



## **Executive**

Date: Wednesday, 17 February 2021

Time: 2.00 pm

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

This is a **Third 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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|----|---|------------------------------|
| 4. | <b>COVID 19 Monthly Update Report</b><br>The report of the Chief Executive was to follow and is now enclosed.   | <b>All Wards</b><br>5 - 48   |
| 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, Appendix 3 added which was omitted from the version first published. | <b>All Wards</b><br>49 - 116 |

## 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  
Level 3, Town Hall Extension,  
Albert Square,  
Manchester, M60 2LA

## Further Information

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

This supplementary agenda was issued on **16 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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**This Covid19 Monthly Update Report of Manchester City Council has three parts**

**(a) Residents and Communities Situation Report**

**(b) Economic Recovery Situation Report**

**(c) Future Council Situation Report**

## Residents and Communities Recovery Situation Report Summary

### 1.0 Residents at Risk

#### 1.1 Shielded Residents and the Food Response:

- Since 31<sup>st</sup> December, 162 people have registered on the National Shielding Service website for support. Most have registered for a supermarket slot and information on support available. 24 people have asked for food support.
- A letter was sent to all CEV (clinically extremely vulnerable) in Manchester w/c 11<sup>th</sup> January with information on the local support offer.
- The third lockdown saw an initial increase in demand for food support, which has tapered off.
- Step down measures include: 337 referrals to community provision, 8 to universal provision, 115 referrals to CAB, and 58 referrals to Be Well service.
- Better links with Adult and Childrens' Social Care, and Early Help have been established for intelligence sharing and referral to statutory services.

#### 1.2 Domestic Violence and Abuse:

- Analysis indicates that incident volumes recorded by Police have fallen back to pre-Christmas levels. Levels over Christmas and New Year were not untypical of year-on-year trends. Numbers of incidents with children present also fell back to pre-Christmas levels.
- Refuge referral volumes are broadly typical of those seen throughout the pandemic. The Priority Move-On Project has continuing support until 31<sup>st</sup> March and has enabled almost 90 victims and 50 children to move on.
- Community Safety Unit is allocating a fund of £50k over the next four to six weeks from Covid Impact monies to support DVA providers.

#### 1.3 Poverty and Welfare Provision:

- Increase in demand for the Test and Trace Support Payment scheme - average number of new applications up from 31 a day (Mid Nov to end Dec) to 58 a day in the first three weeks of January.
- The T&TSP scheme has been extended until 31/3/21 with £63,828.64 confirmed in addition to the initial discretionary fund of £226,671.36 making a total discretionary budget of £290,500.
- Under the T&TSP scheme, as of 18/01/2021 we have:
  - Received 4,570 eligible applications
  - Paid £586,000 to 1,172 main scheme applications
  - Paid £151,000 to 302 discretionary cases
  - Declined 2,666 applications (1,100 main scheme and 1,566 discretionary)
  - 187 cases pending awaiting further information
  - 184 applications unallocated
  - 72% paid within three days

#### 1.4 Homelessness:

- Numbers presenting as homeless have risen from the usual seasonal drop over Christmas:
- Moratorium on evictions continues to be in place.
- With the RPs, MCC is purchasing units of accommodation to move people on from housing related support into longer term accommodation.
- Additional funding from MHCLG to accommodate people who sleep rough until the end of March. A further 36 people are being accommodated in hotel accommodation during the lockdown.
- Plans to begin vaccinations of more entrenched people who sleep rough and sex workers next month.

## **2.0 Mitigating the Impacts of Covid 19 on Communities and Adults**

- 2.1 **Team around the Neighbourhoods Engagement** continues to support the response, including residents engagement, contacting CEV and vaccination roll out.

## **3.0 Digital Inclusion**

- Digital skills learning provision going back to remote / fully digitally – excluding low skilled residents not able to access/ fully utilise the internet.
- 400 chromebooks donated to digitally excluded residents – all receiving support from a digital champion.
- 600 residents provided with skills support via the digital support telephone service managed by libraries since May 2020.
- Waiting list for devices is over 300 residents.
- 50k GM LA Grant Funding – to be spent on providing data for those on the waiting list and those receiving a refurbished device that is given within data.
- £10k funding from The Reading Agency for devices and engaging people in online reading groups and reminiscence groups.
- Libraries designated as an essential service and remain open for some services.
- Adult learning providers are delivering online learning using a range of synchronous (live) asynchronous (flexible/independent) approaches.
- MAES has currently loaned circa 700 devices to learners.

## **4.0 Mitigating the Impacts of Covid 19 on children and young people**

### **4.1 Schools and Education:**

- Schools open for vulnerable children and critical worker's children – higher demand for places from critical workers in south Manchester.
- Overall places offered is 27% primary, 9% secondary, 72% special.
- Overall attendance 13.3% on site; 32.1% of EHCP cohort; 42% of children with SW.
- Secondary schools have paused daily testing until further notice.
- IT and internet access audit completed - MCC will match offers of IT to schools where there is a significant gap.
- Special school staff notified re vaccinations.

