This is paid to local councils to reflect and incentivise housing growth. The Government has proposed a new round of NHB payments (year 11 payments) in 2021/22 which will not attract new legacy commitments in future years. The allocations for 2021/22 will be funded through a £622m top slice of Revenue Support Grant (RSG). The methodology will be the same as in 2020/21 with payments calculated as new housing and houses brought back into use (above a payments baseline of 0.4%), multiplied by the average band D council tax payment, with an additional payment made for affordable homes. Legacy payments associated with year 8 (2018/19) and year 9 (2019/20) will also be paid. The base budget reflected the expected legacy payments (£4.7m). The additional grant announced is worth £4.1m and is being used to support the overall budget position. The Government is inviting views on a replacement for NHB
- **Contribution from Manchester Health and Care Commissioning (MHCC)** - This relates to the agreement of a longer-term joint funding strategy with the CCG which includes the ongoing £4m contribution to the MHCC Pooled Budget.
- **GMCA Rebate** - This relates to rebates received from GMCA relating to both returned business rates income (£3.861m) and reserves released by the Waste Authority (£3.820m). These will be received in 2020/21 and held in reserve to support the revenue budget in 2021/22.
- **Education Services Grant** - This relates to retained funding from DSG to fund statutory duties at an increased rate of £13.15 per pupil.
- **Housing Benefits Administration Subsidy and Council Tax Support Administration Funding** - allocated to local authorities to support the costs of administering the range of welfare payments payable to residents.
- **Care Act Grants** - Funding allocations for adult social care duties previously announced.
- **Business Rates Returned Levy** - There was a redistribution of the surplus held in the national levy account in 2019/20. The national amount had been estimated at £45m which when finalised equated to £0.6m for Manchester; paid in 2020/21 only.

- **COVID-19 Emergency Funding** – The tranches of non-ringfenced funding announced by the Government to provide Council's financial support for the impact of the pandemic.
  - **Local Council Tax Support grant** - indicative allocations from Government provide the Council with £5.709m of funding, however, this is based on Council Tax Support claimant data to 31 September and is likely to be revised to reflect updated claimant levels.
  - **COVID Grant for Sales, fees and charges losses** – further compensation provided specifically to Council's for 75% of qualifying income losses. This is based on the estimated financial impact, claimed retrospectively through claims to MHCLG. The total claimable is estimated at £10.2m this year and £4.5m relating to quarter one of 2021/22.
  - **Loan Income from Manchester Airport Group** - Use of net income from the airport loan advanced in 2020/21, after allowing for the costs of interest and minimum revenue provision (MRP).
  - **Support for Leisure Centres** - £0.1bn funding has been identified nationally to provide support to council leisure centres most in need. Manchester has bid for £1.3m and is expected to receive the outcome of the bid by late February.
- 4.35. **Public Health Grant** is not reflected in the table above because for the Council Public Health expenditure is not currently grant funded but is now met from retained business rates. The 2021/22 allocations have not yet been announced by government, therefore the 2020/21 amount of £52.857m is assumed. It has been indicated that there is unlikely to be an inflationary increase. Should this change the Council's business rates tariff payment to the government will be revised accordingly. Public Health is included in the MHCC pooled budget which is currently being reviewed for 2021/22 in light of changes to the Health and Social Care integration arrangements.
- 4.36. The Directorate's budgets are reliant upon a range of government grants which fund specific responsibilities, these are reflected in directorate gross budgets. At this stage there are still some assumptions included for 2021/22 and budgets will be updated in year as grant announcements are made.
- 4.37. This includes the following significantly high value grants in 2021/22:
- **Dedicated Schools Grant (Childrens)** £339.59m allocation for schools, excluding those that have transferred to Academies. This now includes the Teacher's Pay and Pensions Grants.
  - **Pupil Premium Grant (Childrens)** – £23.69m to support disadvantaged pupils and decrease the attainment gap between them and their peers.

- **Universal Free Schools Meals Grant (Childrens)** £3.8m which provides funding for all government funded schools to offer free school meals to eligible pupils in reception, year 1 and year 2.
  - **Homelessness Prevention Grant (Homelessness)** £3.285m, this combines the Flexible Homelessness Support Grant and Homelessness Reduction Grant. The purpose of the grant is to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. The additional funding of £723k for Manchester is allocated via a new formula that takes into account the relative homelessness pressures faced by LA's.
  - **Rough Sleeper Initiative (RSI) Funding** £0.734m to fund joint initiatives and services to work together as the RSI partnership, with the objective of preventing people from rough sleeping and finding accommodation for people already rough sleeping.
  - **Government Benefit Subsidy (Corporate Core)** total £180.8m **Housing Benefit Subsidy** the money government pays local authorities in the form of a subsidy to administer Housing Benefits and other financial matters; includes rent rebates paid and rent allowances awarded.
  - **Discretionary Housing Payments (Corporate Core)** £2.538m allocation of the Government's contribution to assist the claimants with the welfare entitlement that resulted from the Housing Benefits welfare reform.
  - **Community Safety Prevention Grant (Neighbourhoods)** £0.795m to support the Community Safety partnership which aims to make the city a safer place in which to live, visit and work. This grant contributes towards achieving the priorities of changing offender behaviours, protecting vulnerable people as well as reducing crime and anti-social bahavious.
  - **Learning and Skills (Growth and Development) total** £8.242m for MAES (Manchester Adult Education Service) to connect the education, work and skills agenda across the Council.
  - **Talk English (Growth and Development)** - £0.902m, funding allocated to 30 authorities to deliver English language courses and other activities that connect learners to the places, spaces and people in their local area.
- 4.38. The total grants included in the budget assumptions for each Directorate are summarised in the table below. Further details are set out in the Budget Reports elsewhere on this agenda.

**Table 10 Specific Government Grants within Directorate budgets**

	<b>2020 / 21 £'000</b>	<b>Indicative 2021/22 £'000</b>
Children's	358,258	376,847
Adult Social Care	5,095	5,095
Homelessness	3,286	4,009
Corporate Core	184,309	184,322
Neighbourhoods	5,419	2,266
Growth and Development	9,162	9,162
<b>Total</b>	<b>565,529</b>	<b>581,701</b>

**Dividends and Use of Airport Reserve**

- 4.39. The Airport Dividend from Manchester Airport Group for 2019/20 was planned to be used £14.910m in year, £47.090m a year in arrears and £8.729m two years in arrears. No dividend was receivable in 2020/21 and it is unlikely, with the impact of COVID-19 that any dividend will be paid in 2021/22. Therefore, no dividend has been budgeted for in 2021/22. The reduction in dividend income is partially offset by the use of the Airport Dividend reserve of £8.909m in 2020/21 and £5.387m in 2021/22. The majority of the reserve will be applied to the budget to meet the anticipated budget shortfall in 2022/23 as part of the measures set out in the Medium Term Financial Strategy.
- 4.40. The original budget for other dividends was £0.9m relating to Manchester Central (£0.5m) NCP Manchester Central (£300k) and Manchester Piccadilly (£100k). No dividends have been assumed for 2021/22 due to the economic situation.

**Use of Reserves to Support the Revenue Budget**

- 4.41. Use of reserves to support the corporate revenue budget is £34.461m in 2020/21 and £187.141m in 2021/22. The full detail is shown in the Reserves Section later in this report. It should be noted that the 2021/22 amount includes £139.075m relating to Business Rates Section 31 grant for Extended Retail relief.

**Resources Required**

- 4.42. The following table sets out the forecast levy payments and payment to GMCA.

**Table 11 Levy Payments and Payment to GMCA**

	<b>Original Budget 2020/21 £'000</b>	<b>Revised Budget 2020/21 £'000</b>	<b>Proposed 2021/22 £'000</b>
Transport Levy	37,476	37,476	37,525
GM Waste Disposal Authority *	30,051	30,051	28,731
Environment Agency	224	230	230
Probation (Residual Debt)	15	7	7

	<b>Original Budget 2020/21 £'000</b>	<b>Revised Budget 2020/21 £'000</b>	<b>Proposed 2021/22 £'000</b>
Magistrates Court (Residual Debt)	9	9	9
Port Health Authority	71	78	78
Statutory Charge to GMCA	3,481	0	0
<b>Net Cost of Levies</b>	<b>71,327</b>	<b>67,851</b>	<b>66,580</b>

\* Although included within the table of levies / charges above, the Waste Levy is administered by the Neighbourhoods Directorate and will be included within their published budget. This is to recognise that the actions within the Directorate to reduce the levels of waste delivered impact on future levies which are tonnage based. It has been included above to give a complete view of the levies / charges paid.

- 4.43. The Transport Levy is to cover the costs of the GMCA transport policies. As part of the GMCA budget process it has been agreed that the amount will be frozen for 2021/22 although as the costs are allocated on a per capita basis the amounts will vary with the differential population growth between the GM local authorities. This accounts for the £49k increase.
- 4.44. The GM Waste Levy is to cover the costs of waste disposal which are administered by the GMCA. The costs are allocated on the basis of a prescribed formula, the terms of which are set out in a specific agreement signed by all GM authorities. The assumptions have been updated based on the most up to date tonnage forecasts. The final amount will be confirmed following the meeting of the GMCA on 12 February 2021 and may vary slightly. An additional sum of £1.3m has been included within the Council's corporate contingency in 2020/21 to cover any potential increased charge in year linked to behaviour change due to the pandemic.
- 4.45. The statutory charge from GMCA is to cover costs that were previously met from the levy. The funding for transport functions has now been split between the Transport Levy and a Statutory Charge. There was a one-off increase to the statutory charge in 2020/21 and in the light of the financial pressures the GM local authorities are facing GMCA have agreed not to collect this in 2021/22.

### **Contingency**

- 4.46. The required contingency amount includes:
- £1.254m in relation to risks around the waste levy and collection as outlined above.
  - Whilst a pay freeze has been assumed in line with government policy a £2.8m contingency is being held until the pay negotiations for local government have been concluded
  - £0.6m as an unallocated contingency to meet future unforeseen expenses. This is deemed to be reasonable amount and should be considered in conjunction with the Council's policy on reserves.



### **Capital Financing Budget**

- 4.47. The capital financing budget of £39.507m is to cover the costs of borrowing. In 2021/22 this is forecast to include:
- Interest costs of £22.8m,
  - Interest receivable of £43.9m,
  - Minimum Revenue Provision (MRP) of £31.1m, being the provision for the repayment of debt incurred to fund an asset, spread over the useful economic life of the asset,
  - Debt Management Expenses of £3.5m. and
  - Contributions to the Capital Fund Reserve of £26.0m.
- 4.48. The Council can only borrow to cover capital expenditure. The Capital Strategy and Budget and Treasury Management Statement also on this agenda provide more detail on the future borrowing requirements and on the debt and MRP position. The Council is forecast to borrow an additional £928.8m by the end of 2023/24 based on the current approved capital programme. To avoid this and any future capital investment becoming an additional call on the revenue budget the Capital Financing reserve has been established to cover the future increase in interest and MRP costs.
- 4.49. The Capital Financing budget has been reduced by £5m from 2021/22 as £5m of loan interest receivable is being used to directly support the revenue budget.

### **Transfers to Reserves**

- 4.50. The planned transfers to reserves total £195.613m in 2020/21 and £1.557m in 2021/22. The full breakdown of these amounts is shown in the Reserves Section of this report.

### **Directorate Costs**

#### **Allowances and Insurances**

- 4.51. Additional allowances for former staff and teachers' pension costs total £9.066m in both 2020/21 and 2021/22 relating to the historic pension cost of added years payments awarded to former employees. The Council no longer awards added years and has not done so for some time.
- 4.52. Insurance costs of £2.004m for both financial years relate to the cost of external insurance policies as well as contributions to the insurance fund reserve for self-insured risks.

### **Inflationary Pressures and Budgets to be Allocated**

- 4.53. The main assumptions are shown in the table below and detailed in the following paragraphs.

**Table 12 Inflationary pressures and budgets to be allocated**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed 2021 / 22 £'000</b>
Non-Pay Inflation	2,361	0	1,981
Pay Inflation	6,520	0	0
Pension Contribution	(800)	0	0
Apprenticeship Levy 0.5%	900	970	999
Capacity for further pressures including Domestic Violence Prevention	1,000	0	0
Digital City work	250	0	250
Electricity and gas savings	0	0	
Contribution to Cemeteries Reserve	40	0	0
<b>Total</b>	<b>10,271</b>	<b>970</b>	<b>3,230</b>

Note: The allocation relating to the Health and Social Care pooled budget are not included in the table above as they have been included within Adult Social Care cash-limit budget as follows: National Living Wage £1.9m and Non-Pay Inflation £1.6m.

4.54. This includes the following:

- Non-Pay inflation - provided for increased running costs each year as a result of inflation. An allowance of 2% inflation has been made for 2021/22. The full year budget provision is £1.981m for 2021/22.
- Pay inflation – previously this was assumed to increase in line with the Chancellor's commitment of national living wage of £10.50 by 2024/25 - aligned to the Local Government pay scale. No allowance has been made for a pay award in 2021/22 in line Government Policy regarding the pay freeze. A contingency of £2.8m is being held pending the outcomes of the national pay negotiations for local government
- Apprenticeship levy - this is payable as 0.5% of the annual pay budget.
- Capacity for further pressures - £1m was made available in the 2020/21 budget for pressures arising from the review of domestic violence funding. The budget has been mainstreamed at £100k this year increasing to £330k from 2021/22. Investment will support earlier identification and intervention working with key partners and agencies.
- Digital City work - a budget of £250k. Being a Smart City by 2025 means being strong with digital technology companies and is a key enabler to delivering the carbon agenda. Work is underway to scope a role profile for a Digital Strategist role that will be the custodian for this work. Consideration needs to be given to the best way of filling this role and the required capacity that can be drawn on to support the role and link the infrastructure, ICT, data and Corporate Core within the Council. This has been funded from the Council Tax surplus.

## **5. Financial Reserves**

- 5.1. The Council holds a number of reserves, all of which, aside from the General Fund Reserve, have been set aside to meet specific future expenditure or risks. A full review of all the reserves held has been carried out as part of the budget setting process.
- 5.2. The reserves include:
- Reserves that have been identified to directly support the proposed budget position as part of the Council's risk management approach or where it is appropriate to meet corporate costs.
  - Statutory reserves – such as the Bus Lane and Parking Reserves, where the use of these monies is defined in statute
  - PFI Reserves – held to meet costs across the life of the PFI schemes
  - Reserves to offset risk and manage volatility such as the Insurance Fund Reserve
  - Reserves held to support capital schemes
  - Reserves to support economic growth and public sector reform
  - Grants and contributions which fall across more than one year – following local authority accounting standards these are held in a reserve
  - Schools reserves – direct schools funding which the Council cannot utilise
- 5.3. The Medium Term Financial Strategy elsewhere on the agenda, sets out the overall approach to the management of risk and the use of reserves to ensure that the Council remains financially sustainable over the longer term.

### **Transfer to Reserves**

- 5.4. Where reserves are used to support the Council's overall budget position or corporate expenditure such as levies these are shown gross as part of the Resources Required. The transfer to these reserves totals £199.474m in 2020/21 (or £29.5m after the impact of the S31 grants carried forward in reserves to offset the deficit in 2021/22 is taken into account). The 2021/22 total is £1.557m. These include: Transfers to reserves which are reflected in of £199.474m in 2020/21 and £1.557m in 2021/22 Budget relate to:
- COVID-19 smoothing related transfers:
    - Transfer the amount of section 31 grants received in 2020/21 relating to extended business rates retails reliefs granted for the retail, hospitality and leisure sector due to the COVID-19 pandemic to the business rates reserve to fund the resultant deficit in the Collection Fund that due to accounting arrangements will not be recognised until 2021/22 £139.075m
    - Local Guarantee Scheme - £30.864m income due in 2020/21 which will be carried forwards to part offset the 2020/21 Business Rates deficit which will be spread over three financial years 2021/22 to 2023/24.
  - Transfer to Social Care Reserve of £0.92m and £1.557m in 2021/22 as approved as part of the 2019/20 budget.
  - Transfer GMCA Rebates for waste (£3.820m) and Business Rates (£3.861m) to the budget smoothing reserve in 2020/21 for use in 2021/22

- Minimum Revenue Provision (MRP) saving transferred to the Town Hall Reserve £2.4m in 2020/21 only. It was previously agreed that savings from the changes in the MRP policy from 2017/18 would be used to fund the revenue costs associated with the cost of the town hall project across the life of the project.
- Transfer additional Business Rates income £6.270m to the Business Rates Reserve in 2020/21
- Transfer £10.667m to the Manchester International Reserve to support future years' expenditure, as approved in the 2020/21 budget process.
- Replenish general fund reserve in 2020/21 £1.597m.

**Table 13 Transfers to reserve**

	<b>Original Budget 2020 / 21 £'000</b>	<b>Revised Budget 2020 / 21 £'000</b>	<b>Proposed 2021 / 22 £'000</b>
<b>COVID-19 related:</b>			
Transfer to Business Rates Reserve (Extended Retail Relief)	0	139,075	0
Local Income Guarantee Scheme Grant	0	30,864	0
Town Hall Reserve (MRP Saving)	2,400	2,400	0
<b>Other:</b>			
Social Care Reserve	920	920	1,557
Waste reserves rebate from GMCA	0	7,681	0
Additional Business Rates Income to BR reserve	2,679	6,270	0
Transfer to Factory reserve	10,667	10,667	0
Transfer to General Fund Reserve	1,597	1,597	0
<b>Total</b>	<b>18,263</b>	<b>199,474</b>	<b>1,557</b>

- 5.5. The following section shows an analysis of the planned use of reserves in 2020/21 and 2021/22 to support revenue expenditure.

#### **Reserves used to support the overall budget 'bottom line' position**

- 5.6. Where reserves are used to support the Council's overall budget position or corporate expenditure such as levies these are shown gross as part of the Resources Available. The use of these reserves totals £184.7m in 2021/22 (or £35.3m after the impact of the S31 grants carried forward in reserves to offset the deficit in 2021/22 is considered). These include:
- 5.7. **Covid-19 Emergency Funding Tranche 1** - This grant of £18.589m was received in March 2020, it funded £389k of COVID related spend in 2019/20 with balance of £18.2m carried forwards to be applied against COVID-19 pressures in 2021/22.
- 5.8. **Business Rates Reserve** - This reserve is set aside to mitigate business rates income risk due to the volatility of the assumptions and the future reset of the business rates base. The planned drawdowns in 2021/22 total

£155.633m and mainly relate to smoothing the collection fund deficits as the results of the pandemic as follows:

- Section 31 grant for Extended retail relief £139.075m
- Section 31 grant for the Local Tax income guarantee scheme £10.288m
- Use of funds which were originally planned to be shared with GMCA (business rates pilot growth) now used to partly offset the business rates deficit in 2021/22 £6.270m.

- 5.9. **Budget Smoothing Reserve** - This reserve hold funds made available from rebates from GMCA. The budgeted drawdowns (£3.585m in 2020/21 and £11.266m in 2021/22) will support the overall budget position.
- 5.10. **Bus Lane Enforcement Reserve** - An amount of £3.092m for 2020/21 and £5.092m in 2021/22 is to be used to contribute towards the costs of the transport levy.
- 5.11. **Capital Fund** – proposed use of the Capital Fund to support the revenue budget of £7.763m for 2021/22 as part of the measures to close the budget deficit arising from COVID-19.
- 5.12. **Airport Dividend Airport Dividend Reserve** - Pre COVID- 19 the budget position had prudently only used £15m of the annual dividend received in year and placed the remainder (£55m) in the airport reserve for use in future years. It would not be prudent to assume any dividend income will be received until at least 2023/24. The reserve balance at the start of 2020/21 is £55.8m. It is proposed this is used over three years as shown below, to partly mitigate the loss of dividend income.

	2020 / 21 £'000	2021 / 22 £'000	2022 / 23 £'000
Revised proposed use of Airport reserve £55.8m	11,853	4,913	39,043

#### **Reserves applied to support specific spend within Directorate Cash Limit Budgets**

- 5.13. Where reserves are directly applied to specific costs or risks within the Directorate Cash Limit budgets these are shown gross and net in the Directorate cash limit budget total.
- 5.14. One-off income and social care grants have been used to spread investment over 2-3 financial years. The 2021/22 drawdown is £16.9m. These reserves end the ongoing costs have been built into the Council's Revenue Budget Requirement from 2022/23 and included within the overall budget shortfall in future years. During that period opportunities to reduce the expenditure or top up the reserves from future one off funding will also be explored. These reserves are set out in detail following Table 14.

- 5.15. A further £57.5m is also being applied in 2021/22 to fund specific costs within Directorate budgets, (note £12.6m of this relates to COVID-19 specific grants being spent across years). Again, further detail is set out after Table 14.
- 5.16. This brings the total forecast reserves use in 2021/22 to £259.1m (or £97.2m excluding the COVID-19 grants).
- 5.17. Appendix 3 shows the annual movement and projected balances to April 2025. Earmarked reserves are forecast to reduce from £359m at the start of this year to £98m. The Medium-Term Financial Strategy elsewhere on the agenda considers the adequacy of reserves.