- Info on winter fuel offer provided.
- Expanding SEND offer for families.
- Ensuring all vulnerable pupils with an offer of a school place are attending.
- Recording all EHCP children who have an offer but have declined in place.

#### 4.2 Children's Services and Early Help:

- Pre-existing roll-on roll-off arrangements re-instituted and working well.
- Ongoing monitoring of new referrals to social care which have plateaued
- Numbers of Early Help Assessments have increased, after dropping throughout 2019.
- Large increase in requests for support from the EH Hubs compared to 2019.
- Increase in need for referrals for food support and financial.
- Plans for fund to alleviate hardship during covid.

#### 4.3 Youth:

- All open access centre-based provision ceased in line with regulations.
- All 4 hubs have continued daily provision for young people with high needs.
- Hubs have an offer for schools to refer to for young people who they are concerned about during lockdown - pre booked provision for 15 young people each day.
- Detached, outreached and virtual provision will be increased.
- Providers still offer 1:1 support & targeted group work to the most vulnerable.
- All providers are offering food support.

### 5.0 VCSE

- Covid Impact Fund (Mental Health & Wellbeing) went live at the start of Jan '21, with a focus on BAME communities, Disabled people, LGBTQ+ communities, North Manchester residents and Older People.
- Information on vaccinations and testing for VCSE sector frontline health and care staff are being communicated to VCSE organisations via Macc and the Covid Health Equity Manchester engagement.

### 6.0 Equalities

- The ONS Opinions and Lifestyle Survey (15/01/21) indicates a compounding effect of the pandemic on levels of poor mental health and social isolation.
- The Mental Health Foundation reports this is exacerbated for children and young people by school and higher education closures. Young carers and children living locked down in complex home settings are particularly high risk
- Across all identity groups, the adverse impact on mental wellbeing creates a pressure on support services and functions.
- The longer-term impacts on residents' mental health remain a concern.



## Economic Recovery Workstream- Sitrep Summary

As at 4/2/21 For Economy Scrutiny on 11/2/21 & Executive on 17/2/21. Updated fortnightly. Latest updates shown in yellow.

Issue/theme/ activity area	Impact/ challenges experienced	Key planning and response activity being undertaken
General Overview	<p><b>General UK Overview</b></p> <p><b>Economic outlook from ONS</b></p> <ul style="list-style-type: none"> <li>Survey results showed over 1 in 10 (12%) currently trading UK businesses said that turnover had decreased by more than 50% compared with what is normally expected for this time of year.</li> <li>Debit and credit card spending rose sharply over the festive period, 4% greater in December 2020 than in February 2020</li> <li>18% of the workforce of all UK businesses (excluding those permanently ceased trading) were furloughed.</li> </ul> <p><b>Manchester's Dashboard</b></p> <ul style="list-style-type: none"> <li>Multi-million pound Research &amp; Innovation Institute has been launched by a consortium led by the University of Manchester.</li> <li>European travel company Awaze has chosen Manchester for its UK headquarters Bringing around 100 new jobs to the city</li> </ul>	<p><b>Powering Recovery: Manchester's Recovery and Investment Plan'</b> launched in Nov. Four investment priorities around: innovation; city centre and urban realm; residential retrofit programme; and North Manchester regeneration. Seeking govt funding for over 50 projects of £798.8 m. The plan can be accessed <a href="#">here</a>.</p> <ul style="list-style-type: none"> <li>➤ <b>Spending Review Follow up:</b> Work being undertaken jointly by City Centre Growth &amp; Infrastructure and City Policy to gather intelligence and "map" potential sources of investment from the Spending Review to the projects within the Recovery &amp; Investment Plan. This can inform the lobbying work with Government Departments. For the majority of funds announced, details won't be available until 2021. The 3 immediate/known opportunities are: <ul style="list-style-type: none"> <li>➤ Brownfield Land Fund (see Development section below)</li> <li>➤ Transforming Cities Fund (launched 2017) for shovel ready transport schemes - to be followed by 5 year funding settlements for local transport in 8 city regions (including GM) from 2022/23, via the Intra City Transport Fund, with a further £50m revenue funding for CA's to prepare for the settlements. Officers are involved in groups working on the Greater Manchester Investment Programme (GMIP), which will form the basis of proposals to Government for the Intra City Fund. Work due to conclude in March.</li> <li>➤ 2<sup>nd</sup> round of the Green Recovery Fund being launched in the new year.</li> </ul> </li> </ul>

- City centre rents 3.6% below pre Covid peak (compared to 12.4% fall in central London)
- Residential sales market activity remaining subdued across Manchester, quarterly change of -30.1%
- Total Business Rates charges have fallen by 39% since April and business rates collection rate c.18% below last year

### Manchester Crane Survey 2021

#### General

- Construction activity continued during lock after an initial halt on sites, returned in April 2020.
- Office growth in the north region is stabilising albeit at a high level.
- Chief Finance Officers group optimism returned to a 12 year high in response to the mass vaccination programme. Sharp initial bounce back in the shorter-term post lockdown following the initial downturn.
- Activity has reduced generally since 2019 but still a high level of activity.
- Completions have increased – an illustration of how strong and resilient the region is and it continues to deliver.

- **United City** business-led campaign launched 22/11 and supported by MCC.
- **Business Sounding Board** and **Real Estate subgroup** continue to meet regularly to share intel across sectors and to help support MCC lobbying.
- Weekly MCC **newsletter** issued to over 9,000 businesses with updates.

A proposal has been developed to extend the eligibility criteria for the existing Additional Restriction Grant scheme. The scheme to administer the Discretionary Grants to Business (ARF) was considered and approved at Council 03.02.21. The scheme will be launched from 10<sup>th</sup> February.

A webinar was hosted by KPMG on 1 Feb for the hospitality sector. Representatives from MCC attended (Head of Corporate Revenues at Manchester City Council), talked about the expanded retail discount and the Local Restrictions Support Grant scheme. The call was attended by 40+ people from the hospitality sector. The webinar was well received in terms of advice and general reassurance for operators.

MCC survey live to ascertain how we can improve methods of communications with businesses and residents and encourage use of online services. Link to survey here  
<https://surveys.manchester.gov.uk/s/OnlineServicesForBusinesses>

- Belief that death of the city is overexaggerated but there are inequalities that Covid has acted as a laser beam on.

#### Manchester 2020

- 35 schemes completed - 8 commercial.
- 2020 saw the largest amount of office floorspace delivered since 2008 at 1.2msqft.
- 72 schemes on site 8% fewer than the 77 in 2019 . 11 of these are office schemes, with 36% already pre-let.
- 28 of the schemes on site are retail/leisure, most taking up ground floor units in residential and commercial developments.
- 24 new starts, one fewer than 2019. Of these starts, 16 were residential and 3 commercial. The balance made up from hotel and education/research.
- We are also seeing signs of 'later living' and inter-generational products entering the Manchester city centre residential market.

#### MIDAS Report Summary

2020/21 April – November

Manchester Successes YTD – 12 businesses creating 240 jobs

- 3 were new to Manchester bringing 70 jobs, the remaining were existing businesses in GM.
- They were from a range of sectors including life sciences, manufacturing and energy.

#### Recent successes to Manchester– Q3 2020/21

- The most successful sector is Advanced Manufacturing
- Country of origin has included UK, US and Canada.
- Reasons for location to Manchester are
  - Access to highly skilled talent
  - Location that serves the North
  - Large talent pool
  - Business environment

There are still a significant number of projects considering Manchester from a wide range of sectors.

**Manchester Office Agents Forum:** confident that the Manchester office market will remain strong, with the forum reporting some signs of early recovery. Those companies that paused their search for office space early in 2020 started looking again towards the end of the year, with focus on flexibility and wellbeing.

**Numbers of administrations fall:** KPMG have reported that the number of firms in administration

	<p>fell last year in the North West, down by 22%, but warn of a 'hibernation' for companies affected by lockdown measures.</p>	
<p><b>BSB - Real Estate Sub Group</b></p>	<p><b>Meeting on 02.02.21</b></p> <ul style="list-style-type: none"> <li>• Construction sector continuing and not slowing down, evidenced by recent crane survey results. Too early to see if any change in specific sectors or across any cities in the region.</li> <li>• Important to consider now the return to the city, when that will be and how we ensure a consistent approach across all sectors and areas.</li> <li>• Need to understand what key things are needed to support those sectors hardest hit.</li> </ul>	<ul style="list-style-type: none"> <li>• MCC approved £2.3m of capital expenditure to commence the Northern Quarter cycling and walking improvements at Ducie Street, Dale Street and Thomas Street. This will make temporary road closures permanent at Thomas Street and part of Ducie Street in the Northern Quarter and widen footways and reduce on-street parking on Dale Street.</li> <li>• The section of Ducie Street between London Road and Dale Street will be realigned to allow access to the rear of the station following the removal of the pedestrian crossing at the bottom of Piccadilly Approach.</li> </ul>