Table 14 Planned use of reserves

<b>Planned use of Reserves</b>	<b>2020 / 21 £'000</b>	<b>2021 / 22 £'000</b>
<b>Reserves directly supporting the revenue budget:</b>		
COVID-19 Emergency Funding tranche 1	18,200	
Business Rates Reserve	675	155,633
Budget smoothing reserve	3,585	11,266
Bus Lane (supporting Transport Levy)	3,092	5,092
Capital Fund - Supporting the revenue budget		7,763
Airport Dividend Reserve	11,853	4,913
<b>Sub Total reserves directly supporting the revenue budget</b>	<b>37,405</b>	<b>184,667</b>
<b>Smoothing prior to mainstreaming in 2022/23</b>		
Anti Social Behaviour Team	540	540
Social care Reserve – to fund investment into Children’s Social Care	7,757	7,446
Adult Social Care - to fund investment into the Improvement Plan	4,766	6,150
Our Manchester Reserve	771	2,802
<b>Sub Total to be mainstreamed</b>	<b>13,834</b>	<b>16,938</b>
Bus Lane and Parking reserves	6,401	4,694
Other Statutory Reserves	817	308
<b>Balances Held for PFI's</b>	95	349
<b>Reserves held to smooth risk / assurance:</b>		
Transformation Reserve	1,708	333
Other Reserves held to smooth risk / assurance	3,840	6,717
<b>Reserves held to support capital schemes:</b>		
Capital Fund	21,154	13,137
Investment Reserve	2,531	1,819
Manchester International Festival Reserve	0	1,060
Eastlands Reserve	2,619	5,248
Enterprise zone reserve	75	1,061
Other reserves held to support capital schemes	0	0
<b>Reserves held to support growth and reform:</b>		
Clean City Reserve	435	0
Better Care Reserve	866	3,375
Town Hall Reserve	2,273	3,075
Other Reserves to support growth and reform	0	1,150

Planned use of Reserves	2020 / 21 £'000	2021 / 22 £'000
Direct grants for Grants COVID-19 responsibilities	0	12,588
<b>Grants and Contributions used to meet commitments over more than one year</b>	3,708	1,958
<b>Small Specific Reserves</b>	982	671
<b>School Reserves</b>	259	0
	<b>99,001</b>	<b>259,149</b>

5.18. Further detail on the main planned use of reserves is set out in more detail in the following paragraphs.

### Smoothing prior to mainstreaming

- 5.19. **Anti-Social Behaviour Team Reserve** - The Resources and Governance Budget Scrutiny meeting of 25 February 2019 supported an amendment to allocate a budget of £1.5m over three years, to increase the capacity of the Council to tackle anti-social behaviour in neighbourhoods. This was approved by Council 8 March 2019. This budget will be mainstreamed at £495k from 2022/23.
- 5.20. **Social Care Investment Reserve** – This is made up of two elements:
- The budget strategy for Children's and Education Services was to put the Directorate onto a sustainable footing given the local and national pressures being faced by Children's Social Care Services. Additional resources of £7.135m per annum over three years were approved to address the pressures across all budget areas to provide the capacity that will enable a longer term approach by investing in early help and prevention, alongside evidenced based interventions which support improving outcomes for children and financial sustainability. The reserve drawdowns reflect the last 2 years of funding are provided to support the 2020/21 and 2021/22 budget position. The £7.135m will be mainstreamed from 2022/23.
  - The remaining forecast drawdowns of £0.622m in 2020/21 and £311k in 2021/22 relate to small grants which have been carried forward from future years.
- 5.21. **Adult Social Care Reserve** - This is made up of three elements:
- The 2019/20 budget recognised there was a need to provide a stable funding base for adult social care. Additional grant funding received was combined with a number of other resources to create a reserve to use over a three-year period. In 2020/21 and 2021/22 £2.150m each year will support the programme of improvement work which is underway in order to improve the delivery of the assessment, care and support planning and statutory safeguarding offer and the delivery of the in-house provider services. The £2.150m will be mainstreamed from 2022/23
  - Test and Trace Grant £3.1m relating to year 2 of the programme; and
  - The remaining 2021/22 forecast drawdown of £4.0m relates to the use of underspends planned to be carried forward from 2020/21 (Public Health

£1.5m and Residential and Nursing £2.5m) as part of the 2021/22 Adult Social Care budget savings strategy.:

- 5.22. **Our Manchester Reserve** - Investment made available as part of the 2017-2020 budget process to drive forward the delivery of Our Manchester initiatives. The staffing element is expected to be mainstreamed from 2022/23.

#### **Other Use of Reserves within Directorate Cash Limits**

- 5.23. **Bus Lane and Parking Reserve** - There is a statutory requirement to place income generated from on-street parking and bus lane enforcement into separate reserves. These reserves can only be used to fund certain types of highway and environmental improvements or for financial support to off street parking. The expected balance on these reserves at the 1 April 2021 is £11.573m. It is estimated that £10.174m will be added to these reserves during 2021/22 and £5.092m used to support the transport levy and £4.694m to fund eligible spend with the Neighbourhoods directorate. This would leave a balance of £11.961m at the 31 March 2022.
- 5.24. **Transformation Reserve** - An amount of £1m over three years (2020/21 to 2022/23 at £0.333m per year was approved last year to support volunteer engagement, provide programme management capacity and specialist support for the transformation programme. This reserve will also fund the Voluntary Severance costs of the time limited efficiency scheme in 2020/21, currently estimated at £1.375m
- 5.25. **Capital Fund** - This is used to fund activity and contribute to schemes which are being brought Capital Programme and to fund high priority strategic development opportunities in the city for those that do not attract external funding.
- 5.26. **Investment Reserve** - This is used to fund housing and regeneration activities, including staffing costs to provide the capacity to deliver the Affordable Housing Strategy and other relevant priorities.
- 5.27. **Manchester International Festival (MIF) Reserve** - From 2021/22 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 revenue support from Arts Council England (ACE), currently c£9m each year. It is proposed that £0.5m per annum will be retained in the mainstream budget with the remaining requirement held in reserve to cover ten years of funding.
- 5.28. **Eastlands Reserve** - This reserve will be used for various projects including English Institute of Sport and Sport England. The reserve also reflects Manchester City Football Club income contribution.
- 5.29. **Clean City Reserve** – The remaining balance was used in 2020/21 to support clean and green initiatives including litter bin installations, park clean ups, knotweed and hogweed clearances and other waste and recycling activities.



- 5.30. **Better Care/Integration Reserve** - The reserve is a joint resource between Manchester City Council and Manchester Health and Care Commissioning to support the infrastructure requirements that underpin the mobilisation of the Locality Plan and is currently managed with the pooled budget.
- 5.31. **Town Hall Reserve** - The refurbishment of the Town Hall has revenue implications such as the cost of alternative accommodation and loss of income over a number of years; offset in part by reduced spend on maintenance and utilities. It has previously been approved that savings in Minimum Revenue Provision (MRP) be used to fund the revenue costs.
- 5.32. **Direct grants for Grants COVID-19 responsibilities** - As reported in the period 9 Global monitoring elsewhere on the agenda grants totalling £56m have been received from government for specific responsibilities relating to the COVID-19 pandemic. Whilst the majority of the funding will be used in this financial year the costs incurred will go beyond 31 March and it is anticipated that £12.6m of these grants will be carried forwards to fund eligible costs in 2021/22. These are:
- Contain Outbreak Management Fund £3.102m
  - Test and trace service £8.852m
  - Clinically extremely vulnerable individuals advised to shield £0.502m
  - Reopening High Streets Safely Fund £132k
- 5.33. The forecast movements on reserves would result in year end balances as shown in the table below and detailed by reserve in Appendix 3.

**Table 15 Forecast reserves position**

	Opening Balance 1 April 2020 £'000	Forecast Opening Balance 1 April 2021 £'000	Forecast Opening Balance 1 April 2022 £'000	Forecast Opening Balance 1 April 2023 £'000	Forecast Opening Balance 1 April 2024 £'000	Forecast Opening Balance 1 April 2025 £'000
HRA Reserves	111,871	116,848	97,657	83,669	86,064	84,994
School Reserves	15,993	15,734	15,734	15,734	15,734	15,734
Earmarked Reserves	348,706	515,389	277,655	157,178	124,994	97,782
General Fund	21,353	25,000	25,000	25,000	25,000	25,000

## 6. Directorate Cash Limit Budgets

- 6.1. Each Directorate has to manage their budget within the cash limit. This is reviewed each year and for the period of the current Medium Term Financial Strategy includes the recommended budget cut proposals, the ongoing impact of COVID-19 and other adjustments including for increased demand or demographic growth. Funding for inflation and pay awards is held corporately and allocated on the basis of need. The changes and recommended revised cash limit budgets are shown in the table below. Full details of the budget cuts proposals are included at Appendix One.

- 6.2. The table also shows the recommended contribution for Adult Social Care to the pooled budget arrangements for 2021/22. Unlike the city council cash limits this also includes the funding for inflation and to meet the increased workforce and commissioning costs of the increases to the national minimum wage. The arrangements for the Health and Social Care pooled budget in 2021/22 are currently being finalised with the Adult Social Care budgets likely to be included in a separate S75 agreement with the Manchester Foundation Trust and managed by the Manchester Local Care Organisation.

**Table 16 Change from 2020/21 Cash Limit budget to 2021/22 Cash Limit budget**

	<b>Revised Budget 2020 / 21 £'000</b>	<b>Savings £'000</b>	<b>COVID- 19 Adj. £'000</b>	<b>Growth / Other Adj. £'000</b>	<b>Proposed 2021 / 22 £'000</b>
Children's	125,093	(12,359)	3,800	2,227	118,761
MHCC Pooled Budget	213,997	(11,597)	13,464	3,047	218,911
Adult Social Care - Services out of scope of Pooled Budget	4,856				4,856
Homelessness	15,521	(2,335)	6,823	7,486	27,495
Corporate Core	70,461	(5,719)	1,209	(450)	65,501
Neighbourhoods	65,353	(6,683)	5,635	230	64,535
Growth and Development	8,856	(2,024)	3,750	0	10,582
<b>Total</b>	<b>535,117</b>	<b>(40,717)</b>	<b>3,701</b>	<b>12,540</b>	<b>510,641</b>

### **Children's Services**

- 6.3. Overall the cash limit budget will reduce by £6.3m to £118.8m. This includes:
- £12.359m of budget cuts as set out in Appendix One
  - £3.8m additional funding to meet the anticipated costs of increased demand pressures following the impact of COVID-19
  - £2.227m to meet the estimated increase in the number of Looked After Children linked to population growth. Full details of the above can be found in the Children's Services budget report.
- 6.4. Full details can be found in the Children's Services budget report elsewhere on the agenda.

### **MCC Pooled Budget**

- 6.5. Overall, the planned contribution to the Health and Social Care pooled budget will increase by £4.9m. This is £11m growth after the budget virement for Homelessness is taken into account. This includes:
- £11.597m of budget cuts as detailed in Appendix 1. The target was originally £20m which has been reduced to take into account the investment from the proposed 3% adult social care precept, and use of £3.3m of the social care grant to meet care budget pressures.

- £13.464m to cover the estimated ongoing costs from COVID-19. This is to cover the full year effect of the cost of discharges (£9.3m), costs for Personal Protective Equipment (£2.5m), social work capacity (£0.8m) and population health (£0.8m)
- £3.047m of Other Adjustments -
  - Increased demand associated with population growth (£2.831m);
  - The costs of non-pay inflation and an allowance for the National Living Wage (NLW) increase (£3.621m). This figure has been adjusted for the changes to NLW (to increase to £8.91 an hour, up 2.2%. Previously expected to be £9.21) and for the public sector pay freeze. If the position on public sector pay changes then any pay award will be funded.
  - £2.690m balance of the social care grant, allocated for investment as detailed in the Adult Social Care and Population Health Budget 2021/22
  - Less the budget transfers to the Homelessness budget totalling £6.1m including £5.922m for the Homelessness Commissioning function and £173k for the Homelessness Assessment and Care workers function.

6.6. Full details can be found in the Adult Social Care and Population Health Budget 2021/22 report elsewhere on the agenda.

### **Homelessness**

6.7. Overall the cash limit budget has increased by £12m to £27.5m. The actual growth is £8.2m after the budget virement has been taken into account. This includes:

- £2.335m of budget cuts as set out on Appendix one.
- £6.823m COVID-19 adjustments - This includes the potential homelessness related economic impact of Covid-19 on individual households, such as unemployment and debt arrears.
- £7.486m Other adjustments
  - £1.391m to support the ongoing increase in the numbers of people sleeping rough due to the economic impact of the pandemic and the lifting of the eviction embargo, funding 5 additional properties for temporary accommodation.
  - £6.095m Budget transfers from Adult Social Care budget including £5.922m for the Homelessness Commissioning function and £173k for the Homelessness Assessment and Careworkers function.

6.8. Full details can be found in the Homelessness Budget report elsewhere on the agenda.

### **Corporate Core**

6.9. Overall the cash limit budget has reduced by £4.96m to £65.5m. The changes include:

- £5.719m of budget cuts as set out in Appendix one.
- £1.209m COVID-19 adjustments for pressures as follows:
  - £113k Elections - additional costs will be incurred in order to ensure that the election is Covid secure, this will include the purchase of additional screens and enhanced cleaning.
  - The Coroners Service will have a backlog of Jury cases in 2021/22 and the forecast cost implications of these are £131k
  - £0.965m - for COVID-19 related income losses including court summons income, communications, legal services and registrars. Note this will be partly reimbursed through the governments Sales, Fees and Charges support scheme.
- £450k of Other Adjustments:
  - Reduced revenue budget of £0.5m for the Manchester International Festival; to be funded via the reserve rather than the revenue budget.
  - Additional budget support of £50k has been provided to support young people obtaining employment as part of the Kickstart programme. This will enable the young people on placements to be paid the Manchester Living Wage.

6.10. Full details can be found in the Corporate Core Budget report elsewhere on the Agenda.

### **Neighbourhood Directorate**

6.11. Overall the cash limit budget has reduced by £0.8m to £64.5m. This includes:

- £6.683m of budget cuts as set out at Appendix One.
- £5.635m COVID-19 pressures including:
  - Leisure Centres - financial support following the shortfall of income for the external operator due to the initial closure of facilities and subsequent reduced capacity. A bid of £1.3m has been made to Sport England and it is proposed a further £1.2m is made available from Council resources. Work is ongoing with the contractor to identify any options for mitigating any additional pressures.
  - £1.599m estimated income shortfalls in trading services. £2.836m for the Highways service for assumed ongoing reductions to parking income, specifically reduced off street parking income following lockdown and fees and permit income
- £230k other Adjustments relates to an increase in the investment into a new approach to Domestic Violence support, from £100k to £330k. Investment will support earlier identification and intervention working with key partners and agencies.

6.12. Note it is expected the COVID-19 related trading income and parking losses will be partly reimbursed through the governments Sales, Fees and Charges support scheme. The Leisure losses are not eligible for this scheme because they are provided by an external operator.

- 6.13. Full details can be found in the Neighbourhoods Budget Report elsewhere on the Agenda.

#### Growth and Development

- 6.14. Overall the cash limit budget increased by £1.7m to £10.6m. This includes
- £2.024m of savings as set out in Appendix one.
  - £3.750m for ongoing COVID-19 related budget pressures, relating to reduced income assumptions as follows:
    - £0.751m Planning Building Control and Licensing
    - £2.999m Investment Estate income, This is mainly due to tenants not being in a position to pay their rents because their businesses have been impacted by Covid-19.
- 6.15. Note it is expected the COVID-19 related Planning Building Control and Licensing losses will be partly reimbursed through the governments Sales, Fees and Charges support scheme. The investment estate losses are not eligible for this scheme because the government classes them as commercial income.
- 6.16. Full details can be found in the Growth and Development budget report elsewhere on the Agenda.
- 6.17. The cash limit budgets, incorporating these changes, for approval are set out in the table below, further detail is contained within the Directorate Reports. The figures in the table do not include the waste levy of £28.731m in 2021/22 which is shown against Corporate Items but will be monitored by the Neighbourhoods Directorate.

**Table 17 Gross and Net Budgets Directorates Cash Limit Budgets 2021/22**

	<b>Gross Proposed Budget 2021/22 £'000</b>	<b>Net Proposed Budget 2021/22 £'000</b>
Children's	509,879	118,761
Health and Social Care Pooled Budget contribution for ASC	273,383	218,911
Adult Social Care - Services out of scope of Pooled Budget	7,781	4,856
Homelessness	56,087	27,495
Corporate Core	323,773	65,501
Neighbourhoods	168,588	64,535
Growth and Development	58,508	10,582
<b>Total</b>	<b>1,397,999</b>	<b>510,641</b>

## 7. Workforce Implications

- 7.1. In response to the pandemic the council's workforce has transitioned almost overnight to a new way of working, at a pace of change that would normally

take years to achieve. The Our People Strategy is being reviewed to ensure it reflects the strategic priorities of the Council. Some of the key actions are:

- A refreshed focus on health and wellbeing, especially mental health.
- The commitment to ensure that our workforce reflects our diverse communities, and this is strengthened through the Workforce Equality Strategy.
- A comprehensive management development offer that provides managers with the basic skills, tools, and training to ensure they know what is expected of them, whilst supporting their own staff to develop and increase talent across the council.
- A coordinated staff engagement programme supporting the workforce through corporate and directorate-based engagement that is clearly connected to the staff surveys, Listening in Action, and corporate reward and recognition.
- Commitment to develop the digital skills of our staff to ensure they can access and benefit from the full range of support, and rewards and benefits. The ambition for our workforce will mirror that for our residents.

- 7.2. The budget proposals will also have a direct workforce impact. In order to support the delivery of the required budget there will be a need to deliver savings of £5.442m from the workforce. This will require an indicative FTE reduction of 161 positions – split between vacant and occupied posts as detailed within the table below. It should be noted that this is an indicative FTE reduction and the exact number and split between vacant and occupied posts will be determined as the workforce savings proposals are implemented. The detailed proposals are set out within the individual Directorate Budget Reports.
- 7.3. To support the achievement of the workforce savings an Efficiency Early Release Scheme (comprising Efficiency Severance and Early Retirement) was approved by Personnel Committee in November 2020. The scheme has now closed. The progress of the scheme in achieving savings is being kept under close review but will be dependent on the numbers of staff accepting their offers and the ability of the organisation to facilitate workforce movement where required. It should also be noted that the applications relate to both mainstream and non-mainstream funded positions and generally only mainstream funded positions contribute to the budgeted workforce savings target. However, non-mainstream funded positions are still considered for release where they serve to alleviate what would otherwise be cost pressures to the Council.
- 7.4. As set out earlier in the report the voluntary severance costs associated with the scheme are being met from reserves in 2020/21. The capital costs will be met from the allowance within the LGPS with any additional costs also being met from reserves.

**Table 18 Workforce numbers savings proposals**

Directorate	2020/21 Budgeted Posts	2020/21 Saving Proposals Gross FTE Impact (Indicative)					
		Vacant Posts		Occupied Posts		Total	
	FTE	FTE	£'000	FTE	£'000	FTE	£'000
MHCC Pooled Budget	1,529.11	0.0	0	0.0	0	0.0	0
Adult Social Care – Services out of scope of Pooled Budget	52.50	0.0	0	0.0	0	0.0	0
Homelessness	276.00	3.0	89	4.0	159	7.0	248
Children and Education Services	1,316.00	8.5	191	5.5	247	14.0	438
Corporate Core	1,733.25	53.8	1,978	61.8	2,015	115.6	3,993
Neighbourhoods (including Highways)	1,470.00	0.0	0	2.0	64	2.0	64
Growth and Development	650.40	22.4	699	0.0	0	22.4	699
<b>Total</b>	<b>7,027.26</b>	<b>87.7</b>	<b>2,957</b>	<b>73.3</b>	<b>2,485</b>	<b>161.0</b>	<b>5,442</b>

- 7.5. The progress of Health and Social Care Integration has continued with further new models of delivery implemented across the locality. The Manchester Health and Care Commissioning (MHCC) partnership will need to be reviewed as the NHS further progresses national work to change the model of commissioning health services. This will fundamentally change the role of CCGs and has already seen the establishment of the Manchester Partnership Board to oversee strategic commissioning of health and social care within the Manchester Locality. A more local review of the progress towards an integrated HSC system has also seen the development of a set of proposals to 'supercharge' the MLCO – and the impacts of this, and the changes for Manchester CCG will likely result in further changes to our partnership delivery models.