	<ul style="list-style-type: none"> <li>Point was raised about two things needed to allow a return to the city by workers:</li> <li>Schools – reopening will have an impact on releasing workers to come back into the city.</li> <li>Public Transport – perceptions could be a barrier to the return to the city.</li> <li>Hospitality - support needed to increase capacity externally.</li> <li>Man Life had 100 completions March – December 2020.</li> </ul>																						
Football	<p><b>Manchester United</b> saw a 19% decrease in revenue (£118.1m).</p> <p><b>Manchester City</b> saw an 11% decrease in revenue (£481.6m).</p>																						
Footfall	<p><b>Footfall trends- City Centre</b> (Springboard / CityCo)</p> <table border="1"> <thead> <tr> <th colspan="3">Week 4 – Sun 24 Jan to Sat 30 Jan</th></tr> <tr> <th></th><th>Week on week %</th><th>Year on year %</th></tr> </thead> <tbody> <tr> <td>St Ann's Sq</td><td>+4.6%</td><td>-79.7%</td></tr> <tr> <td>Exchange Sq</td><td>+29.2%</td><td>-83.2%</td></tr> <tr> <td>King Street</td><td>+14.6%</td><td>-81.9%</td></tr> <tr> <td>Market Street</td><td>+16.3%</td><td>-82.0%</td></tr> <tr> <td>New Cathedral St</td><td>+18.8%</td><td>-84.0%</td></tr> </tbody> </table> <p>NB Given the low level of current footfall, small increase in numbers can lead to relatively high</p>	Week 4 – Sun 24 Jan to Sat 30 Jan				Week on week %	Year on year %	St Ann's Sq	+4.6%	-79.7%	Exchange Sq	+29.2%	-83.2%	King Street	+14.6%	-81.9%	Market Street	+16.3%	-82.0%	New Cathedral St	+18.8%	-84.0%	
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percentage increases. The reasons for the increase in the past week are not clear, but given low figures are not expected to be significant.

**Manchester wide footfall (excluding city centre)**

Week on week: +9.0%

Year on year: -41.6%

**District Centres**

	Week on week %	Year on year %
Cheetham Hill	7.2%	-32.4%
Chorlton	-0.3%	-47.0%
Fallowfield	19.3%	-47.9%
Gorton	-2.6%	-46.1%
Harpurhey	11.6%	-26.6%
Levenshulme	2.8%	-38.0%
Northenden	1.0%	-41.3%
Rushholme	13.7%	-49.0%
Victoria Avenue	11.1%	-48.4%
Withington	7.0%	-40.3%

<b>Higher Education Institutions</b>	Only students undertaking training and study for limited courses should return to face to face learning ie medicine, education, social work. Others to remain where they are and start new term online until at least mid-Feb. 1/1/21	
<b>Aviation</b>	Closure of all travel corridors to the UK on Monday, until at least 15 February, which requires	

all international travellers to the UK to provide proof of a negative Covid test and quarantine for up to 10 days.

**'Test to Release'** scheme launched 15/12.

People arriving into the UK can halve their quarantine time in receipt of a negative test result.

**Holiday bookings up:** following news and the rollout of the coronavirus vaccines, travel companies are reporting an increase in take-up for holidays for later in 2021 and for 'once in a lifetime' holidays for 2022, despite the closure of travel corridors.

Manchester Airport currently seeing 1-2% of normal passenger volumes,

The Manchester Crane Survey reported that passenger numbers from Europe into Manchester dropped from 1.64million in October 2019 to 0.27 million in October 2020, a reduction of 83%. In the same month, passenger numbers into Manchester from other international destinations also fell by 86% compared to the previous year.

The UK government has announced it will implement a limited hotel quarantine policy for British citizens and residents travelling to England from high-risk countries. Arrivals from these countries will be met at the airport and transported to quarantine in government accommodation for 10 days.

There are 22 countries on this high-risk list, including South Africa, the United Arab Emirates, Portugal and Brazil, and the government has said it will add more if needed. There is already a travel

**MAG** lobbying DfT on plan for removal of restrictions and additional support.



	<p>ban in place for non-British citizens and residents who have been in or transited through these countries in the previous 10 days. The government has stated those affected will need to quarantine in government accommodation "without exception", but further details are due to be announced. The government has not yet announced a start date.</p> <p><a href="https://hansard.parliament.uk/commons/2021-01-27/debates/6775A7DF-70AE-4198-8F00-57D12516675D/Covid-19Update">https://hansard.parliament.uk/commons/2021-01-27/debates/6775A7DF-70AE-4198-8F00-57D12516675D/Covid-19Update</a></p>	
<b>Culture</b>	<p><b>Cultural Sector Freelancers</b> -impact of the pandemic on those more vulnerable in the supply Chain includes artists and cultural producers has been particularly severe with lots of practitioners missing out on support from the Governments Self Employment Income Support Scheme (SEISS)</p> <p><b>Continued business disruption for cultural businesses</b> - Challenges being faced by companies in the cultural sector continue with the extended Lockdown in response to the second peak of the pandemic. Social distancing and continued disruption likely for many more months, companies that have been able to remain solvent, without government support are facing difficulties into the new financial year.</p>	<p><b>Culture</b></p> <p><b>Cultural Sector Hardship Fund for Freelancers</b></p> <p>£485k fund being supported by MCC in partnership with HOME on behalf of the Savannah Wisdom Foundation with funding from B&amp;M Retail PLC. Awards of £1,500 for individual freelancers that are either Manchester residents or GM residents who can evidence that they work in the sector in Manchester. The fund allows for 323 awards to be made.</p> <p>Launched 25/1 with a very strong and positive comms reach. Online applications via MCC website went live 1 February for 4 weeks but may close early if high demand. 170 applications received on the first day demonstrating the high-level of need and hardship experienced in the sector.</p> <p>Colleagues at HOME are providing FAQ, email support, a telephone hotline and 1-2-1 assistance for disabled applicants.</p> <p>Support from DWP in place to ensure UC claimants can benefit from the scheme. (Other 'legacy' benefits may be affected).</p>

	<p>Culture Recovery Funds (£1.57b) released to date from the Government, inc via Arts Council England, have primarily focused on supporting businesses remain solvent until 31 March 21 with a smaller £250m Cultural Recovery Fund for England - CRF#2 supporting companies til 30th June 21</p>	<p><b>Culture Recovery Fund #2 (£250m)</b> - Applications open 6/1 closed 26/1. Min grant £25k with Max grants across the whole CRF programme up to £1m or £3m (not-for-profit sector). MCC supported cultural organisations in the city with a webinar led by a fundraising consultant. We will report the outcomes of the funding round once allocations are announced. Outcome to be announced before 31/3.</p> <p><b>Weston Culture Fund (£30m)</b> created by Garfield Western Foundation in response to Covid-19. The fund supports companies to restart their work, refresh activities and re-engage audiences following Covid-19 closures.</p> <p>3 Manchester organisations were successful applying to the fund;</p> <p>Hallé Concerts Society</p> <p>HOME</p> <p>Contact</p> <p><b>MCC Culture business survey</b></p> <ul style="list-style-type: none"> <li>MCC Culture team has contacted its database of sector contacts (26/1) to undertake a new survey of the challenges businesses are facing. The deadline for responses is 10/2. 12 responses have been received so far. Summary findings will be reviewed following the deadline next week. The Culture Team will offer bespoke support to any organisations in particular need of assistance at this time.</li> </ul>
<b>Development</b>	<ul style="list-style-type: none"> <li>Continued development interest in the city for both commercial and residential scheme.</li> <li>All schemes are back on site, and construction levels increased since the</li> </ul>	<p><b>Planning reform consultation</b></p> <p>We have submitted our response to the consultation (it closed last Thursday - 28th Jan). Another consultation has just been launched on proposed amendments to the National Planning Policy Framework</p>

beginning of the pandemic, although with some overall delays to programmes.

- Risks around supply chains/access to materials, with associated increases in costs.
- Access to finance for hotel and retail schemes likely to be more challenging.
- Economic Recovery & Investment Plan identifies key schemes which can drive recovery and create new jobs. Ongoing work to identify funding opportunities for schemes.
- Long term impact on office demand being monitored on an ongoing basis, but positive indications from office agents and the Business Sounding Board.
- Government increased housing target by 35% in UK's 20 largest cities, including Manchester, in December 2020. The implications of this are currently being reviewed.

(NPPF) and the publication of a draft National Model Design Code for comment. The amendments in the NPPF reflect revisions as follows:

- Implements policy changes in response to the Building Better Building Beautiful Commission recommendations
- Makes a number of changes to strengthen environmental policies – including those arising from the review of flood risk with Defra
- Includes minor changes to clarify policy in order to address legal issues
- Includes changes to remove or amend out of date material
- Includes an update to reflect a recent change made in a Written Ministerial Statement about retaining and explaining statues.
- Clarification on the use of Article 4 directions
- This consultation is also seeking views on the draft National Model Design Code, which provides detailed guidance on the production of design codes, guides and policies to promote successful design.
- Closing date for 2<sup>nd</sup> round of Brownfield Fund on 8/12. 11 Manchester schemes were submitted, including Collyhurst Village, 3 Eastern Gateway schemes, Silk Street, former Manox site and Jackson's Brickworks. Initial report to Directors of Place on 28/1 – initial assessments now undertaken, with a further deliverability assessment to be carried out on a number of equally scoring projects. (Information on outcome for individual projects not yet shared). Decisions expected March 21, following appraisal by GMCA and presentation to Chief Executives and Leaders. GMCA has received an additional £15.8m funding as part of a 10% uplift in the previous round funding. 2 Manchester schemes are being considered – Ancoats Dispensary & Gould Street (N Gateway). List of projects recommended for 10% uplift approved by Directors of Place (28/1) and will go onto Chief Executives & Leaders.
- Community consultation on the first phase of the delivery of Collyhurst has been concluded in advance of planning applications for the delivery of approximately 270 homes