## **8. Equality Impact Assessments**

- 8.1. The Council will continue to use its Equality Impact Assessment (EIA) framework as an integral tool to ensure that all relevant services have due regard to the effect that their business proposals will have on protected groups within the City.
- 8.2. The Council's Equality Impact Assessment (EIA) framework was adjusted in 2020 and consists of a two-tiered equality analysis methodology:
- A brief Equality Relevance Assessment tool helps services to assess whether there is any relevance to equality stemming from their functions, where this is not immediately clear.

- Where there is a demonstrable relevance to equality issues, services are required to complete a more detailed Equality Impact Assessment, to establish the nature of any impacts arising and to help inform what action can be taken to avoid a disadvantageous impact.

- 8.3. Services are well into the process of completing and approving their budget-related equality analyses where these are relevant. Quality assurance, guidance and coordination is being provided to manage the process.
- 8.4. As EIAs are completed, officers are conducting a read-across the findings to produce a cumulative assessment. This will seek to assess the effects that the combined proposals will have on the various characteristic groups in Manchester, and stress-test the gathered mitigations from the EIAs to ensure that they are viable in the round.
- 8.5. A report outlining the EIA process in more detail is being considered by the Communities and Equalities Scrutiny Committee at its meeting of 11 February. The cumulative impact document has been requested by Resources and Governance Scrutiny Committee at its March meeting.

## **9. Consultation**

- 9.1. A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities.
- 9.2. The consultation can be found at [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

## **10. Conclusion**

- 10.1. The last few years have been challenging for the Council given the high proportion of cuts which have had to be made to the Council's budget at a time when the demand for services such as Children and Adults Social Care has been rising. The impact of COVID-19 has been profound and whilst a high proportion of the costs have now been recognised and funded for 2021/22 with further compensation for the impact on sales, fees and charges, the loss of commercial income has not been recognised. This has led to a significant budget gap in 2021/22 and in future years.
- 10.2. The budget cuts required over the next year will be challenging to deliver at a time when capacity is stretched and total £40.7m. Proposals have been identified and officers have satisfied themselves with the robustness of the planned service changes and their broad deliverability.



- 10.3. The Council remains committed to the priorities within the Our Manchester strategy and the Council's revised corporate plan. The draft budget is based on the best information available to date, however there will be potential changes arising from other government funding announcements, such as Public Health.
- 10.4. Whilst a balanced budget can be delivered for 2021/22, the future financial position remains challenging, and the resilience of the Council has been significantly reduced by the need to use its reserves to support the budget position.

## **11. Recommendations**

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

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

### Adults Services

Service Area	Description of Saving	Rag Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total	FTE's
Adults Services	Better Outcomes Better Lives	Amber	6,097	7,003	5,300	0	18,400	0
Adults Services	Health and Social Care System Support	Green	5,500	(5,500)	0	0	0	0
Adults Services	To be identified		0	1,823	(1,823)	0	0	0
<b>Total</b>			<b>11,597</b>	<b>3,326</b>	<b>3,477</b>	<b>0</b>	<b>18,400</b>	<b>0</b>

### Children Services

Area	Description of Saving	Rag Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total	FTE's
Children's Services	Placement Stability	Amber	627	415	0	0	1,042	0
Children's Services	Re-commission – Lyndene	Amber	462	0	0	0	462	0
Children's Services	Multi-Agency Arrangements	Red	1,000	0	0	0	1,000	0
Children's Services	Leaving Care	Green	1,767	0	0	0	1,767	0
Children's Services	Market Development	Red	400	376	0	0	776	0
Children's Services	Unaccompanied Asylum-Seeking Children	Green	515	0	0	0	515	0
Children's Services	Commissioning Review	Amber	300	0	0	0	300	0
Children's Services	Pace Beds	Green	28	0	0	0	228	0
Children's Services	Improving Permanence	Green	160	159	0	0	319	0
Children's Services	Stability Team and Wrap Around Support	Green	300	0	0	0	300	0
Education	Premises	Green	129	0	0	0	129	0
Education	Attendance	Green	70	0	0	0	70	0
Core	Business Support	Amber	130	0	0	0	130	0
Children's Services	Adoption Services	Green	357	0	0	0	357	0
Education	SLA Schools	Amber	30	0	0	0	30	0

Area	Description of Saving	Rag Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total	FTE's
Children's Services	Families First	Green	445	0	0	0	445	0
Children's Services	Section 17	Green	50	0	0	0	50	0
Children's Services	No Recourse to Public Funds	Amber	600	0	0	0	600	0
Children's Services	Workforce Development	Green	140	0	0	0	140	0
Children's Services	Legal - Fees reduction	Amber	260	0	0	0	260	0
Education	Schools Quality Assurance	Red	300	(150)	0	0	150	0
Education	Free Travel	Green	400	0	0	0	400	0
Core	Strategic Business Support	Amber	80	0	0	0	80	1.5
Children's Services	CAMHS	Amber	148	0	0	0	148	0
Children's Services	Early Years – Core offer, Speech & Language	Amber	200	100	100	100	300	12.5
Children's Services	Managing Demand	Red	1,000	0	0	0	1,000	0
Children's Services	Troubled Families	Amber	1,150	(1,150)	0	0	0	0
Education	DSG reserve	Green	1,000	(1,000)	0	0	0	0
Children's Services	Children's Services Reserve	Green	311	(311)	0	0	0	0
Children's Services	Children's Services Reserve	Green	0	1,409	(1,409)	0	0	0
<b>Total</b>			<b>12,359</b>	<b>(152)</b>	<b>(1,309)</b>	<b>100</b>	<b>10,998</b>	<b>14</b>

## Corporate Core

Service	Description of Saving	RAG Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total	FTE's
Legal Services	Staff Reduction	Green	96	0	0	0	96	3.0
Legal Services	Increased income and other budget reductions	Green	49	25	0	0	74	0.0
Coroners and Registrars	Staff Reduction	Green	198	0	0	0	198	7.0

Service	Description of Saving	RAG Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total	FTE's
Executive	Travel/subsistence expenses reductions	Green	15	0	0	0	15	0.0
Comms	Staff Reduction	Amber	137	0	0	0	137	4.0
Comms	Reduce printing costs, increase recharges and postage	Green	163	0	0	0	163	0.0
Procurement, Commissioning and Commercial Governance	Staff Reduction	Red	122	0	0	0	122	2.0
Procurement, Commissioning and Commercial Governance	Increase income and reduce supplies and services	Amber	36	0	0	0	36	0.0
Revenues and Benefits	Staff Reduction	Red	160	0	0	0	160	5.5
Revenues and Benefits	Reduce Discretionary Housing Payments	Red	1,000	0	0	0	1,000	0.0
Financial Management	Staff Reduction	Amber	843	0	0	0	843	20.0
ICT	Staff Reduction	Amber	400	0	0	0	400	10.0
ICT	Savings on system running costs and telephony	Amber	300	300	0	0	600	0.0
HR/OD	Staff Reduction	Amber	306	237	0	0	543	13.0
Audit	Staff Reduction	Amber	118	0	0	0	118	3.0
Shared Service Centre	Staff Reduction	Green	252	0	0	0	252	8.8
Customer Services	Staff Reduction	Amber	614	0	0	0	614	19.3
City Policy	Staff Reduction and special projects budget	Amber	270	0	0	0	270	4.0
PRI	Staff Reduction	Red	500	0	0	0	500	13.0
Reform and Innovation	Staff Reduction	Red	140	0	0	0	140	3.0
<b>Totals</b>			<b>5,719</b>	<b>562</b>	<b>0</b>	<b>0</b>	<b>6,281</b>	<b>115.6</b>

**Homelessness Services**

Area	Description of Saving	Rag Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total £000	FTE's
Singles Accommodation	New Provision Rough Sleepers, utilising established schemes and ensuring there is move on available through the system	Amber	1,400	0	0	0	1,400	0.0
Homelessness Commissioning	Realign service provision to support move on from single rough sleeper provision funded via investment	Amber	621	0	0	0	621	0.0
Homelessness Commissioning	Budget reductions in Homelessness Commissioned services with minimal impact on service delivery	Amber	66	0	0	0	66	0.0
Homeless Management	As part of 2020/21 funding was assigned for 3 FTE grade 10 posts to lead on the service redesign, this work will now be undertaken within existing resources	Amber	89	0	0	0	89	3.0
Homeless Management	Management reductions for G10 and above	Amber	108	0	0	0	108	2.0
Families Specialist Accommodation	Full service redesign linked to VS/VR offer	Amber	51	0	0	0	51	2.0
<b>Total</b>			<b>2,335</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,335</b>	<b>7.0</b>

**Growth and Development**

<b>Service</b>	<b>Description of Saving</b>	<b>RAG Impact</b>	<b>20/21 £000</b>	<b>22/23 £000</b>	<b>23/24 £000</b>	<b>24/25 £000</b>	<b>Total £000</b>	<b>FTE's</b>
Operational Property	Reduce office costs through reduced estate	Green	610	591	304	-905	600	0.0
Operational Property	Reduce staff resources – 1.4fte's (Vacant)	Green	36	0	0	0	36	1.4
Facilities Management	Reduce staff resources – 10fte's (Vacant)	Green	270	0	0	0	270	10.0
Investment Estate	Revise Surveyors Fee Scales	Green	75	0	0	0	75	0.0
Investment Estate	Maximise income generation from assets	Green	300	0	0	0	300	0.0
Investment Estate	Increased ground rent - long leasehold	Amber	0	0	300	0	300	0.0
Planning, Licensing and Building Control	Hold/delete 11 vacant posts	Amber	393	0	0	0	393	11.0
Housing and Residential Growth	Additional income from housing redevelopment	Green	190	0	0	0	190	0.0
Work and Skills	Reduction in commissioning activity	Green	150	0	0	0	150	0.0
<b>Total</b>			<b>2,024</b>	<b>591</b>	<b>604</b>	<b>-905</b>	<b>2,314</b>	<b>22.4</b>

**Neighbourhoods**

<b>Service Area</b>	<b>Description of Saving</b>	<b>Rag Impact</b>	<b>20/21 £000</b>	<b>22/23 £000</b>	<b>23/24 £000</b>	<b>24/25 £000</b>	<b>Total £000</b>	<b>FTE's</b>
Compliance	Outsource the Animal Welfare Service	Amber	64	0	0	0	64	2
Compliance	Increase income from fines & advice	Amber	80	0	0	0	80	0

Service Area	Description of Saving	Rag Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total £000	FTE's
Compliance	Use EU exit funding to fund 3 posts for 1 year	Amber	137	-137	0	0	0	0
Compliance	Source volunteers to work a 4 day week	Amber	20	0	0	0	20	0
Parks, Leisure, Youth and Events	Prioritise £12m capital investment to generate income streams	Red	127	100	100	100	427	0
Parks, Leisure, Youth and Events	Develop a strategy for Leisure collaborations	Red	0	155	0	0	155	0
Operations and Commissioning	Bereavement Services above inflation increase in fees & charges	Green	85	0	0	0	85	0
Operations and Commissioning	Renewal of small format advertising contract	Green	1,300	0	0	0	1300	0
Operations and Commissioning	Piccadilly Gardens community scheme	Red	225	225	0	0	450	0
Operations and Commissioning	Dawson Street large format advertising screen	Amber	50	0	0	0	50	0
Highways	Off street parking	Green	4,100	0	0	0	4100	0
Highways	Reduction in claims for accidents & trips	Green	100	150	0	0	250	0
Highways	Charge 50% of Development Specialist to capital	Green	40	0	0	0	40	0
Highways	Bring in a new service to recover costs for damaged highway items	Amber	25	0	0	0	25	0

Service Area	Description of Saving	Rag Impact	20/21 £000	22/23 £000	23/24 £000	24/25 £000	Total £000	FTE's
Highways	Increase charges for permits	Green	25	0	0	0	25	0
Highways	Recharge developers for oversail of the highway	Green	50	0	0	0	50	0
Highways	Additional winter gritting service to 3rd parties	Amber	25	0	0	0	25	0
Highways	Charge remaining 50% of Gully/Drainage staff to capital	Green	66	0	0	0	66	0
Highways	Increase fees to cover costs on external schemes	Green	164	0	0	0	164	0
<b>Total</b>			<b>6,683</b>	<b>493</b>	<b>100</b>	<b>100</b>	<b>7,376</b>	<b>2</b>



## Appendix 2

### Legal Background to Setting the Revenue Budget and Council Tax

#### 1. INTRODUCTION

- 1.1 The council tax is basically a tax on property with a personal element in the form of discounts and reductions. Discounts include the 25% discount in respect of dwellings occupied by a single person. Reductions include reductions in pursuance of the Council's council tax reduction scheme made under the Local Government Finance Act 2012 which has replaced council tax benefit.
- 1.2 All dwellings are listed in one of eight valuation bands and the amount of council tax payable in respect of each dwelling (before discounts and other reductions) is in a set proportion between each band. The Headline Tax is calculated for Band D and the tax in the remaining bands is worked out as a proportion of this amount. The lowest Band (A) is two-thirds of Band D and the highest Band (H) is twice Band D and three-times Band A. The proportions are as follows:-

A:	B:	C:	D:	E:	F:	G:	H:
6:	7:	8:	9:	11:	13:	15:	18:

- 1.3 There are three main stages in setting the council tax:-

- STAGE 1 - The Council calculates its own **council tax requirement**, (i.e. its net revenue expenditure), including levies issued to it but not precepts.
- STAGE 2 - The Council then calculates its **basic amount of council tax** which is the Manchester City Council (MCC) element of the council tax for Band D and which takes account of council tax requirement and the council tax base calculated at an earlier stage and after that the MCC element of the remaining bands.
- STAGE 3 - Finally, the Council sets the council tax for the area in bands, being the aggregate of the MCC element of the tax and the element of the tax precepted by the Greater Manchester Combined Authority Mayoral Police and Crime Commissioner (GMCA MPCC) Precept and the Greater Manchester Combined Authority Mayoral General Precept (including Greater Manchester Fire and Rescue Services).

#### 2. STAGE 1 - THE COUNCIL TAX REQUIREMENT

- 2.1 Members should note that the Localism Act 2011 amended the Local Government Finance Act 1992 ("LGFA 2011") to introduce a duty to calculate a "council tax requirement".
- 2.2 Section 31A of the LGFA 1992 requires the Council to make three calculations, in effect -
- (i) an estimate of the Council's gross revenue expenditure - Section 31A(2);
  - (ii) an estimate of anticipated income - Section 31A(3)
  - (iii) a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the **council tax requirement**.
- 2.3 More specifically, in its Section 31A(2) calculation of gross expenditure the Council should include -
- (a) estimated revenue account expenditure to be incurred during the year;
  - (b) an appropriate allowance for contingencies (i.e. an allowance for unforeseen events);
  - (c) any raising of reserves for future years (e.g. payments into special funds);
  - (d) any estimated revenue account deficit for previous years not already provided for;
  - (da) any amount estimated to be transferred from the general fund to the collection fund in accordance with regulations in respect of business rates.
  - (e) any amount estimated to be transferred from the general fund to the collection fund on account of the Council's share of any collection fund deficit
  - (f) an estimate of certain amounts to be transferred to the collection fund pursuant to a direction of the Secretary of State (e.g. any estimated shortfall in collection of Business Rates in excess of allowance for non-collection).
- 2.4 The Section 31A(3) calculation is the aggregate of the sums to be set off against gross expenditure, namely -
- (a) estimated income from fees, charges, specific grants, and revenue support grant (RSG).

- (aa) any amount estimated to be transferred from the collection fund to the general fund in accordance with regulations in respect of business rates
  - (b) any amount estimated to be transferred from the collection fund to the general fund on account of the Council's share of any collection fund surplus
  - (c) an estimate of certain transfers from the collection fund to the general fund e.g. allowance for costs of collecting business rates;
  - (d) any amount of reserves/balances intended to be used towards meeting revenue expenditure
- 2.5 Section 31A(4) then requires the calculation under Section 31A(3) to be subtracted from that under Section 31A(2) to produce a calculation of estimated net expenditure known as the **council tax requirement**.
- 2.6 These calculations must be made before 11 March, although they are not invalid merely because they are made on or after that date. However, until the calculations are made any purported setting of the Council Tax will be treated as null and void.
- 2.7 It should be noted that the general fund has to stand the cost of any temporary lending to the collection fund to cover late payments/non-collection.
- 2.8 It should be noted that significant amounts of expenditure are financed through government grants (such as the Dedicated Schools Grant for schools budget related expenditure) and not directly through council tax. Such expenditure will be calculated under Section 31A(2)(a) and will be offset by the specific grants which will be included in the calculation under Section 31A(3)(a).
- 2.9 It should be noted that the Local Government Finance Act 2012 enables the Council to retain around half of Manchester's business rates income, rather than this being paid into a central government pool and redistributed. This will involve a separate calculation under Section 31A (3) (aa)
3. **THE LEVEL OF THE COUNCIL TAX REQUIREMENT**
- 3.1 The level of the Section 31A calculations, and in particular the calculation of the council tax requirement is of crucial importance both legally and financially. In particular -
- the amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments and ensure the proper discharge of its statutory duties.
  - the amount of the council tax requirement must ensure a balanced budget.

- the amount of the council tax requirement must leave the Council with adequate financial reserves.
- the level of the council tax requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Taxpayers and ratepayers.
- the amount of the council tax requirement will be relevant to the question of whether or not the Council is required to hold a council tax referendum (see paragraph 5).

3.2 The level of the council tax requirement, together with the council tax base (see paragraph 4.3) will determine the Council's basic amount of council tax.

#### 4. **STAGE 2 - THE COUNCIL'S BASIC AMOUNT OF COUNCIL TAX**

4.1 Having calculated its council tax requirement, the Council is then required under Section 31B, LGFA 1992 to calculate its **basic amount of council tax**. This is the MCC element of Band D Council Tax. Then, under Section 36, it must calculate the MCC element of all the bands as a proportion of the Band D calculation.

#### 4.2 **Section 31B Calculation**

The MCC Element of the Band D Council Tax is known as the basic amount of council tax. This is calculated by applying the following formula –

$$\frac{R}{T}$$

where - R is the council tax requirement, and  
T is the council tax base.

#### 4.3 **Council Tax Base**

The council tax base is basically the Band D - equivalent number of properties in the City adjusted to take account of discounts premiums and reductions and multiplied by the estimated collection rate. The City Treasurer (in consultation with the Executive Member for Finance and Human Resources) acting under delegated powers has calculated the council tax base for 2020/21 to be 118,864.8. It should be noted that the basis of calculations has changed as a result of localisation of council tax support and that the effect of the authority's council tax reduction scheme operates to reduce council tax base.

#### 4.4 **Section 36 Calculation**

Having calculated the basic amount of council tax (i.e. the MCC element of the Band D tax) the Council is then required to convert it into a MCC element for all Bands by multiplying it by the formula N/D where -

N is the proportion for the band as set out below and D is 9.

4.5 The proportions for each band are as follows:-

A:	B:	C:	D:	E:	F:	G	H:
6:	7:	8:	9:	11:	13:	15:	18

## 5. **COUNCIL TAX REFERENDUMS**

- 5.1 The Localism Act 2011 (“LA 2011”) abolished council tax capping and replaced it with a requirement to hold a council tax referendum if an authority increases its council tax by an amount exceeding a level set out in principles determined by the Secretary of State and approved by the House of Commons. The new requirement appears in Chapter 4ZA of Part 1 of the LGFA 1992 which was inserted by Schedule 5 of the LA 2011.
- 5.2 The provisions require the Council to determine whether its “basic amount of council tax” for a financial year is excessive. This question must be decided in accordance with a set of principles determined by the Secretary of State. The Secretary of State had indicated the principles he was minded to set. In relation to all principal authorities, such as Manchester, an increase of more than 4.0%, (including 2.0% for adult social care) is deemed “excessive” in 2021/22. The Council element is only increasing by 1.99% in 2020/21 not 2.0%. All figures are based on an increase in an authority’s “**basic amount of council tax**” between 2017/18 and 2020/21. The definition of “basic amount” is set out in Section 52ZX, LGFA 1992.
- 5.3 The legislation places the onus on each authority to determine whether its basic amount of council tax is excessive by reference to the Secretary of State’s principles. Where a precepting authority has determined that its increase is excessive, it must arrange for a referendum to be held. Where a precepting authority (e.g. GMCA MPCC or GMCA MF) has determined its increase is excessive, it must notify the billing authority to which it precepts. The billing authority or authorities will then be required to make arrangements to hold a referendum in relation to the precepting authority’s increase.
- 5.4 If an authority determines that it has set an excessive increase, it must also make “substitute calculations” to produce a basic amount of council tax which does not exceed the principles. The substitute calculations would automatically take effect in the event that the voters reject the authority’s increase in a referendum. The costs of this referendum are the responsibility of the authority which triggered it.