		<p>(including up to 130 new Council properties) in Collyhurst Village and Collyhurst South and the first phase of a new park. Planning applications are anticipated in February 2021 along with a report to Executive seeking budget approval for MCC element. The scheme could commence in Spring 2021 subject to the outcome of the Brownfield Land Fund application referenced in the bullet point above which is for enabling works.</p> <ul style="list-style-type: none"> <li>Hut Group have submitted a planning application to convert 3 buildings on Kennedy Street (no's 16,20, and 24), with the former to become office and training studios for ESPA, one of The Hut Group's brands, and the latter properties converted as part of King Street Townhouse, which THG also own.</li> <li>Two St. Peter's Square is now fully let, with the final office space let to Cazenove Capital, the UK wealth management business of Schroeder's.</li> </ul>
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>Risk to developer and investor confidence.</li> <li>Working with RP's and other developers to understand current impact and forward plans.</li> <li>Assessing sources and levels of investment, and any obstacles</li> <li>Investigating grant funding, financial and other support needed to enable early start of key projects</li> <li>Understanding supply chain issues and identifying appropriate support measures.</li> <li>Developing guidance/share good practice for safe operation of sites</li> <li>Expediting design &amp; planning phases of projects.</li> </ul>	<p>A total of 437 new affordable homes are expected to be built across the city in 2020-21 – 306 of which are already complete. Of the 437 homes there are 142 for social rent, 94 for affordable rent, 160 shared ownership and homes and 41 for Rent-to-Buy. This includes 162 new Extra Care units across 2 sites (Brunswick PFI &amp; Elmswood Park)</p> <p>In addition, there are currently 771 new affordable homes currently under construction across the city and expected to complete over the next 3 years. This includes a number of large-scale developments which have begun construction this year including</p> <ul style="list-style-type: none"> <li><b>Grey Mare Lane Estate</b> – One Manchester have started construction on the first two phases of the Estate Regeneration programme (Blackrock Street &amp; Windermere Close) which are expected completed in 2021-22. The redevelopment is set to deliver c.290 new affordable homes (incl. 124 of reprovision) and the retrofit of 169 homes over the next 5 years</li> <li><b>Gorton Lane</b> – One Manchester have also begun construction on the scheme delivering 109 homes (18 for shared ownership &amp; 91 for rent-to-buy) – expected to complete in 2022-23</li> </ul>

- Risk of registered providers slowing down or pausing programmes to consolidate finances/liquidity
- Ensure Zero Carbon and Fire safety provision are part of the programmes.
- Potential flooding of the PRS sector as the short term let market shrinks.

Alongside this, planning permission has been approved for 16 schemes delivering over 680 new affordable homes since the start of 2020 including:

- **Edge Lane Business Centre** (Your Housing Group) – 144 affordable homes (72 shared ownership / 72 affordable rent)
- **Dulverston Street** (One Manchester) – 139 affordable homes (100 social rent / 39 affordable rent)
- **Former Manox Works** (ENGIE Services Ltd) – 114 affordable homes (73 shared ownership / 41 affordable rent)
- **Store Street** (Clarion) – 66 shared ownership homes
- **Glenside Rd / Greenwood Rd** (ECS Capital Ltd) – 40 affordable homes
- **Victoria Riverside** (Far East Consortium) – 32 shared ownership homes
- **Dob Brook Close** (Guinness Partnership) – 24 social rent homes
- **Mayton St (Grey Mare Lane)** (One Manchester) – 23 affordable homes (17 social rent / 6 shared ownership)
- **Blackrock St (Grey Mare Lane)** (One Manchester) – 22 social rent homes
- **1-3 Domett Street** (Adactus) – 18 affordable rent homes
- **Abbey Hey Lane / Battersby Street** (Mossclare St Vincents) – 15 social rent homes
- **Linn Street** (Mossclare St Vincents) – 14 shared ownership homes
- **Nell Lane / Brookstone Close** (Southway) – 12 social rent homes
- **Ennerdale Avenue** (Southway) – 8 social rent homes
- **Gathurst Street** (One Manchester) – 6 social rent homes
- **Longley Lane** (WCHG) – 4 shared ownership homes

Updates on further key schemes:

- Funding has been approved by Capital Strategy Board for the development at **Silk Street** and work on the detailed designs and Affordable Housing Programme grant application – including discussions with Homes England - is planned for the first half of 2021
- Discussions are ongoing with an identified Registered Provider partner to bring forward the **Russell Road LGBT Extra Care** scheme
- Countryside / Great Places have agreed an increase in the provision of affordable homes on the **Former Belle Vue Stadium Site** from 35 to 130 (89 social rent, 29 shared ownership & 12 affordable rent)

There is also a large programme of work underway looking to significantly upscale the delivery of new affordable homes across the city:

- **Project 500** – Work continues with RPs to deliver c.600 new affordable homes as part of the Project 500 programme. A series of workshops with RPs, Planning, Neighbourhoods are Planning are currently underway alongside feasibility exercises and work to agree legal terms incl. disposal arrangements. A detailed list of potential sites will be put to the Executive later in the year.
- **This City** – Work continues to develop the detail of the first phase of housing development through This City – the Housing Delivery Vehicle. Initial focus is currently on bringing forward two city centre sites delivering a mix of tenures including one site at the Back of Ancoats working with Manchester Life Development Company.
- **Northern Gateway** – As announced in the March 2020 Budget, the scheme will benefit from the successful £51.6m Housing Infrastructure Fund (HIF) bid, which will help unlock key opportunities within the Red Bank and New Town neighbourhoods. Plans are also now progressing for some of the affordable housing components of the scheme including **Collyhurst Village** (130 affordable homes) and **Victoria**