## 6. **STAGE 3 - SETTING THE COUNCIL TAX**

- 6.1 The final part of the process is for the Council as billing authority to set the overall council tax for each band. Whereas the billing authorities and major precepting authorities **calculate** their own council tax requirements, their own basic amounts of council tax and amounts for each band, the **setting** of the council tax is solely the responsibility of the Council as billing authority.

- 6.2 Section 30 of the 1992 Act provides that the amounts set for each band will be the aggregate of the City element for each band calculated under Section 36 and the amount calculated for each band by each of the major precepting authorities.
- 6.3 The council tax must be set before 11 March (i.e. no later than 10 March), although it is not invalid merely because it is set on or after that date.
- 6.4 The council tax cannot be set before 11 March unless all precepting authorities have issued their precepts; nor can it be set before the Council has made the other required calculations. Otherwise, any purported setting of the tax will be treated as not having occurred.
- 6.5 The Council has a clear legal duty to set a council tax and a resolution not to set a council tax would be unlawful, being in breach of Section 30, LGFA 1992. So would be a resolution to set a council tax which deliberately did not balance the various calculations.

## 7. **CONSTITUTIONAL ARRANGEMENTS**

- 7.1 Members should note that under the Council's constitutional arrangements, the functions of calculating the council tax requirement and the basic amount of council tax and the function of setting the council tax are the responsibility of the full Council. The function of preparing estimates and calculations for submission to Council is the responsibility of the Executive.
- 7.2 The Council's Constitution provides a procedure for the resolution of any conflict between the Executive and the Council which gives effect to the Local Authorities (Standing Orders) (England) Regulations 2001. However, this only applies where the estimates and calculations are prepared by the Executive before 12 February. Any conflict can be resolved through the scrutiny process. The Budget and Policy Framework Rules provide that where the Resource and Governance Scrutiny Committee has any objection to the estimates and calculations prepared by the Executive, it will report such objections to the Council, the Leader and the Executive Member for Finance and Human Resources. The Leader and/or the Executive Member will report to the Council whether they agree or disagree with any objection of the Scrutiny Committee.

## 8. **RESTRICTIONS ON VOTING**

- 8.1 Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where -
  - (a) they are present at a meeting of the Council, the Executive or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
  - (b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

- 8.2 In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in 8.1 (b) above. It should be noted that such members are not debarred from speaking on these matters.
- 8.3 Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

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**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 17 February 2021

**Subject:** Northern Gateway: Progress Update & Delivery Arrangements for Collyhurst Phase 1

**Report of:** Strategic Director, Growth and Development

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**Summary**

The Northern Gateway initiative is seeking to deliver up to 15,000 new homes over a twenty-year period, spearheaded through a Joint Venture Partnership between the City Council and Far East Consortium International Limited.

This report provides details of proposals to deliver the first phase of housing development within the Collyhurst neighbourhood as well as providing an update on progress being made in the wider initiative in relation to a Housing Infrastructure Fund grant of £51.6m secured from Homes England to unlock development in the Redbank neighbourhood and appointments of Registered Provider partners made by Far East Consortium to help deliver Affordable Housing in the same neighbourhood.

**Recommendations**

The Executive is recommended to:

1. Note the detail of proposals set out for Phase 1 of development in Collyhurst as set out in Section 3.0 which will provide up to 274 new homes, including up to 130 new Council homes which will be managed through the Housing Revenue Account.
2. Delegate authority to the Strategic Director, Growth and Development, the Deputy Chief Executive and City Treasurer and the City Solicitor to finalise the terms for the delivery of this proposal through the Joint Venture partnership that has been established with Far East Consortium.
3. Delegate authority to the City Solicitor to enter into and complete all necessary documents to give effect to (2) above, the delivery of this proposal through the Joint Venture partnership.
4. Recommend to Council an increase in the capital budget for Collyhurst of £6.39m, funded from Housing Revenue Account reserves, noting that grant funding will be sought to refinance.
5. Authorise the Strategic Director, Growth and Development to explore the potential for the use Homes England's Shared Ownership Affordable Housing Programme and submit a bid for funding once the eligibility of the

scheme against the criteria of the grant programme has been fully assessed and determined.

6. Approve the virement of £1.4m from the Northern Gateway budget for the construction of the first phase of the park.
7. Note that two separate planning applications relating to the delivery of proposals in Collyhurst Village and Collyhurst South will be submitted for determination;
8. Note that land assembly activity will be required to ensure that the proposals set out in this report can be delivered in full;
9. Authorise the Head of Development to negotiate terms for the acquisition by agreement, where possible, of any interests in land required to facilitate to deliver the regeneration programme.
10. Note that if the City Council is unable to secure the acquisition of land interests required for the delivery of the overall regeneration programme, a future report will be brought to Executive to seek authority to make a Compulsory Purchase Order.
11. Delegate authority to the Director of Housing Growth & Residential Growth, in consultation with the Executive Member for Housing and Regeneration to establish a local lettings policy relating to tenants who have the Right to Return to the Collyhurst neighbourhood; tenants affected by demolitions; and the letting of tenancies within the proposed age restricted block, noting that such a policy will be in line with commitments made in previous Executive decisions and will ensure that the new Housing Revenue Account stock being provided fully meets the housing needs of the city.

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### Wards Affected –

Harpurhey & Miles Platting and Newton Heath

<p><b>Environmental Impact Assessment</b> - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city</p>
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<p>Development proposals set out in this report will build on the low-carbon principles of the Northern Gateway SRF and recognise that future development within the area will need to respond to the zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies.</p>
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<p>The planning of the Northern Gateway has been actively developed to facilitate the radical change in the current patterns of energy generation, distribution and use. New homes will be provided on brownfield sites that are well connected to the city centre and major public transport routes and promote the use of cycling and walking.</p>
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<b>Our Manchester Strategy outcomes</b>	<b>Contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Northern Gateway will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Development of the Northern Gateway offers the potential to deliver on the objectives of the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city.
A liveable and low carbon city: a destination of choice to live, visit, work	The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.
A connected city: world class infrastructure and connectivity to drive growth	The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning, ensuring that various modes of transport (car, bus, rail, Metrolink, cycle, and walk) are provided for.

**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 130 social rent properties are included within the Housing Revenue Account 30 year business plan, this includes forecast rent income that will be used to fund the ongoing management and maintenance of the properties, along with the longer term capital investment requirements to enable renewals of fixtures and fittings to be undertaken on a planned basis in future years.

The remaining 144 properties available for sale will generate additional income for the Council in terms of Council Tax, but there will also be increased demands on some services and the implications of the increased numbers of properties are considered as part of the overall Council budget model.

Inevitably there will be ongoing revenue consequences in respect of maintaining the park, and this will need to be considered as part of the design in order to minimise the ongoing revenue costs, but this will be considered and brought back to members as part of the consideration of options.

### **Financial Consequences – Capital**

The proposals in this report will increase the capital budget by £6.39m and create a total capital budget of £31.2m for the first phase of works in Collyhurst.

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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.

- Northern Gateway Progress Update Housing Infrastructure Fund, Executive 29 July 2020
- Northern Gateway Strategic Business Plan and First Phase Development Area, Executive 12 February 2020
- Delivering Manchester's Affordable Homes to 2025, Executive, 11 September 2019
- Northern Gateway: Implementation and Delivery, Executive, 13 February 2019

## **1.0 Introduction**

- 1.1 In April 2017 the City Council entered into a Joint Venture Partnership (JV) with Far East Consortium International Limited (FEC) to deliver the residential led redevelopment of the adjacent neighbourhoods of Lower Irk Valley, New Cross and Collyhurst, on the north eastern edge of the City Centre, which have the capacity to provide circa 15,000 new homes over the next 20 years.
- 1.2 Following an extensive public consultation exercise that was undertaken during the autumn of 2018, the Executive meeting of February 2019 approved the Northern Gateway Strategic Regeneration Framework (SRF) as a means of guiding and coordinating development activity undertaken by the JV partnership and other third party agencies within the area.
- 1.3 The February 2020 meeting of Executive approved a Strategic Business Plan for the JV that set out details of how delivery would be brought forward, which also included details of the bid for an allocation of Housing Infrastructure Fund that had been submitted to Government and the anticipated Initial Development Area Business Plan that would include proposals for c1,000 new homes.
- 1.4 The July 2020 meeting of Executive approved the Council entering into a Grant Determination Agreement (GDA) with Homes England (HE) for a grant award of £51.6m from the Housing Infrastructure Fund (HIF) programme to provide critical infrastructure that would help unlock the development potential of the Redbank neighbourhood, where capacity exists for the provision of c5,500 new homes over the next 15 – 20 years.

## **2.0 The Joint Venture Initial Development Area Business Plan**

- 2.1 The report to the Executive meeting of 12 February 2020 that sought approval for the Joint Venture's Strategic Business Plan also set out details of the development schemes that will make up the Initial Development Area Business Plan; namely:
  - Addington Street in New Cross (now renamed New Cross Central), where a planning consent for the delivery of 81 apartments and town houses has been obtained, including a Section 106 contribution towards off-site affordable housing.
  - The former Angelgate site in New Town (now renamed Victoria Riverside) where a planning application for 634 apartments and town houses has been submitted and is pending determination;
  - Collyhurst Phase 1 (Collyhurst Village and Collyhurst South), where it is proposed that approximately 274 new homes will be delivered
- 2.2 This report mainly relates to the delivery of Collyhurst Phase 1, the details of which are set out in Section 3 below.

### 3.0 Collyhurst Phase 1

#### Background

- 3.1 Since the termination of the proposed Collyhurst Housing Private Finance Initiative (PFI) scheme by the coalition Government in 2010 and the withdrawal of £252m PFI credits, the Council has sought alternative avenues to bring about the long-term sustainable regeneration of the neighbourhood. The Northern Gateway SRF, approved by Executive in 2019, sets out an aspiration to increase density in Collyhurst, delivering more family housing and promoting the longer-term sustainability of local amenity and retail. In order to achieve the increased density, it is essential to create diversity of housing provision, whilst at the same time ensuring that the existing community is integral to the regeneration of the area. As a result, a key driver for success is to ensure that existing Collyhurst residents affected by the proposals are able to access new homes provided.
- 3.2 The sites selected for delivery of new homes are located in both Collyhurst Village (Harpurhey Ward) and South Collyhurst (Miles Platting and Newton Heath Ward), with development of new homes focussed on vacant land fronting Rochdale Road in Collyhurst Village and on Whitley Road/Winscombe Drive in South Collyhurst. This first phase of development in Collyhurst is extremely important in setting a benchmark in terms of delivery of high quality modern, energy efficient Council homes as part of a new mixed tenure neighbourhood.

#### Description of the scheme

- 3.3 The proposal is to deliver circa 274 new residential properties in Collyhurst as a first phase of the Joint Ventures delivery strategy for this part of the Northern Gateway. Of the 244 new homes in Collyhurst Village (Harpurhey ward), 100 will be new Council homes with the remaining 144 properties being developed for open market sale. A further 30 Council homes are to be developed in South Collyhurst (Miles Platting & Newton Heath ward) on a site agreed with local members. The Council Homes will consist of:

	Houses			Apartments			Duplex apartments	
	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	2 bed	3 bed
Collyhurst Village	16	7	1	18	40	2	12	4
South Collyhurst	14			16*				

\*Collyhurst south – at this stage in the design process, the exact split between standard apartments and duplex is not yet finalised.

- 3.4 The 144 open market sale properties being developed by FEC in phase 1 are concentrated in Collyhurst Village and comprise 56 two-bedroom houses, 72

three-bedroom houses and 16 four-bedroom houses. The masterplan for Collyhurst Village has been developed with the intention of mixing the tenures across the four development plots, whilst at the same time consolidating the tenures into terraced blocks in order to facilitate property management.

- 3.5 In accordance with the vision set out in the Northern Gateway Strategic Regeneration Framework (SRF) the two apartment blocks in Collyhurst Village are located along Rochdale Road creating a strong main road frontage and maximising the opportunity to create appropriate density and massing. The overall density of the phase 1 development establishes a new benchmark for this area, which again is an important component of the vision established in the SRF, which aims to delivery family housing in this area at a density which supports other local amenities and promotes the long term sustainability of this area.
- 3.6 In addition, the scheme will also deliver the first phase of the new Collyhurst Village Park as set out in the approved Northern Gateway SRF. In order to deliver this, it will be necessary to demolish 29 residential units (22 Council and 7 Private/RTB) and 1 commercial unit within Collyhurst Village. Therefore, a key outcome of the scheme is the timely delivery of re-provision homes to facilitate a single move, relocating affected residents into the new properties within the development and to provide alternative retail premises to enable the current operator to continue the offer in the area. By doing this, those residents directly affected by the first phase of development will have an opportunity to benefit from one of the new homes and will not be required to move out of the area.

### **Carbon Reduction Considerations**

- 3.7 The scheme has been designed to deliver high sustainability credentials based on a 'fabric first' approach incorporating Passivhaus principles. To contribute towards the Councils target of zero carbon by 2038, energy supply to the properties will be 100% electric. This also offers added benefits as it means the future management of the Council properties will not involve organising and paying for an annual gas safety inspection.
- 3.8 Integral to creating a carbon neutral neighbourhood is the landscape design which provides both local amenity and delivers environmental benefits. Green streets will characterise the new neighbourhood and the planting scheme will include for Sustainable Urban Drainage Systems (SuDS) planting and rain gardens linked to the proposed Collyhurst Park where additional water storage capacity will be provided.
- 3.9 The location of the major wetland feature in the new park was chosen on the basis that it enables the build-out programme to be minimised whilst still enabling the Council to deliver on its commitment to a "one move" strategy to the residents of the 29 homes affected by the proposal.



### Design Principles Used to Deliver Climate Change Objectives include:

- Optimised sustainable low carbon design parameters (U-values, air permeability, thermal bridges).
- “Standard Charge” electric vehicle car charging connections will be provided to 100% of the proposed houses and 10% of the apartment parking spaces.
- Efficient MVHR systems are being proposed to each dwelling to provide a continuous source of filtered fresh air and maintain a healthy indoor environment.
- Waste minimisation will be targeted throughout the construction and occupational phase.
- Prioritising reusing existing materials and locally sourced materials for construction to reduce waste and transportation to landfill in addition and promote a low embodied carbon development.
- Cycle storage provided for houses and apartments.
- Collyhurst Village will also feature a separate strategic SUDS infrastructure within the proposed new park

### Maximising Use of Renewables

- LZC (low and zero carbon) feasibility assessment undertaken to establish the most suitable renewables.
- Site wide PV array implemented onto the roofs of the apartment blocks. This contribution has provided a 1.6% reduction in CO2 following an extensive fabric first low carbon sustainable design.
- In line with the 5 year operational energy plan for Greater Manchester all energy used on site by prospective residents will initially be provided by a 100% renewable energy supplier

3.9 As a result of the above renewable energy and low carbon design strategy, using the current SAP09 carbon factors, the predicted site wide reduction in CO2 over Part L Building Regulations 2013 is 20.6%. Using the latest SAP10.1 carbon factors this equates to a 64.7% reduction in CO2 over Part L Building Regulations 2013.

## **4.0 Council Expenditure and Funding Strategy**

4.1 Current estimates indicate that an overall budget for the Council’s share of the Phase 1 costs would be circa £31.2m. This budget would cover the costs of new build properties; associated public realm; the relocation of existing tenants; the acquisition and relocation costs of existing owner occupiers and commercial premises (£29.8m); and the construction of phase 1 of a new community park (£1.4m).

- 4.2 It is anticipated that the profile of expenditure would be:

	20/21	21/22	22/23	23/24	24/25	Total
	£m					
Forecast Spend Profile	0.4	6.1	11.5	7.8	5.4	31.2

- 4.3 Previous reports to the Executive have led to the approval of capital budgets to deliver regeneration activity in Collyhurst. In total, previously approved resources still available for expenditure amount to £23.41m<sup>1</sup>.
- 4.4 Further, it is proposed that the first phase of the new Community Park (£1.4m) is funded through a virement from the existing capital budget allocation for the Northern Gateway. This would provide a total available budget to the project of £24.81m.
- 4.5 The total anticipated budget requirement for the Phase 1 development is £31.2m, so a further £6.39m is required. It is intended that this will be met through a bid to Homes England for Shared Ownership and Affordable Housing Programme (SOAHP) Funding, which is anticipated to attract funding in the region of £6-6.5m.
- 4.6 However, for the scheme to progress, and in recognition that the grant bid will take time to be completed, it is proposed that the remaining funding for the scheme is underwritten by HRA capital resources. If the grant bid is successful, the scheme would be refinanced and such resources released. Officers are also reviewing whether retained Right to Buy receipts could be used as part of the financing towards this project.
- 4.7 There is, therefore, a risk that should the grant bid be unsuccessful, the HRA would have a reduced capacity for other investment priorities, such as the maintenance of existing properties and zero carbon works, and this would need to be considered as part of the HRA's long term business plan.

## 5.0 Delivery arrangement with FEC

- 5.1 FEC will act as the Development Manager for the scheme on the basis that the Joint Venture Legal Agreement contains exclusivity provisions and they are leading on procurement of both design and construction in order that the Council can benefit from cohesive development and economies of scale through procurement as a single scheme. Through competitive tendering processes, FEC have appointed a Manchester based architect, (Buttress) a technical team and a consultation team in order to design the scheme and engage with the local community.
- 5.2 The JV partners have agreed that delivery of the Project will be tendered through the Innovation Chain North (ICN) Framework which has been

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<sup>1</sup> Made up of £21.68m HRA RCCO and £1.73m HCR

procured under the Public Contracts Regulations 2015 and is OJEU compliant. The Framework is managed by Great Places Housing Group and consists of a number of contractors that we believe would be able to effectively deliver this scheme.

- 5.3 The Invitation to Tender (ITT) issued to contractors will include details of the partners' Social Value requirements, and these will be informed by ongoing work that the Council and FEC are engaged in, along with colleagues in the Health sector who are promoting the proposed redevelopment of North Manchester General Hospital, to develop a consistent Inclusive Growth Framework that will seek to maximise local benefit from these major development projects.
- 5.4 Each party (FEC and the Council) will bear the cost of the actual construction of their respective properties with design fees and infrastructure costs being apportioned between the parties on the basis of the Gross Internal Floor Area of both the Council homes and the Open Market Sale houses.
- 5.5 Using FEC to manage the procurement of both the social and private sector homes as one scheme also offers the advantage of speed in terms of delivery of an overall mixed tenure neighbourhood, rather than delivering the two tenure developments sequentially. This will also enable this scheme to make a significant contribution to the council's economic recovery strategy as it involves bringing forward 274 new build properties as one scheme thereby creating more development activity in a shorter timescale.
- 5.6 A crucial consideration for this first major development scheme in the Collyhurst neighbourhoods of the Northern Gateway is the need to achieve high quality in terms of place making and great quality public realm. Bringing forward a joint development scheme offers advantages in terms of sharing costs, but also allows for comprehensive quality in terms of design. We will achieve a truly mixed tenure neighbourhood in Collyhurst Village, with excellent green credentials, high quality design of both homes and public realm.
- 5.7 The 30 new council homes to be delivered Collyhurst South will be designed to the same high quality standards as those in the Village. Site investigations to fully inform the design and layout of these new homes are currently underway and a planning application will follow in the late spring / early summer.

#### **Brownfield Land - Housing Fund**

- 5.8 It should be noted that FEC have submitted an application to the Greater Manchester Combined Authority (GMCA) as part of the Brownfield Land Housing Fund (BHF) programme. The bid is to help overall financial viability of the development and relates to enabling works to prepare vacant sites for construction. The BHF allocation has been provided to GMCA by Government in recognition of the challenges in bringing forward development on brownfield land and the desire of GM authorities that residential growth

should have a focus on the re-use of brownfield land, rather than on greenfield sites. The outcome of this bid and the level of any funding provided should be known before the end of March 2021.

## **6.0 Process of Community Consultation**

- 6.1 As the Collyhurst Phase 1 development is the first Northern Gateway development proposal within the Harpurhey and Miles Platting and Newton Heath wards, there was a clear need for an extensive consultation process to establish the key principles of development through consultation with the local community to help shape the Phase 1 proposals, as well as future phases. The approach to consultation was designed to provide meaningful opportunities for the local community and key stakeholders to engage with and contribute to the development proposals.
- 6.2 The three - phase consultation comprised:
- Phase 1 – February 2020: Consultation on priorities and principles
  - Phase 2 – June 2020: Consultation on early stage proposals with smaller groups of volunteer residents and residents' groups
  - Phase 3 – September 2020: Consultation on detail design proposals for Collyhurst Village and early stage proposals for South Collyhurst.
- 6.3 Whilst it was possible to complete phase 1 of the consultation as envisaged, unfortunately, the Covid pandemic and the restrictions that were put in place necessitated a review of the subsequent phases of consultation and engagement. As a result the planned phase 2 consultation was undertaken with the same intended group of volunteers through a printed briefing pack combined with opportunity for one -one telephone discussions. This approach was supplemented by similar contact with members of the local Resident Liaison Group (RLG), the Chairs of the Tenant Resident Associations (TRA) and the 29 properties situated within the Collyhurst Village proposed site boundary.
- 6.4 Similarly, the ongoing situation with the pandemic meant that the approach to phase 3 consultation required a different approach. Consultation information was hosted online via a dedicated consultation website which incorporated a virtual exhibition and interactive feedback portal. This aimed to recreate on-line the experience of face-to face drop-in sessions. It included 10 exhibition 'boards' with further information about the development, two videos which included interviews from members of the project team, as well as links to ask questions and provide feedback. This consultation was widely publicised through, the distribution of a consultation leaflet to 1,500 properties, coverage on various media platforms (including on the radio, social media and online media outlets), posters displayed by local organisations in key locations and direct emails to key local organisations and people who had previously signed up to receive updates on the consultation during previous phases of engagement.
- 6.5 Although very different to the usual methodology, this multi phased approach to consultation has ensured that feedback from the local community has

been captured throughout the design development process and this has influenced the decisions about the scheme proposals throughout.

- 6.6 Feedback received from the local community on the South Collyhurst proposals during Phase 3 of the consultation have contributed to the design of the South Collyhurst proposals, however to ensure that the local community have the opportunity to comment on the detailed proposal a further round of consultation will be undertaken for the South Collyhurst scheme prior to planning submission. More detail on the responses to the latest round of consultation is provided in Appendix 1 of this report.
- 6.7 In addition to the broader community and stakeholder consultation, officers have visited (prior to the Covid 19 pandemic) all the 29 properties affected by the phase 1 proposals and where possible have spoken to the affected residents. There was significant support for the new development amongst those residents who were spoken to and we have endeavoured to keep them involved in the consultation process and have developed the proposals for Collyhurst Village specifically to allow the council to support the residents to stay in the area in a property suitable for their needs. We have included adaptations where necessary to facilitate the need of disabled residents and will maintain a dialogue with the 29 households to support them through the transition into their new homes.

### **Housing Needs Assessment**

- 6.8 As set out above, the 29 households affected by delivery of the scheme will need to be offered a replacement home in order to facilitate demolition and creation of the new park. In order to deliver the Council's commitment to retain existing residents within the neighbourhood, this scheme will provide an opportunity for the occupants of affected properties to move into one of the new homes directly as a single move. This is an absolutely key element of the scheme and has been a cornerstone consideration throughout design and programme planning.
- 6.9 To facilitate this, as part of the design development process, Northwards undertook a telephone based Housing Needs assessment with the 22 Council residents in the early part of last year and the results of this analysis has informed the design of the new homes in terms of property type, size and adaptations. Subject to the Executive's approval and scheme finalisation, officers intend to write to each resident confirming that they will be offered one of the new properties and clearly setting out the size and layout of their future home.
- 6.10 Due to restrictions in place with Covid it has not been possible to undertake a Housing Needs assessment with the residents of the private homes, but allowance has been made to make available a property of a similar size to their current home, should they wish to become Council tenants. Clearly some owner-occupiers may wish to remain in owner occupation and it is likely that in order to do this they may require financial assistance in addition to the market value compensation they would get for their current property.

The Council has an established Relocation Assistance Policy to deal with this eventuality. Once we have the details from a confirmed scheme, it will be possible to have more meaningful conversations with private property owners/residents to establish specific needs. It should be noted that there may be a requirement to pursue Compulsory Purchase and this will be subject of a future Executive report, which will also set out the approach to administering any Relocation Assistance packages required.

- 6.11 In addition to the new homes the proposals included provision for a circa 160 sqm retail unit on the ground floor of apartment block “1” in Collyhurst Village. It is hoped that we can offer this retail space as re-provision for the existing shop which will be displaced as part of the delivery of the new park. There is also provision for a community space incorporating two meeting rooms in apartment blocks “1” in Collyhurst Village which represents an initial investment in such facilities in this area. The design of the shop unit will continue through the technical design stage once it has been possible to advance meaningful dialogue with the shop owner on the basis of an approved scheme.

### **Other Design Considerations – Lifetime Homes & Fire Safety**

- 6.12 All the new Council Homes have been designed to meet Lifetime Homes criteria wherever possible, with additional measures in apartment block “1” intended to facilitate the proposal that this block be let on an age restricted basis. Measures incorporated in Block “1” include wet rooms throughout, provision of a larger lift to facilitate a stretcher and specific provision for mobility scooter storage on the ground floor.
- 6.13 In recognition of the fact that the Council have committed to be an early adopter of the recommendations set out in the Hackitt Report (an independent review into Building Regulations and Fire Safety, commissioned by Government from Dame Judith Hackitt), Building Control officers have been advising on relevant aspects in the evolving design. As a result, officers have requested that the scheme design includes additional measures of sprinkler systems in the apartment blocks, the installation of building wide evacuation alarm systems, (in addition to the standard alarm in each flat and the common areas), premises information boxes for emergency service use and clear signage on all floors to facilitate orientation.

## **7.0 Community Park**

- 7.1 Green and Blue Infrastructure has been identified as a key component of the Northern Gateway SRF, which has set out aspirations to create a City River Park as a unique selling point. This initial phase of development in Collyhurst will see the delivery of the first half of the new Collyhurst Community Park, which represents delivery of the first element of this vision. As set out elsewhere in this report the park provides an opportunity to incorporate Sustainable Urban Drainage measures by means of wetland features and swales. The park also provides an essential recreational space for existing and new residents promoting community integration and social cohesion.

Within the park will be formal play equipment, quality open space, a community orchard and substantial tree planting as part of the tree replacement strategy for the wider development. In the longer term, this green space, as part of the wider City River Park, will form a green link into the city centre, enabling connectivity and encouraging cycling and walking.

- 7.2 For a period of time this new park will sit alongside the existing Willert Street park in the centre of Collyhurst Village. As part of later phases, this existing park will be redeveloped as part of the ongoing remodelling process.
- 7.3 It should be noted that the creation of new high-quality amenity space to support residential development, brings with it challenges in terms of revenue funding for onwards management and maintenance. Council Officers are currently working through options for the future management of the wider City River Park and newly created public realm in advance of presenting them for consideration by relevant Executive Members.
- 7.4 The first part of the new park constructed in Phase 1, won't be delivered until the majority of new homes are built, i.e. will likely not commence on site until 2023/24. It is intended that prior to completion of the new park a further report will be brought back to the Executive setting out the options and recommending a way forward.
- 7.5 A Development Summary setting out details of proposals that will be contained within the planning application for Collyhurst Village is attached as Appendix 2.

## 8.0 Delivery Programme

- 8.1 The following milestone are indicative at this stage and will be firmed up once we have engaged with the successful contractor who will be constructing the development. They are also subject to planning approval being obtained, the successful relocation of existing residents, relevant market forces and appetite from the sector to deliver the scheme.

Key Project Milestones	Collyhurst Village	Collyhurst South
Enabling Works to Start on Site	March 2021	N/A
Planning Application Submission	January 2021	May 2021
Planning Application Anticipated Approval	June 2021	September 2021
Start on Site	September 2021	December 2021
Collyhurst Village Complete Parcel D&C (HRA – 10 houses and 26 apartments. Open Market Sale 87 houses)	March 2023	N/A
Collyhurst Village Complete Parcel B&A (HRA – 14 and 50 apartments. Open Market Sale 57 houses)	September 2024	N/A
South Collyhurst Completion (HRA – 14	N/a	March 2023

houses and 16 apartments)		
Collyhurst Phase 1 Park Completion	September 2025	

## 10.0 Local lettings policy

- 10.1 It is proposed that a local lettings policy be developed for the Collyhurst Phase 1 scheme in order to allocate the new properties in a way that meets Local Member priorities, delivers on commitments made to residents and achieves a overall sustainable development. Specifically, this policy will be in relation to: -

### A. 29 Residential properties affected by the scheme:

- 10.2 In order to deliver the scheme proposed the following 30 properties (29 residential properties and a shop) will ultimately need to be demolished: -

- 1 Harrowby Drive (retail unit – shop)
- 1a - 7 Johnny King Close (odds only),
- 2 - 6 Anslow Close (evens only),
- 64 - 70 Churnet Street and (evens only),
- 115 - 147 Thornton Street North (odds only).

- 10.3 The new development will incorporate properties specifically designed to meet the housing needs and accommodate the current residents to allow them to remain in the area. In line with the Council's commitment to the local community suitable replacement properties will be offered to both the affected Council tenants and where appropriate Right to Buy occupants to ensure they are included within the proposed regeneration process.

### B. Age restricted apartment block

- 10.4 A key driver for success of the scheme is the creation of a sustainable mixed community and as part of this officers believe it is important that some Collyhurst residents are able to see opportunities to access the new homes. Therefore, it is recommended that the Executive agrees to allow officers to explore the development of a Local Lettings policy to allow existing Collyhurst residents who are occupying larger properties than they now require to relocate into apartments if they so wish.
- 10.5 This also has the added benefit of releasing much needed larger family homes dispersed across the area to the Housing register. It is unlikely that all 50 apartments in the age restricted block will be let on this basis and therefore the remaining units would be made available through the Housing register.
- 10.6 The 26 apartments in block 2 could also be used in the same manner, however, we are currently working on the basis that the majority of these



would be let through the usual housing register process and these would be available to people on the basis of housing need and eligibility.

### **C. New Homes in South Collyhurst**

- 10.7 Previous reports to the Executive have identified the requirement to honour previous “right to return” commitments made to tenants originally displaced by the demolition of maisonette properties in Collyhurst South. The Local Lettings policy will take this matter into account and consultation on the drafting of this section of the policy will be undertaken with ward members in advance of it being finalised.

### **11.0 Land Assembly**

- 11.1 In accordance with the principles mentioned above, officers will endeavour to carry out all purchases of property owned by third parties by agreement offering full market value compensation, support and appropriate relocation assistance in accordance with the Council’s Regulatory Reform Order Policy.
- 11.2 The Council is keen to retain the existing retail offer in the neighbourhood and will work with the current trader to try to ensure they have the opportunity to relocate to the new unit being developed on the ground floor of the adjacent apartment block.
- 11.3 In the event that the Council is unable to buy a property by agreement, it may be necessary to consider the use of Compulsory Purchase Order powers. Any proposed use of such powers would be subject to a further report to the Executive.

### **12.0 Land Disposal**

- 12.1 In line with agreed mechanisms within the Joint Venture Agreement the Council will dispose of land to FEC for the purposes of construction of Open Market Sale homes. Terms for this disposal will be finalised by the Strategic Director, Growth and Development. City Council properties will be constructed by FEC on land owned by the Council with a license being provided for construction purposes.

### **12.0 Other Progress.**

#### **Bid for £51.6m Housing Infrastructure Fund Grant Award**

- 12.1 Members of the Executive will recall that the Executive meeting of July 29<sup>th</sup> 2020 delegated authority to the Strategic Director, Growth and Development, the Deputy Chief Executive and City Treasurer and the City Solicitor, to finalise negotiations with Homes England in relation to a proposed £51.6m grant award from the Housing Infrastructure Fund (HIF). As a result, the City Council entered into contract via a Grant Determination Agreement with Homes England on 27<sup>th</sup> October 2020, securing the HIF funding.

- 12.2 Procurement exercises have commenced so that the detailed design and delivery of a package of interrelated infrastructure works that will unlock the development potential of the Redbank and New Town neighbourhoods in the Lower Irk Valley, which have the capacity to accommodate c5,500 new homes.
- 12.3 The infrastructure programme that will be delivered through HIF investment includes:
- flood mitigation works to take land adjacent to the River Irk outside of Flood Zones 2 and 3;
  - land remediation to deal with the legacy of previous industrial uses;
  - the provision of a new electricity network and the strengthening of other utility networks;
  - the provision of highway access to the currently landlocked former Network Rail Carriage Sidings; and the creation of new spine roads, together with pedestrian and cycle networks;
  - the provision of the first phase of a new City River Park to provide new amenity space, which will link over time to a network of green spaces through the Lower Irk Valley, towards Queen Park and through Sandhills to the Collyhurst neighbourhood.
- 12.4 The main infrastructure works are due to commence on site early in 2022, with the intention that all works be delivered by March 2024. Regarding the flood mitigation works, the Council is seeking to appoint a contractor from the Environment Agency's Water and Environment Agency (WEM) Framework 2019 and will work in tandem with the Environment Agency in the design and implementation of the mitigation works, to ensure that what is undertaken not only has a positive impact in the Redbank neighbourhood, but also helps flood management downstream in the River Irk / River Irwell catchment areas.
- 12.5 Further reports will be brought to the Executive as design and delivery programmes progress, providing greater detail on the implementation of works and seeking relevant approvals as and when necessary.

#### **FEC Appointment of a Registered Provider Partner for the Redbank Neighbourhood**

- 12.6 Executive Members will also recall from the July 29<sup>th</sup> 2020 update report that FEC had commenced a process to appoint a Registered Provider (RP) partner to help deliver the Affordable Housing component of residential led development on land under the control of the JV within the Redbank neighbourhood – thus far, it is estimated that in excess of 3,000 homes can be accommodated on this land and the intention is that 20% of housing delivered will be Affordable (i.e. shared ownership, affordable rent or social rent).
- 12.7 FEC appointed Avison Young to advise and support this exercise and submissions were sought from the RP sector in September 2020. From this

process, a short list of bidders was selected who were invited to submit best and final offers in early December 2020.

- 12.8 These offers were then evaluated taking into account both financial and qualitative aspects and on 20<sup>th</sup> January 2021 FEC appointed a panel of three successful RP Partners who they will work with to deliver homes in Affordable forms of tenure within the Redbank neighbourhood over the years ahead. These are:

- Trafford Housing Trust (now owned by L&Q);
- Great Places Housing Group; and,
- The Guinness Partnership.

- 12.9 These partners will help in the design of new housing developments as they come forward within Redbank and the approach to tenure within the different phases of development. The first scheme that will be taken forward through this panel approach will be Victoria Riverside, where the planning consent, includes the for the provision of 32 shared ownership homes. FEC will appoint the RP partner for this specific scheme from the panel above.

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

- 13.1 The development proposals for Collyhurst and in other neighbourhoods will seek to build on the low-carbon principles of the Northern Gateway SRF which recognises that future development within the area will need to respond to the zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies. Details of how this will be achieved in Collyhurst are set out in Section 3.0 above.

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

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

- 14.1 The Northern Gateway will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.

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

- 14.2 The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.

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

- 14.3 Development of the Northern Gateway offers the potential to deliver on the objectives of the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city.

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

- 14.4 The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.

**(e) A connected city**

- 14.5 The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning ensuring that various modes of transport (car, bus, rail, Metrolink, cycle, and walk) are provided for.

**15.0 Key Policies and Considerations**

**(a) Equal Opportunities**

- 15.1 A key aim of the Northern Gateway is to deliver residential led development providing a significant number of high quality homes and alongside commercial development. This will both meet increasing levels of demand for housing within the regional hub and create new City Centre employment opportunities. The JV partners are working with colleagues in the City's Employment and Skills team and with colleagues taking forward the proposal to redevelop the North Manchester General Hospital to establish a Social Value / Local Benefit Framework to target employment, skills and wider capacity development opportunities at North Manchester communities.

**(b) Risk Management**

- 15.2 The Northern Gateway programme will continue to be progressed in accordance with existing internal governance arrangements and within the legal framework of the Northern Gateway Joint Venture. The Council's existing Capital Approval process will be followed in full in relation to the Collyhurst programme and in relation to HIF investment, with any additional governance and accountability structures developed in accordance with the Council's risk management framework.

**(c) Legal Considerations**

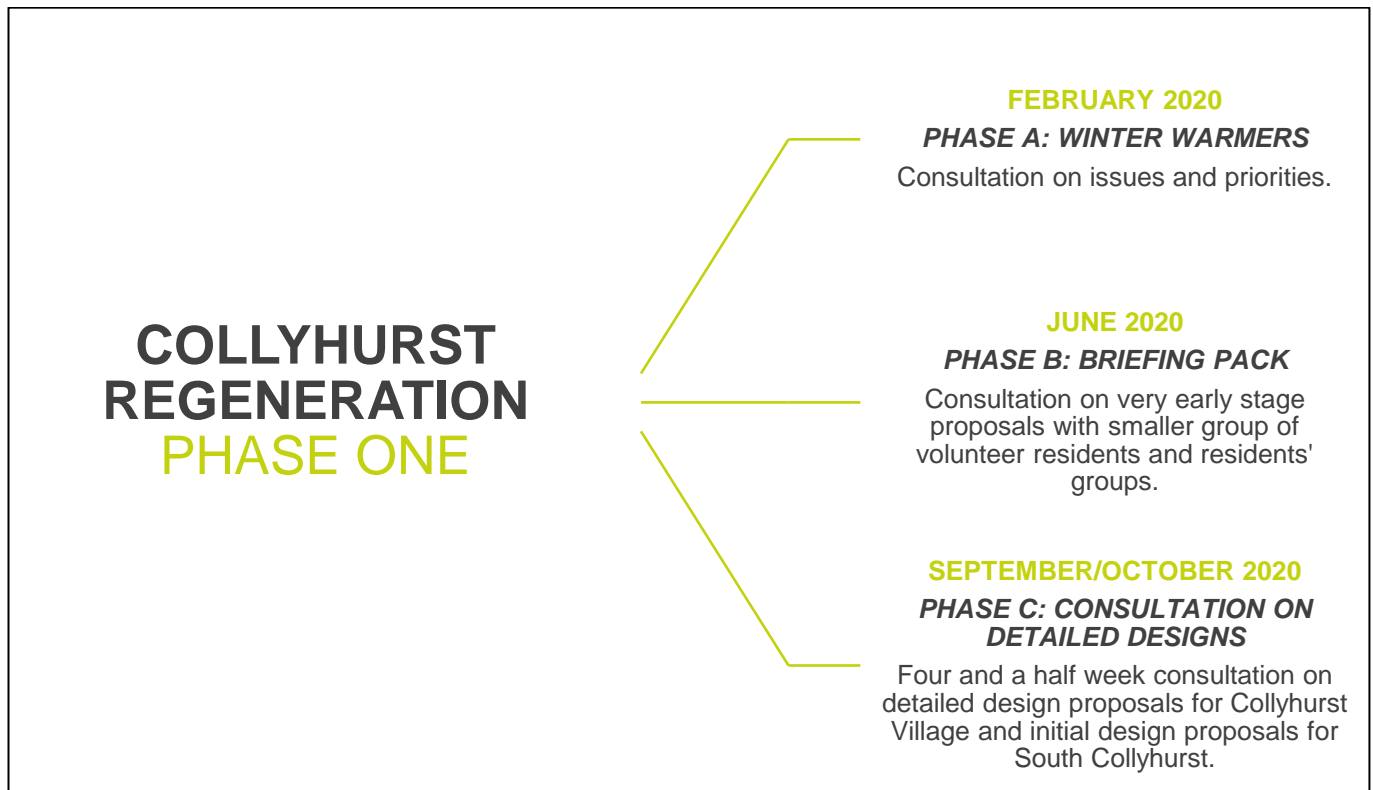
- 15.3 Legal Services is working closely with the project team to provide legal advice on all aspects of the Northern Gateway Project, including in respect of contractual arrangements for the delivery of Collyhurst Phase 1, and in relation to land assembly and disposal to facilitate scheme delivery. Legal Services have taken the lead in finalising the HIF Grant Determination Agreement between the City Council and Homes England. Legal Services will continue to support and advise the team on all aspects of this project to facilitate delivery and ensure compliance with all relevant legislation, regulations and contractual terms.

# Collyhurst Phase One: Summary Consultation Report

## 1. Introduction

This Summary Report provides an overview of the most recent phase of community consultation on the Collyhurst Phase One proposals, which took place between mid-September and mid-October 2020.