		<p><b>Riverside</b> (634 homes incl. 32 affordable). FEC have also announced that they have appointed Great Places, The Guinness Partnership &amp; L&amp;Q/Trafford Housing Trust as their RP Framework Partners for schemes within Redbank neighbourhood.</p> <ul style="list-style-type: none"> <li>• <b>Miles Platting &amp; Newton Heath</b> – Working with members to understand the context for delivery of c.1,000 new affordable homes across the ward over the next 10 years including on a number of large-scale mixed tenure schemes at the <b>Former Manox Works</b> (410 homes including 114 affordable), <b>Jacksons Brickworks</b> (c.1,100 homes incl. 550 affordable homes) and across the <b>Newton Heath District Centre</b> (c.300 affordable homes across 4 sites)</li> <li>• <b>Hulme &amp; Moss Side</b> – Work continues with Neighbourhoods to look at redevelopment in the area from a community perspective – including at <b>The Reno Site (Barnhill St)</b> which has the potential to deliver up to 200 new homes in a scheme recognizing the heritage and community value of the site</li> </ul> <p>A number of bids have been made to the second round of Brownfield Land funding including 4 sites set to deliver affordable housing. Alongside this, MCC continues to work with RP partners to establish a portfolio of sites which will form the basis of the city's bid to the latest round of Affordable Homes Programme funding (2021-26) which will sit alongside the delivery through Project 500.</p> <p>MCC has had agreement in principle from Registered Provider (RP) partners to take on the management of properties acquired through Empty Dwelling Management Orders. Neighbourhoods teams are currently in the process of making a business case for funding to be considered by the Executive. In addition to this, work continues with RPs to purchase larger homes for settled accommodation – as of December 2020, 29 larger properties have been acquired and 25 already let out to families.</p>
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		<p>Extra Care facilities in development:</p> <ul style="list-style-type: none"> <li>4 schemes under construction</li> <li>257 apartments</li> <li>3 RP schemes</li> <li>1 MCC (PFI scheme)</li> </ul> <p>Regulator for Social Housing (RSH) called for RP's to provide revisions of their business plans by September. This will identify any viability risks but should also identify progress on development programmes.</p>
Transport and Infrastructure	<p><b>Transport Focus – industry summary report</b></p> <p>Two strands to where operators should place focus.</p> <ul style="list-style-type: none"> <li>Ensuring passengers can make essential journeys with confidence now.</li> <li>Attracting passengers back when the time is right</li> </ul> <p>Perceptions of safety – the majority of users feel safe. The ability to keep a distance from other users was the most important driver of users feeling of safety. As well as behaviours around mask wearing.</p>	<p>A feasibility study is currently being commissioned to consider the longer-term options for the city centre road closures introduced in the summer to support hospitality sector and increase traffic - free space.</p> <p>Travel demand continues to be low, with 1/3 fewer journeys than to be expected at this time of year taking place across GM. Highest impact is on rail and Metrolink travel.</p> <p><b>Bus reform consultation</b> closed on 29/1/21</p> <p><b>Manchester (LA) Transport Usage Data</b> (for w/e 31/1)</p> <p><b>Bus</b> Patronage, <b>+4.1%</b> on the previous week and <b>–67.3%</b> on pre-COVID levels.</p> <p><b>Metrolink</b> Network patronage, <b>+6.8%</b> on the previous week and <b>–84.3%</b> on pre-COVID levels.</p>



Many who aren't using public transport say they wouldn't feel safe.

- Findings show that many felt travelling on public transport riskier than going to the pub.
- One in three agreed 'when Covid-19 no longer poses a significant risk (when there is a vaccine), I will drive more for journeys where I would have used public transport before the pandemic.
- These findings confirm we shouldn't expect a quick return to the 'old normal' for transport.
- The survey confirmed that while many former commuters expected to return to regular commuting, we can expect a significant shift towards more flexible working practices and greater working from home. We found that trend even when Covid-19 no longer poses a significant risk.

Immediate priorities:

- Social distancing through increased capacity on the networks

**Highway** - Private vehicle trips, **+4.3%** on the previous week and **-29.3%** on pre-COVID levels.

**Rail** - Passenger numbers, **+3.7%** on the previous week and **-82.4%** on the same period last year.

**Cycling** - Cycle journeys, **+31.7%** on the previous week and were **-44.4%** on the same period last year.

#### GM Wide Data

##### Metrolink

09/03/20	122,613
14/07/20	37,834
08/09/20	57,144
11/10/20	27,197
13/11/20	33,714
17/11/20	33,622
11/12/20	37,653
30/12/20	31,800
25/01/21	21,281
31/01/21	10,032

##### Bus

09/03/20	513,309
14/07/20	192,181
18/09/20	333,220
11/10/20	119,760
10/11/20	274,267
17/11/20	273,394
11/12/20	315,223

- Improved information to allow passengers to plan journeys – avoid busier times etc.