This was the third phase of consultation over an eight-month period from February to October 2020 as illustrated in the following diagram:



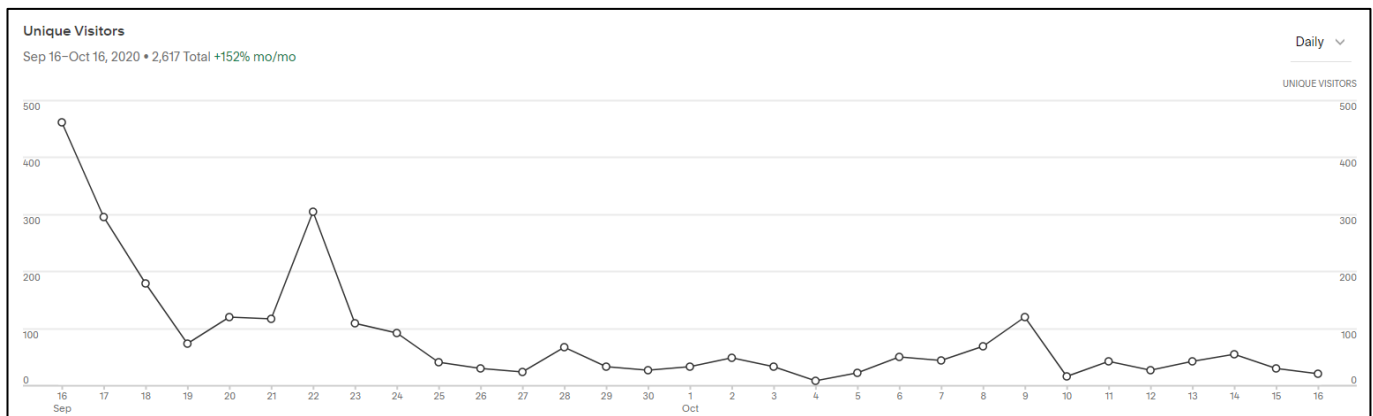
## 2. Consultation methodology

Due to Covid-19, consultation information was hosted online via a dedicated consultation website which incorporated a virtual exhibition and interactive feedback portal. This aimed to recreate the experience of face-to-face drop-in sessions online due to the government restrictions on face-to-face meetings during the pandemic. It included 10 exhibition 'boards' with further information about the development, two videos which included interviews from members of the project team, as well as links to ask questions and provide feedback.

The methods used to publicise the consultation included:

- The distribution of a consultation leaflet to 1,500 properties.
- Coverage on various media platforms including on the radio, social media and online media outlets.
- A consultation poster displayed by local organisations in key locations.
- Direct emails to key local organisations and people who had previously signed up to receive updates on the consultation during previous phases of engagement.

During the consultation period there was a total of **2,617 unique visitors** to the project website. During the consultation, the Virtual Exhibition page received 1,243 pageviews.



In addition to the consultation website, a stakeholder webinar enabled representatives from key local organisations (schools, medical, community etc) to receive a more personal introduction to the proposals and the opportunity to discuss and provide more in-depth feedback. A separate report on the outcomes of the stakeholder webinar was produced.

There was also a bespoke plan to engage with owners and occupiers of the 29 properties affected by the Collyhurst Village proposals, which included distributing a personalised letter and set of FAQs, as well as translating this into other languages where required.

### 3. Feedback Received

Throughout this phase of consultation, several channels were made available for people to ask questions and provide feedback. To summarise, these were:

1. The Freephone information line (08081 699 993).
2. The project email address ([contact@ng-consultation.co.uk](mailto:contact@ng-consultation.co.uk)).
3. Two online feedback forms available on the Feedback Portal, a 'quick' feedback form, and an 'in-depth' feedback form (also downloadable as a pdf). Forms were also sent in the post to directly affected residents and specific stakeholders.
4. The Freepost address (Freepost NG Consultation)

We also provided an 'Ask me a question' function within the Virtual Exhibition. Although this was intended for questions, some feedback about the proposals also came via this channel.

In total, 92 responses to the consultation were received. These are categorised below depending on the channels through which the feedback was given.

*Table 2: Number of consultation responses received through each of the consultation channels.*

Consultation Responses Received	Total
Freephone information line	0
Project email address	3
Hard copy 'in depth' feedback forms received via the Freepost address.	47
'Quick' feedback forms accessible via the Feedback Portal on the project website.	13
'In-depth' feedback forms accessible via the Feedback Portal on the project website.	26
Freepost address	1
'Ask me a question' function on the Virtual Exhibition	2
<b>Total</b>	<b>92</b>

Within the feedback forms, 79 out of 86 respondents shared their postcode. As can be seen below, most respondents came from the local area with a small number from further afield.

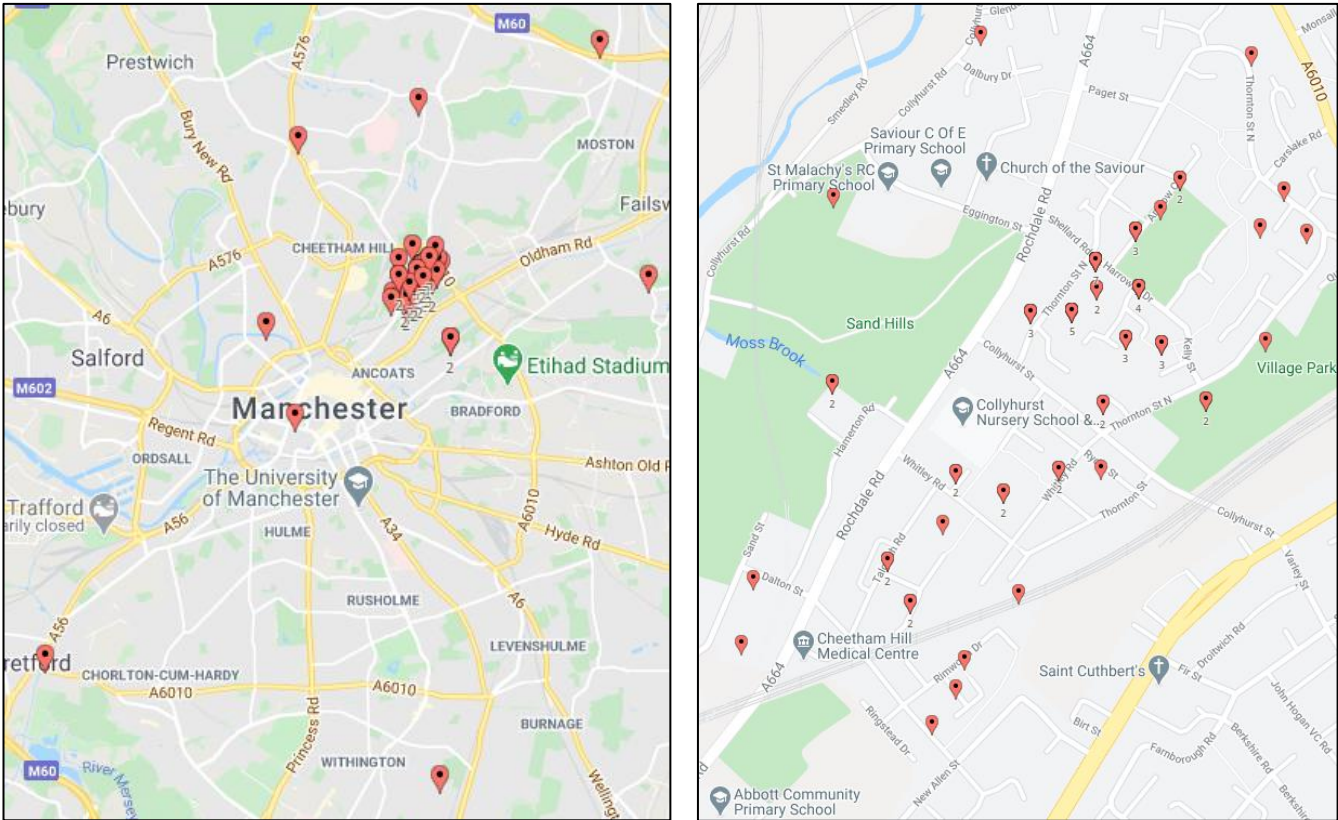
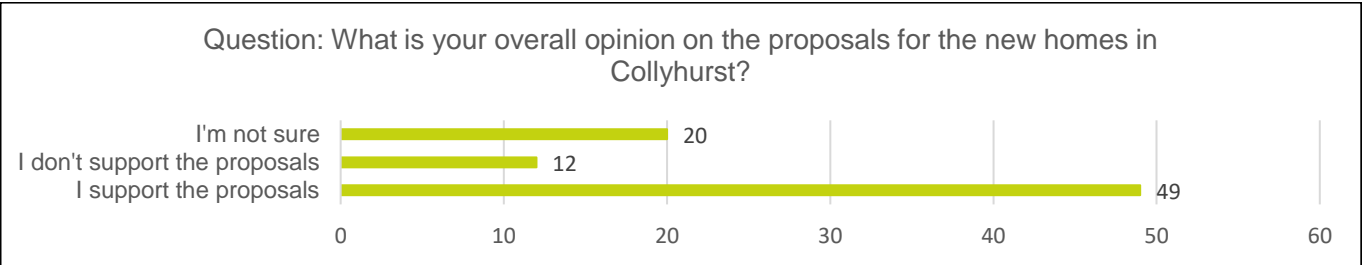


Figure 1: These maps depict the geographical spread of the majority of responses. The left-hand map shows a more zoomed out version and the right-hand map has been zoomed in on to show the spread of respondents from the wider and local area respectively. Please note that this information is indicative, and the locations are approximate. (Courtesy of BatchGeo.)

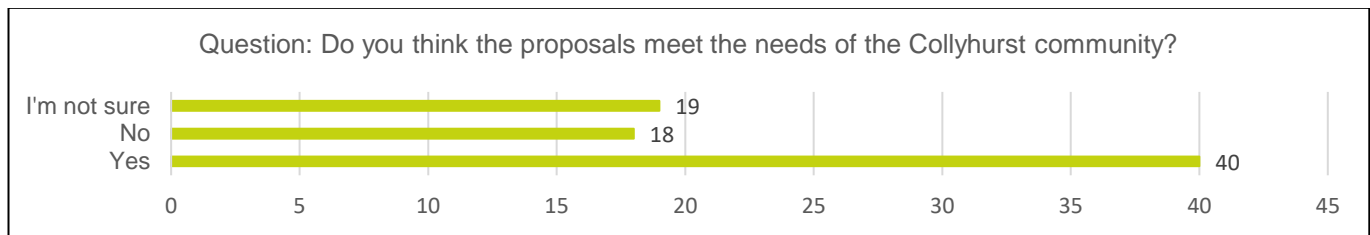
The feedback forms sought to obtain thoughts on several key topics associated with the proposals which were as follows:

- Housing design and layout
- Green streets and private outdoor spaces
- New Collyhurst Park
- Collyhurst’s identity
- Safety and security
- Sustainability

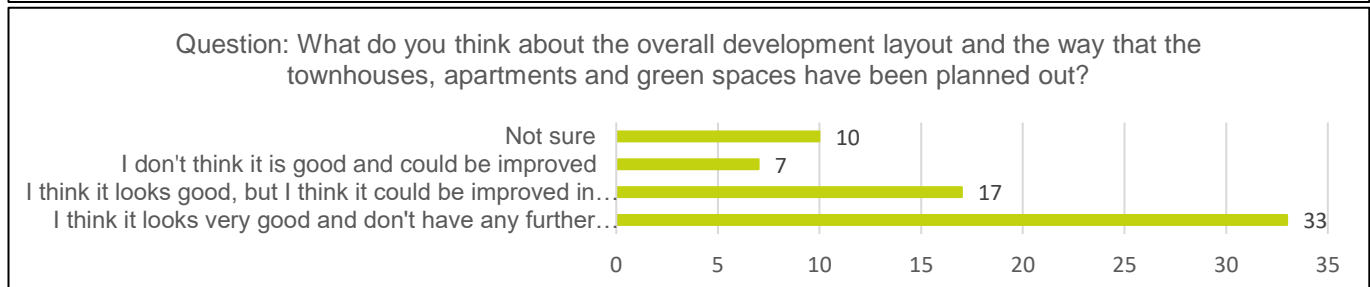
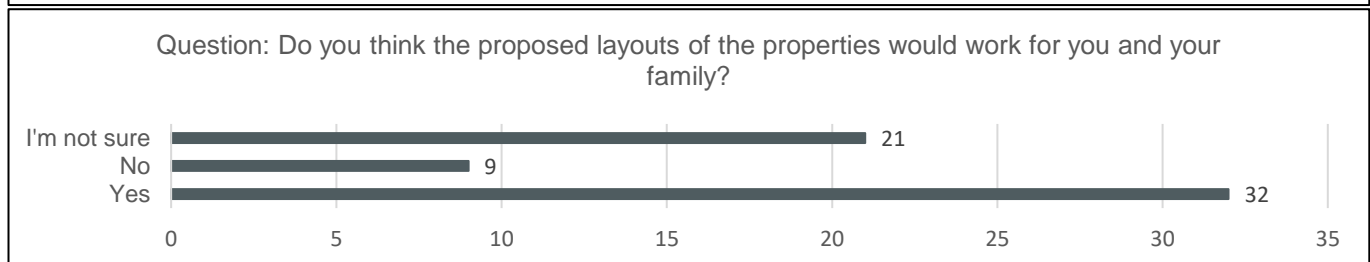
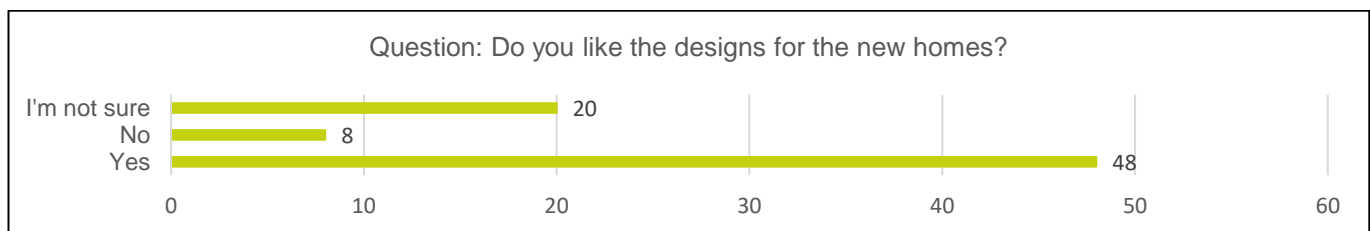
**Overall Opinion.** Most respondents stated that they supported the proposals and that they met the needs of the Collyhurst community, however some did state their opposition.



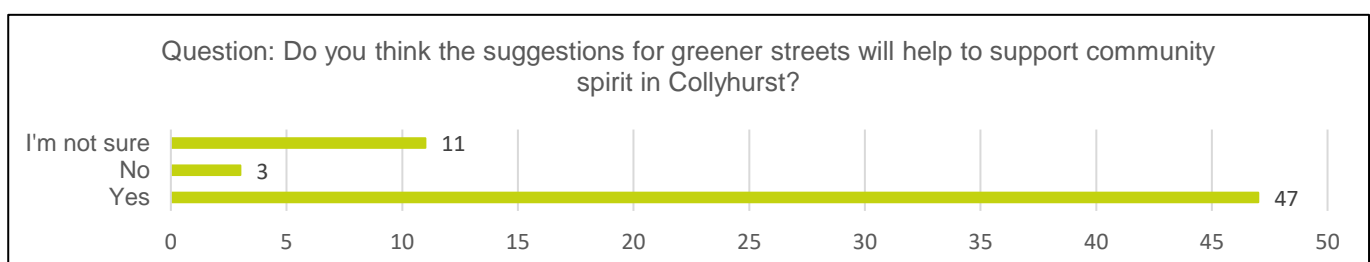
When asked whether they thought the proposals meet the needs of the Collyhurst community, the majority of participants thought they did.



**Housing Design and Layout.** Most participants were in favour of the proposed layout of the properties with most saying they would work well for them/their family. Most said the balance between bedrooms and living spaces would work well, so too would the private outdoor spaces. Most liked the overall layout of the development. However, some participants thought a more diverse range of houses were needed and more traditional layouts were necessary. Some did not like the appearance of the homes and some questioned the internal layouts saying they needed to be more spacious.

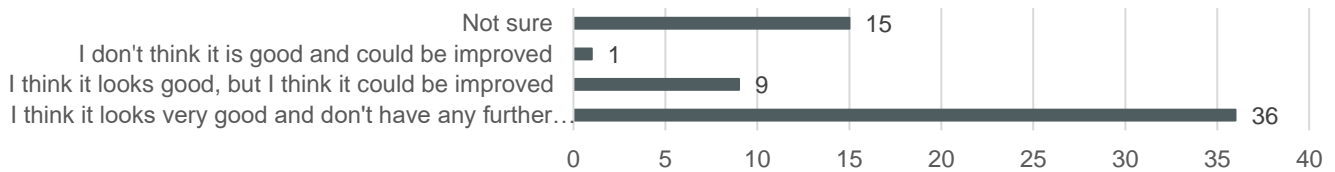


**Green Streets and Private Outdoor Spaces.** Most respondents were in favour of greener streets with some people stating they were concerned over the loss of mature trees. Support was raised for the 'access only' streets however some people were concerned that 'cul-de-sacs' might encourage anti-social behaviour. Most were supportive of the private outdoor spaces shown but some people said that they should be bigger and there was some concern that the two-bedroom houses did not have gardens.



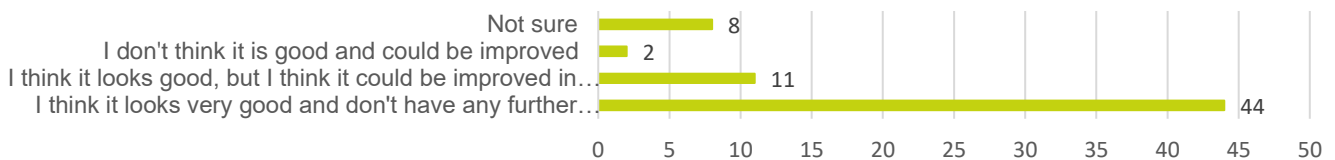


Question: What do you think of the private outdoor spaces in the designs shown here?

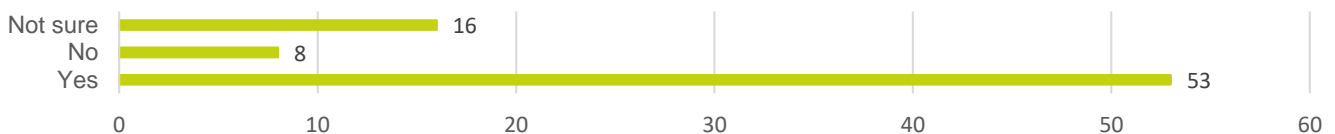


**New Collyhurst Park.** Most respondents considered the proposals for the park to be good, with most saying they would use the park. Respondents liked the idea of sustainable drainage systems and a community orchard / wildflowers. However, some raised objections/concerns about the new park citing potential anti-social behaviour, safety and security as potential issues. Concerns were raised about the safety of having a pond in the area. Traditional play equipment was the type of play equipment that was most favoured by participants.

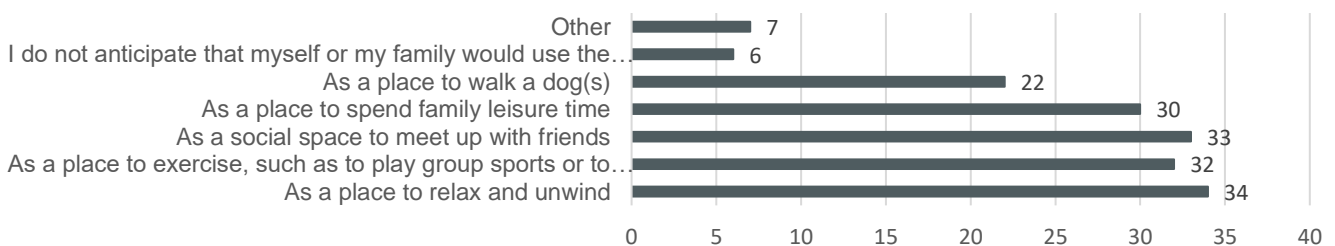
Question: What is your overall opinion on the proposals for New Collyhurst Park?



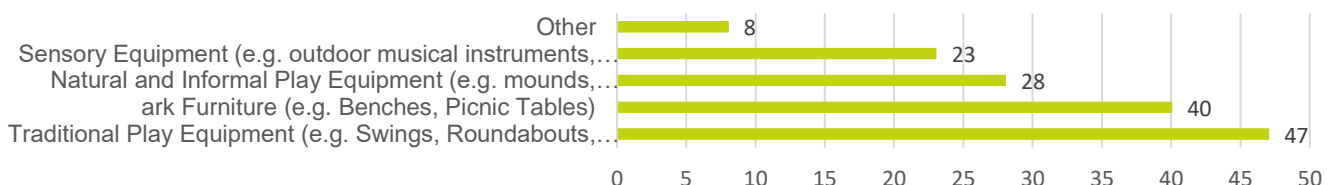
Question: Do you think that you and/or your family will use the New Collyhurst Park?



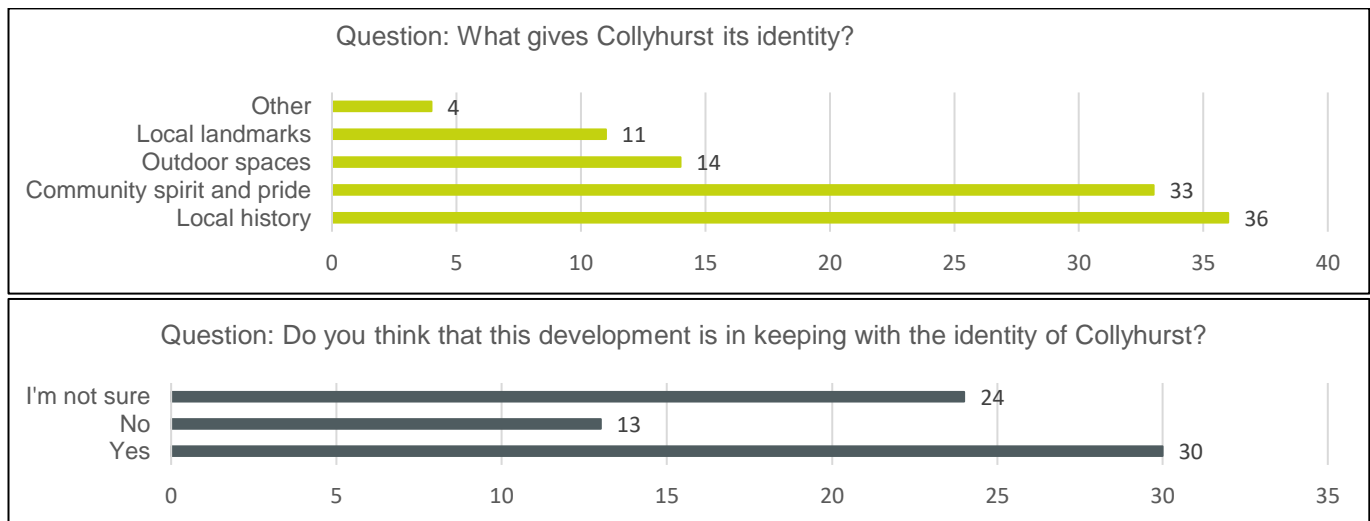
Question: How would you or your family use the new park?



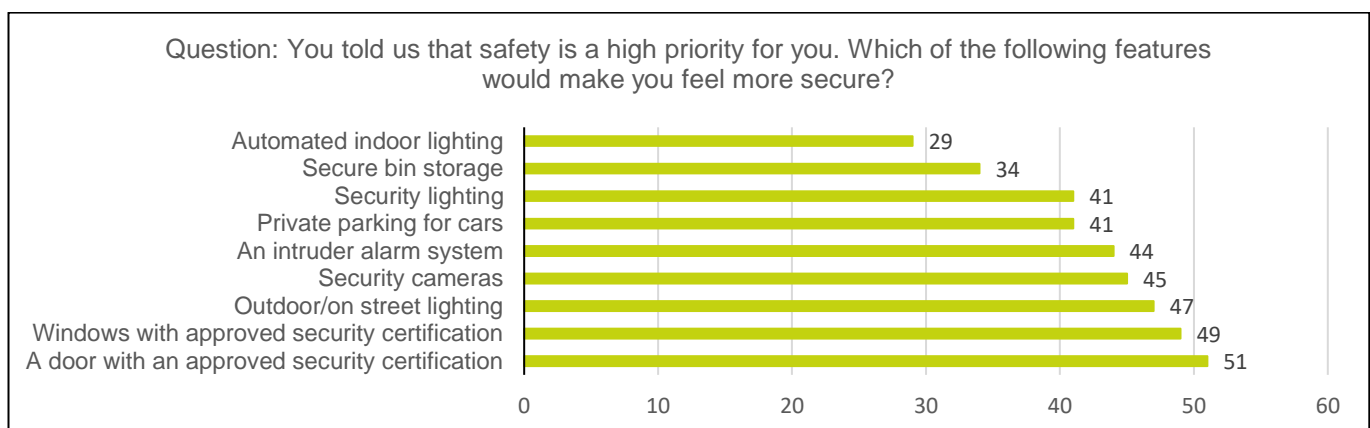
Question: What type of play equipment, or park furniture, would work best for children and families in Collyhurst?



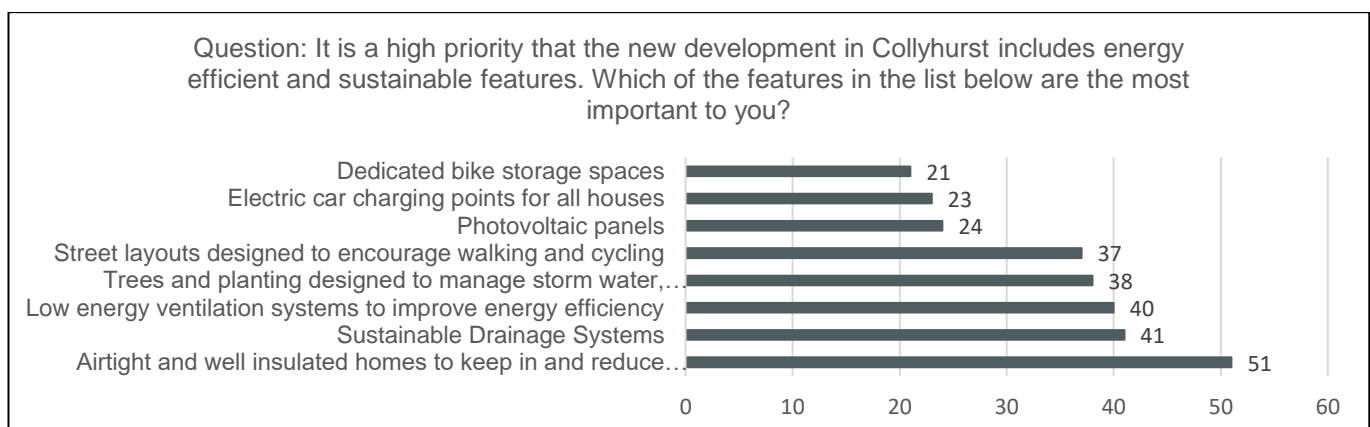
**Collyhurst's Identity.** Local history was what respondents thought contributed most to Collyhurst's identity with most respondents saying the development was in keeping with its identity.



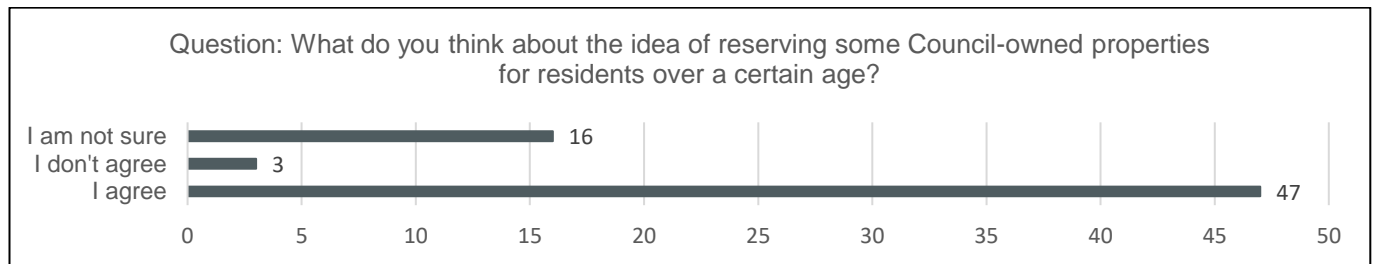
**Safety and Security.** This was a key theme throughout each topic area. Most respondents stated an 'approved' door was something that would make them feel more secure along with windows and outdoor/street lighting. Anti-social behaviour was mentioned repeatedly, particularly around the topic of streets and the park. The pond and roof terraces were raised as some of the concerns regarding general safety.



**Sustainability.** 'Airtight homes' was voted for by most respondents as a higher priority for them in terms of energy efficiency and sustainability. There were few additional comments regarding this topic, but general support was raised for this being a key theme of the designs.



**Reserving Properties for those over a Certain Age.** Most were in support of this with some saying that even more should be reserved however there were questions raised about why that demographic should receive preferential treatment. For example, some stated that how long people have lived in Collyhurst should determine whether you were eligible, not age.



**Local Facilities and Amenities.** Many participants were keen to see community facilities within the development. Many mentioned they wanted to see a community hub, youth clubs and sports facilities. Some were keen to see more (and bigger) shops within the area but a couple of respondents were concerned business spaces would stand empty.

#### 4. Further Information

Further, more detailed comments and suggestions were made as part of each of these sections as well as some other topics; a more in-depth summary of which can be found in **the Statement of Community Involvement** which will accompany the planning applications.

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# Collyhurst Phase 1 Development Summary

Appendix 2, Item 21





## 1.1 Summary of the Proposals



**168**  
houses



**76**  
apartments



**162**  
sqm of business/  
retail (GIA)



**100**  
Council Homes



**464**  
new trees  
(approx.)

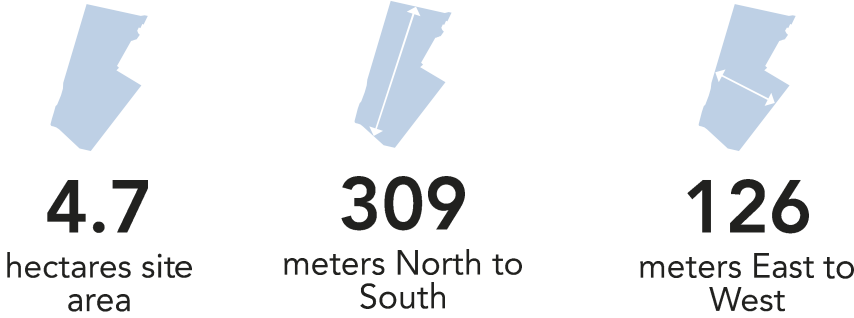


**1.3**  
hectares of public  
park space



**412**  
secure cycle  
storage spaces

1.2 Collyhurst Village Application Site



Site Location Plan



### 1.3 South Collyhurst Application Site





1.4 Collyhurst Today



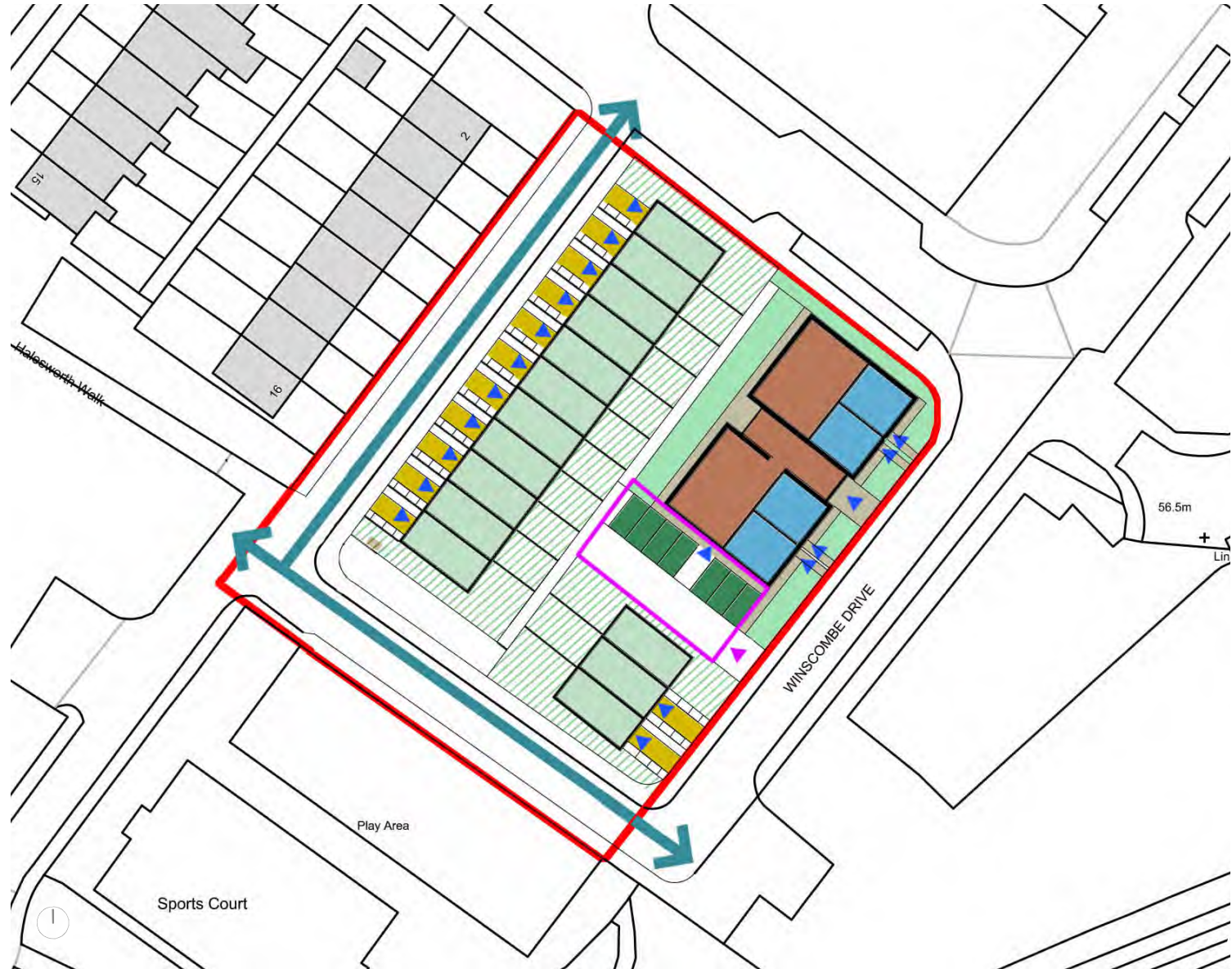
## 1.5 Collyhurst Village Site Masterplan





1.6 South Collyhurst Village  
Site Master Plan (In Progress)

- Entrance
- Vehicle Movement
- Townhouse Parking
- Apartment Parking
- 3B5P Townhouse
- 3B6P Duplex
- Apartment Core
- Green Amenity Space
- Townhouse Gardens
- Secure Parking
- Gated Entrance





# 1.7 Plot Arrangement



## PLOT A

Houses	28
Apartments	50
<b>Total Dwellings</b>	<b>78</b>

## PLOT B

Houses	43
Apartments	0
<b>Total Dwellings</b>	<b>43</b>

## PLOT C

Houses	46
Apartments	26
<b>Total Dwellings</b>	<b>72</b>

## PLOT D

Houses	51
Apartments	0
<b>Total Dwellings</b>	<b>51</b>







## 1.8 Town House Typologies

Page 202



2-Bedroom Townhouse (Open Market Sale)



3-Bedroom Townhouse (Council Home)



4-Bedroom Townhouse (Council Home)

## 1.9 Tenure Mix





## 1.10 Scale and Massing



Colville Estate, London

Icon 21, Manchester

Timekeepers Square

Kidbrooke Village







## 1.11 Landscape Masterplan



### KEY

- 1 Tree lined parking & promenade
- 2 Neighbourhood square
- 3 Collyhurst corridor
- 4 Play area
- 5 Woodland & Wildflower areas
- 6 Wetland & Swale
- 7 Cycle route
- 8 Gateway threshold space
- 9 Green link
- 10 Internal street
- 11 Living street
- 12 Back gardens
- 13 SuDS planting
- 14 Visitor car parking for gateway building



## 1.12 Apartments Architectural Approach



Early Concept Design

Public Consultation

Concept Development

Developed Design











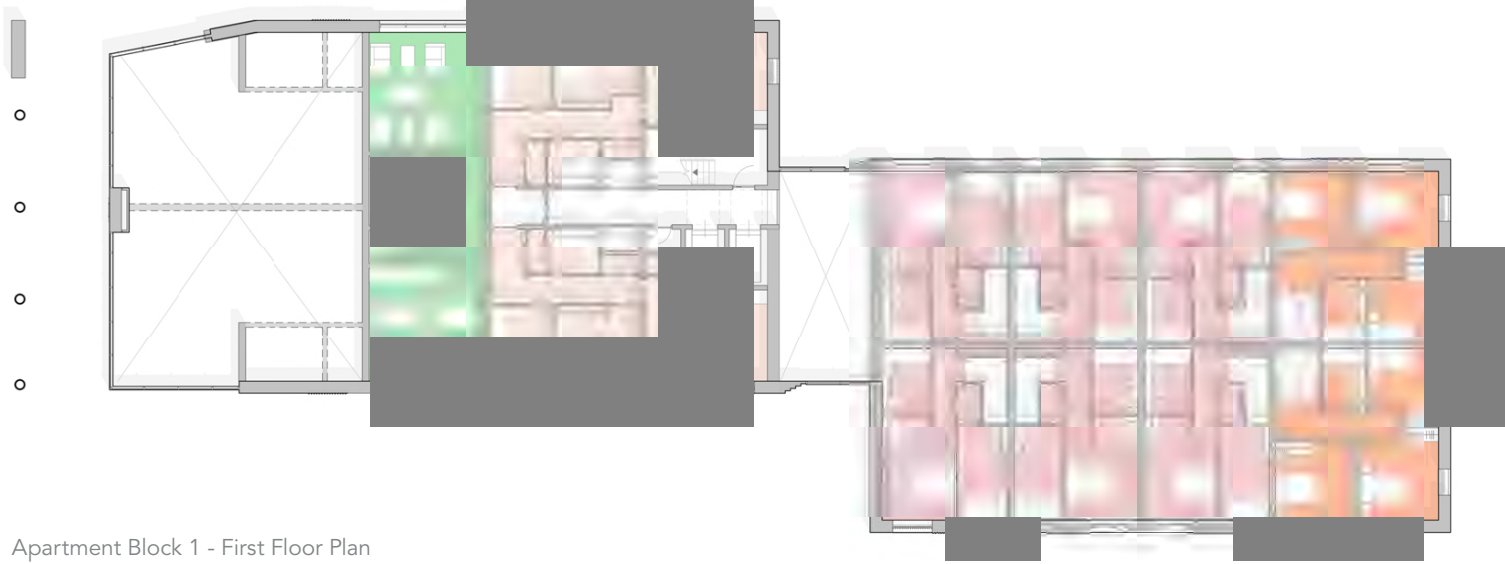


1.13 Apartment  
Layouts - Block 1

Space / Type	Amount
Ground Floor	
2B3P Duplex	6
3B5P Duplex	2
Commercial Space	162 sqm
Plant Rooms	
Cycle Store	
Residents' Lounge	
Bin Store	
Scooter Store	
Lift Lobby / Entrance	
Substation	
First Floor	
2B3P Duplex	(above)
3B5P Duplex	(above)
2B3P Apartment	2
Second Floor	
1B2P Apartment	6
2B3P Apartment	6
Third Floor	
1B2P Apartment	6
2B3P Apartment	6
Fourth Floor	
1B2P Apartment	6
2B3P Apartment	6
Fifth Floor	
2B3P Apartment	4
TOTAL	
Apartments	50
Commercial Space	162 sqm



Apartment Block 1 - Ground Floor Plan



Apartment Block 1 - First Floor Plan

Commercial/business  
(Use Class E)

Community Spaces

Cycle Store

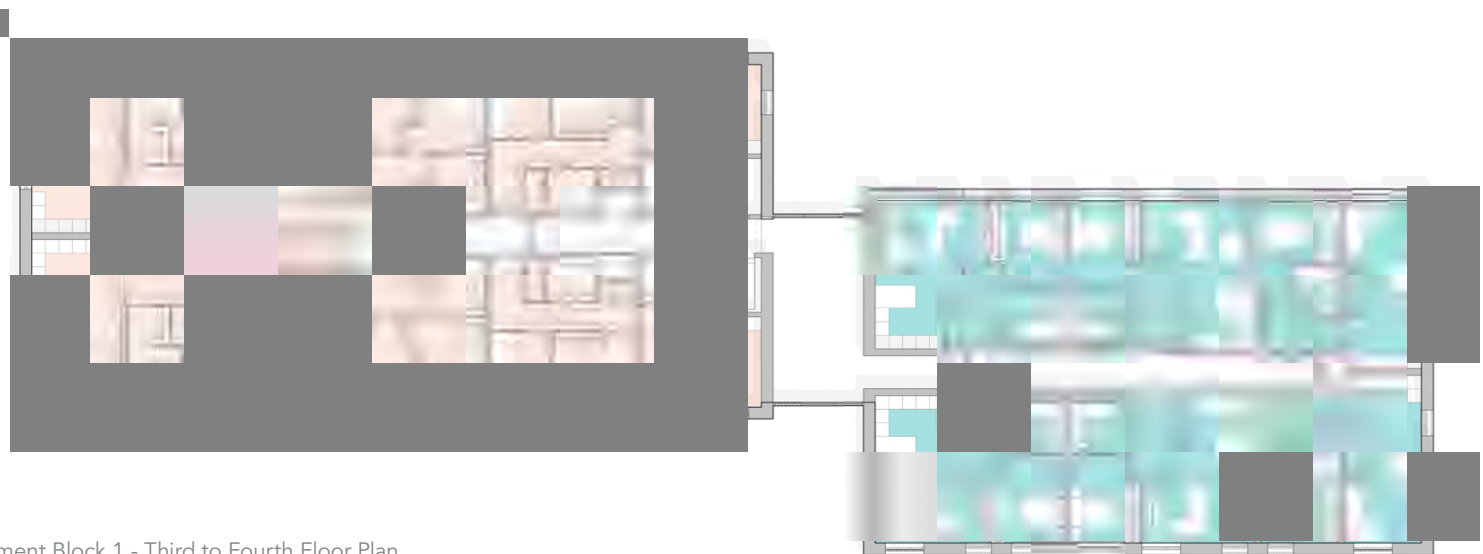
Scooter Store

Plant

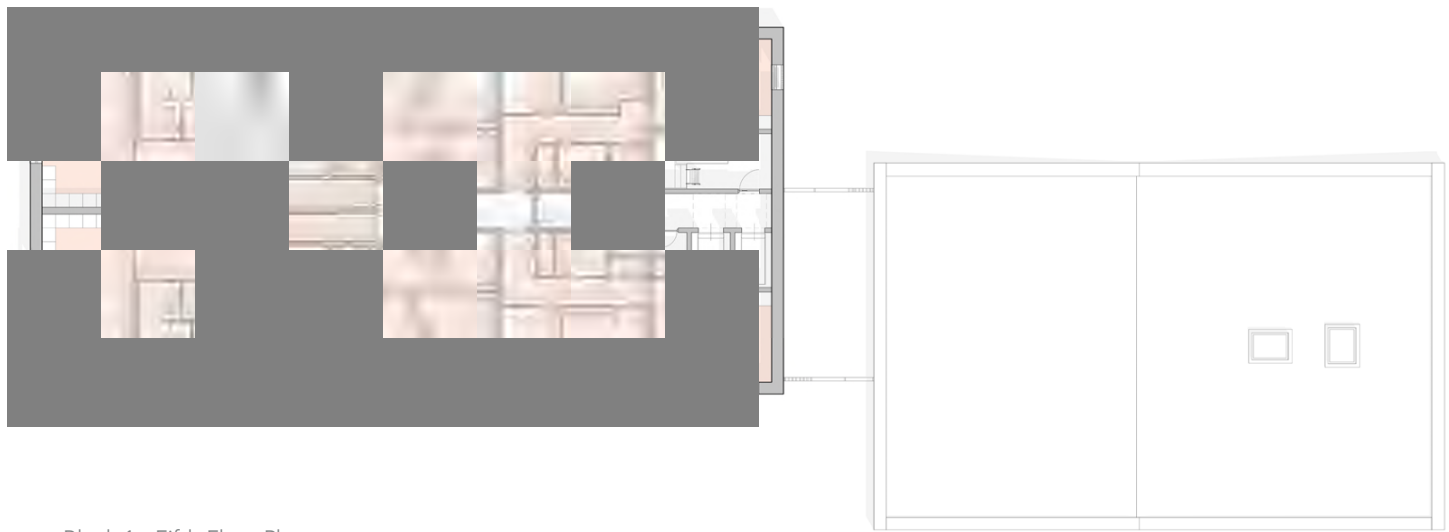
Substation

Refuse Store

2B3P Duplex



Apartment Block 1 - Third to Fourth Floor Plan

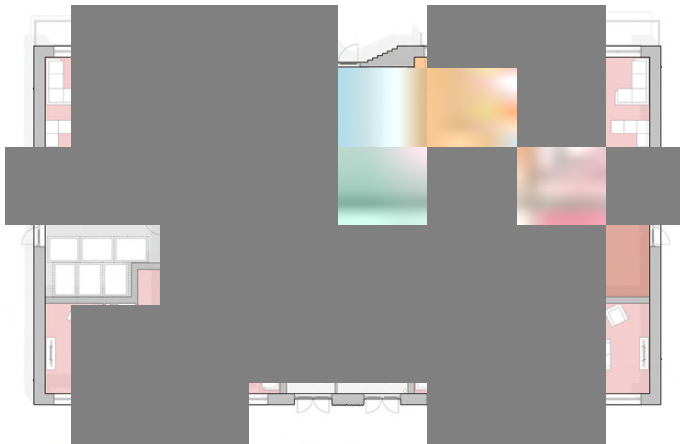


Apartment Block 1 - Fifth Floor Plan

- 3B5P Duplex
- 2B3P Apartment
- 1B2P Apartment

### 1.14 Apartment Layouts - Block 2

Space / Type	Amount
Ground Floor	
2B3P Duplex	6
3B5P Duplex	2
Plant Room	
Cycle Store	
Bin Store	
Lift Lobby / Entrance	
Switch room	
First Floor	
2B3P Duplex	(above)
3B5P Duplex	(above)
Second Floor	
1B2P Apartment	2
2B3P Apartment	4
Third Floor	
1B2P Apartment	2
2B3P Apartment	4
Fourth Floor	
1B2P Apartment	2
2B3P Apartment	4
TOTAL	
Apartments	26



Apartment Block 2 - Ground Floor Plan



Apartment Block 2 - Second and Third Floor Plan



Apartment Block 2 - First Floor Plan

 Cycle Store

 Plant

 2B3P Duplex

 1B2P Apartment

 Refuse Store

 Switch Room

 3B5P Duplex

 2B3P Apartment







# 1.15 Council Houses Materials Palette

Page 214



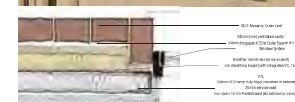
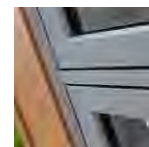
Housetype Thumbnail



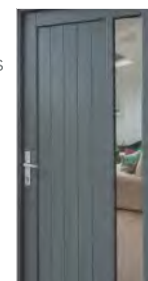
Materials Montage

Full brick reveals to windows

Grey UPVC window frame with flush opening casements



Grey modern timber entrance doors



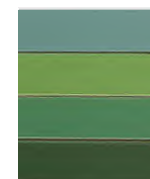
Pre-finished metal profile roofing



Anthracite Grey for windows and metalwork generally



Facing brickwork



Entrances feature glazed brickwork divider - in various shades of green

Examples of Chosen Materials

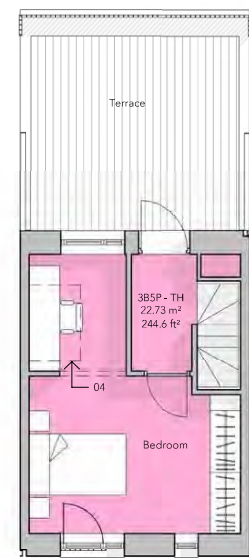
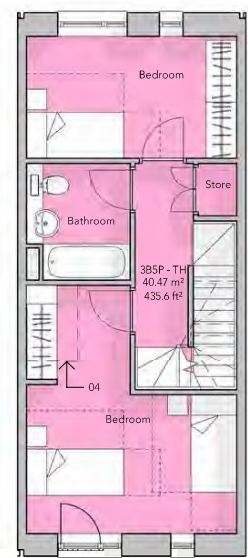






1.16 Townhouse Design -  
3B5P (Council Home)

Level	Area (sqm)
Ground Floor	39.4
First Floor	40.5
Second Floor	22.7
<b>Total</b>	<b>102.6</b>



Floor Plans



- KEY:
- 01 - Combined bin/cycle store on Plot D as shown. Separate cycle store in rear garden for houses on Plot B.
  - 02 - Electric Car Charging Point
  - 03 - Fuse Box
  - 04 - Potential through lift location in line with Lifetime Homes.

Materials Key

- 01

Facing brickwork - For brickwork types refer to Plot Elevations: 8871-BA-PA-XX-DR-A-(05)000, 8871-BA-PB-XX-DR-A-(05)100, 8871-BA-PC-XX-DR-A-(05)200, 8871-BA-PD-XX-DR-A-(05)300
- 02

Windows - PVC frame, RAL 7021
- 03

Entrance door - PPC finish, integrated post box
- 04

Juliet Balconies - Mild steel, PPC finish, RAL 7021
- 05

Roof Coping - Metal, RAL 7021
- 06

Roof - Standing seam metal roof, RAL 7021
- 07

Balustrades - Mild steel, PPC finish, RAL 7021
- 08

Downpipes - PVC, RAL 7021
- 09

Rear garden and balcony doors - Glazed doors, PVC framing, RAL 7021
- 10

Glazed Brick Entrance areas - For glazed brick types refer to Plot Elevations
- 11

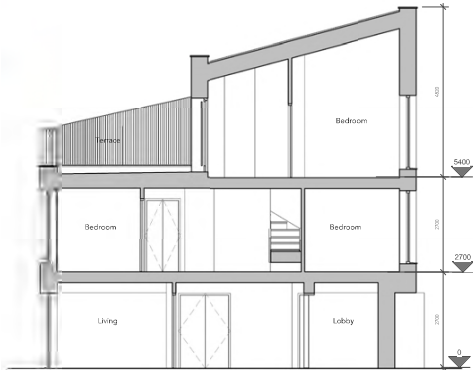
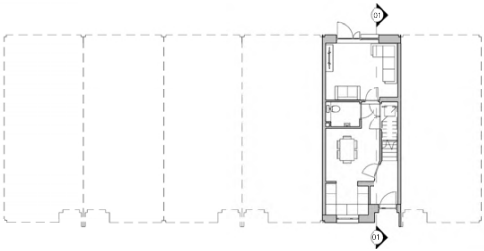
Timber dividing screens
- 12

Projecting Door Canopy - Anodised Aluminium, to match RAL 7021
- 13

Rooflight - RAL 7021



Elevations



Key Section

1.17 Townhouse Design -  
4B6P (Council Home)

Level	Area (sqm)
Ground Floor	39.5
First Floor	40.5
Second Floor	33.6
<b>Total</b>	<b>113.5</b>



- KEY:
- 01 - Combined bin/cycle store on Plot D as shown. Separate cycle store in rear garden for houses on Plot B.
  - 02 - Electric Car Charging Point
  - 03 - Fuse Box
  - 04 - Potential through lift location in line with Lifetime Homes.

Materials Key

- 01

Facing brickwork - For brickwork types refer to Plot Elevations: 8871-BA-PA-XX-DR-A-(05)000, 8871-BA-PB-XX-DR-A-(05)100, 8871-BA-PC-XX-DR-A-(05)200, 8871-BA-PD-XX-DR-A-(05)300
- 02

Windows - PVC frame, RAL 7021
- 03

Entrance door - PPC finish, integrated post box
- 04

Juliet Balconies - Mild steel, PPC finish, RAL 7021
- 05

Roof Coping - Metal, RAL 7021
- 06

Roof - Standing seam metal roof, RAL 7021
- 07

Balustrades - Mild steel, PPC finish, RAL 7021
- 08

Downpipes - PVC, RAL 7021
- 09

Rear garden and balcony doors - Glazed doors, PVC framing, RAL 7021
- 10

Glazed Brick Entrance areas - For glazed brick types refer to Plot Elevations
- 11

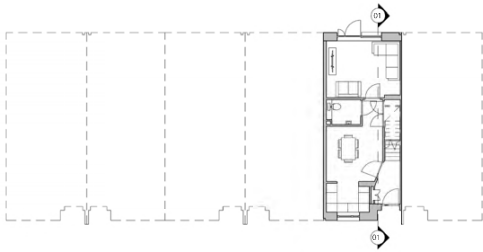
Timber dividing screens
- 12

Projecting Door Canopy - Anodised Aluminium, to match RAL 7021
- 13

Rooflight - RAL 7021



Elevations



Key Section



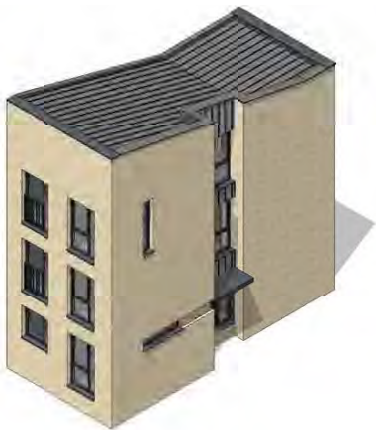
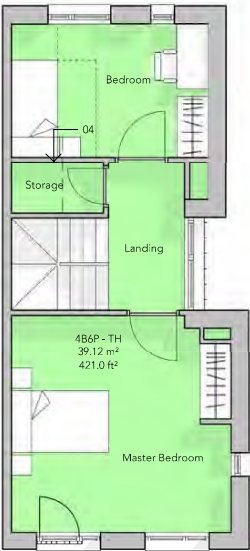
# 1.18 Townhouse Design - 4B6P Corner (Council Home)

A corner or end terrace 4B6P town house.  
With a gable entrance and typically with larger  
gardens.

Level	Area (sqm)
Ground Floor	39.1
First Floor	39.1
Second Floor	39.1
Total	117.3



Floor Plans



- KEY:
- 01 - Combined bin/cycle store on Plot D as shown. Separate cycle store in rear garden for houses on Plot B.
  - 02 - Electric Car Charging Point
  - 03 - Fuse Box
  - 04 - Potential through lift location in line with Lifetime Homes.

Materials Key

- 01

Facing brickwork - For brickwork types refer to Plot Elevations: 8871-BA-PA-XX-DR-A-(05)000, 8871-BA-PB-XX-DR-A-(05)100, 8871-BA-PC-XX-DR-A-(05)200, 8871-BA-PD-XX-DR-A-(05)300
- 02

Windows - PVC frame, RAL 7021
- 03

Entrance door - PPC finish, integrated post box
- 04

Juliet Balconies - Mild steel, PPC finish, RAL 7021
- 05

Roof Coping - Metal, RAL 7021
- 06

Roof - Standing seam metal roof, RAL 7021
- 07

Balustrades - Mild steel, PPC finish, RAL 7021
- 08

Downpipes - PVC, RAL 7021
- 09

Rear garden and balcony doors - Glazed doors, PVC framing, RAL 7021
- 10

Glazed Brick Entrance areas - For glazed brick types refer to Plot Elevations
- 11

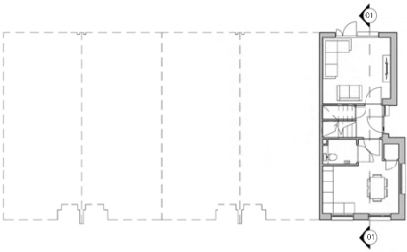
Timber dividing screens
- 12

Projecting Door Canopy - Anodised Aluminium, to match RAL 7021
- 13

Rooflight - RAL 7021



Elevations

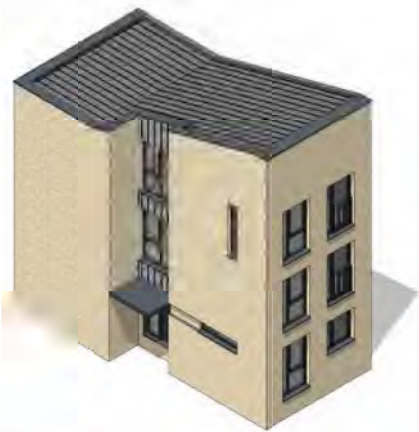


Key Section

# 1.19 Townhouse Design - 5B7P Corner (Council Home)

A variant of the corner or end terrace 4B6P (council home) town house. With a gable entrance and typically with larger gardens.

Level	Area (sqm)
Ground Floor	45.1
First Floor	45.1
Second Floor	45.1
Total	135.3



Materials Key

- 01

Facing brickwork - For brickwork types refer to Plot Elevations: 8871-BA-PA-XX-DR-A-(05)000, 8871-BA-PB-XX-DR-A-(05)100, 8871-BA-PC-XX-DR-A-(05)200, 8871-BA-PD-XX-DR-A-(05)300
- 02

Windows - PVC frame, RAL 7021
- 03

Entrance door - PPC finish, integrated post box
- 04

Juliet Balconies - Mild steel, PPC finish, RAL 7021
- 05

Roof Coping - Metal, RAL 7021
- 06

Roof - Standing seam metal roof, RAL 7021
- 07

Balustrades - Mild steel, PPC finish, RAL 7021
- 08

Downpipes - PVC, RAL 7021
- 09

Rear garden and balcony doors - Glazed doors, PVC framing, RAL 7021
- 10

Glazed Brick Entrance areas - For glazed brick types refer to Plot Elevations
- 11

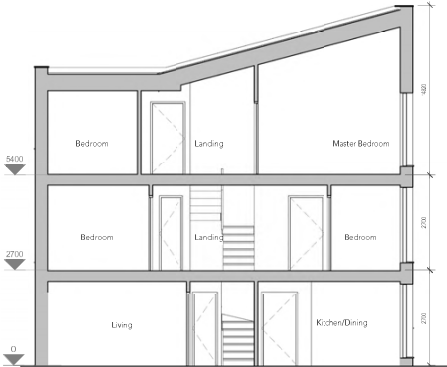
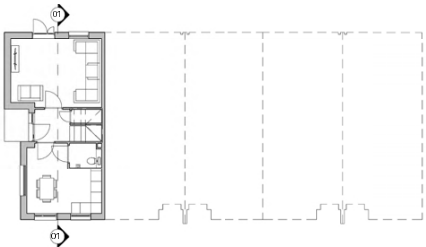
Timber dividing screens
- 12

Projecting Door Canopy - Anodised Aluminium, to match RAL 7021
- 13

Rooflight - RAL 7021



Elevations

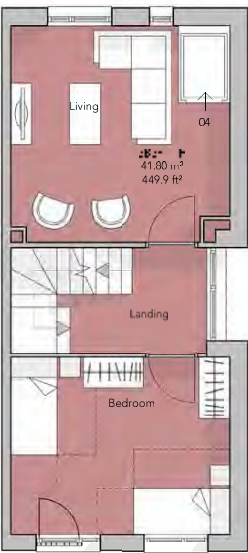


Key Section

# 1.20 Townhouse Design - 4B6P Corner (Council Home)

A variant of the corner or end terrace 4B6P (council home) town house. This house type incorporates a bedroom and accessible bathroom at ground floor to accommodate people with specific mobility needs.

Level	Area (sqm)
Ground Floor	41.8
First Floor	41.8
Second Floor	41.8
Total	125.4



Floor Plans



- KEY:
- O1 - Combined bin/cycle store on Plot D as shown. Separate cycle store in rear garden for houses on Plot B.
  - O2 - Electric Car Charging Point
  - O3 - Fuse Box
  - O4 - Potential through lift location in line with Lifetime Homes.

Materials Key

- 01

Facing brickwork - For brickwork types refer to Plot Elevations: 8871-BA-PA-XX-DR-A-(05)000, 8871-BA-PB-XX-DR-A-(05)100, 8871-BA-PC-XX-DR-A-(05)200, 8871-BA-PD-XX-DR-A-(05)300
- 02

Windows - PVC frame, RAL 7021
- 03

Entrance door - PPC finish, integrated post box
- 04

Juliet Balconies - Mild steel, PPC finish, RAL 7021
- 05

Roof Coping - Metal, RAL 7021
- 06

Roof - Standing seam metal roof, RAL 7021
- 07

Balustrades - Mild steel, PPC finish, RAL 7021
- 08

Downpipes - PVC, RAL 7021
- 09

Rear garden and balcony doors - Glazed doors, PVC framing, RAL 7021
- 10

Glazed Brick Entrance areas - For glazed brick types refer to Plot Elevations
- 11

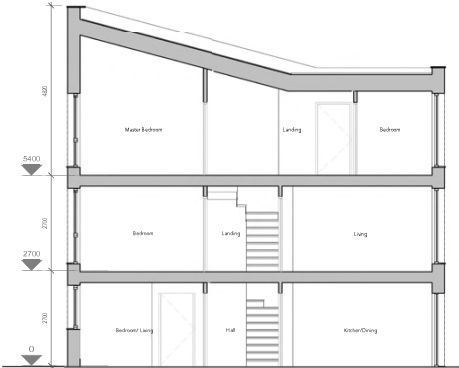
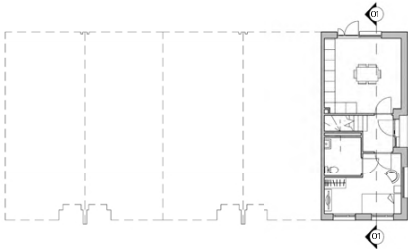
Timber dividing screens
- 12

Projecting Door Canopy - Anodised Aluminium, to match RAL 7021
- 13

Rooflight - RAL 7021



Elevations

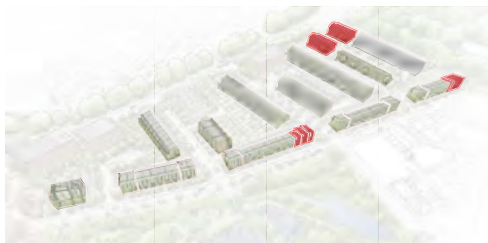


Key Section



## 1.21 Key SRF Character Locations

Character Building Locations



Locations of Character Buildings







Page 227

Appendix 2, Item 21

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