- Maintain increased cleanliness

- Drive up compliance – face coverings.

#### Future plans

- Flexible fares for less frequent commuters
- Encourage users to return with offers and promotions.

Work with TfGM to agree a broad overall transport plan to support gradual opening up of the city with a focus on pedestrian movement and safe use of public transport linked to an agreed package of measures to support safe pedestrian access.

30/12/20	177,038
25/01/21	173,621
31/01/21	61,638

#### Rail

09/03/20	104,795
14/07/20	28,257
18/09/20	47,871
11/10/20	34,910
13/11/20	28,381
20/11/20	28,729
11/12/20	32,122
30/12/20	31,533
25/01/21	20,853
01/02/21	21,532

#### GM Highway

09/03/20	5,082,000
14/07/20	4,221,209
18/09/20	4,838,128
11/10/20	3,378,133
13/11/20	4,230,726
20/11/20	4,255,985
11/12/20	4,630,511
30/12/20	3,599,744
25/01/21	3,642,843
01/02/21	2,555,012

#### Cycling

09/03/20	107,738
14/07/20	157,043
18/09/20	152,093
11/10/20	76,499
13/11/20	112,947
20/11/20	84,568
11/12/20	82,112
30/12/20	44,494
25/01/21	52,565
31/01/21	94,883

#### Walking

09/03/20	1,491,508
14/07/20	1,064,432
18/09/20	1,603,546
11/10/20	1,230,300
13/11/20	892,635
20/11/20	787,653
11/12/20	1,004,529
30/12/20	660,838
25/01/21	784,323
01/02/21	807,803

**Face Coverings-** Face covering compliance is around **90%** on buses, **83%** on Metrolink and **87%** on trains (as at 31/01/21)

City Centre Transport Strategy closed on 4/11/20. Analysis indicates overwhelming support for the proposals within the draft strategy. Report being presented to Executive in February with the final strategy to go in March.

	<p><u>Active Travel Fund (ATF)</u></p> <p>GM awarded £15.9m. Work underway to develop city centre 'triangle' and Wythenshawe schemes for pedestrian and cycling routes.</p> <p>Network Rail- Rail enhancements budget has been cut by £1bn – down nearly 10% from the £10.4bn previously calculated by the Office of Rail and Road (ORR). 16/12/20</p> <p>To address the poor performance of the rail network around Manchester, DfT, Network Rail and TfN have launched a consultation on potential changes to passenger timetables, including the frequency and routing of some of the more congested routes. Any changes to timetables will be implemented in summer 2022. The consultation closes on 10 March 2021</p>
<p><b>Manchester Recovery Task Force Public Consultation</b></p> <p>The government have released a consultation for modifying the train services into and out of Manchester (using the “Castlefield Corridor”). The options proposed have a significant impact on the train service to Manchester Airport, which could reduce trips by up to 31%.</p> <p>The consultation explains that the delays around the Castlefield Corridor are impacting the railway's reliability that needs fixing immediately (by 2022).</p>	<p>MCC officers are preparing a response to the consultation and liaising with colleagues in TfGM and Network Rail.</p>
<p>Analysis of businesses' plans for reopening, working with TfGM, CA, Chamber, Growth Company</p>	<p>TfGM linked into Day Time Economy recovery group work</p>
<p>Identify and implement interventions that support social distancing and support business reopening and procure necessary equipment to facilitate this.</p>	<p>Re-purposing of city centre streets and open spaces. Initial ideas are now being developed further in consultation with members. The proposals seek to draw on best practice from other cities in the UK and abroad.</p>

	Continue with highway works that can be undertaken during lockdown	<ul style="list-style-type: none"> <li>Continuing with all our major projects that are on site and continuously monitoring government guidance about construction</li> <li>Finding ways to accelerate all our programme of walking and cycling schemes aiming to have early starts on all our programmed projects</li> <li>Maintaining our roads at business as usual levels by inspecting them and making repairs</li> <li>Resurfacing and treating many more main roads than originally planned to take advantage of lower traffic levels</li> <li>Working with TfGM to review bus stops and increase pedestrian phasing at signalised crossings.</li> </ul>
<b>Skills, Labour Market and Business Support</b>	<b>Furlough and newly unemployed</b> <b>Headlines include</b> <ul style="list-style-type: none"> <li>The official unemployment rate (in the three months up to October) rose nationally and in the North West of England (to 4.9% and 4.7% respectively). In Manchester the rate of unemployment decreased from 6.2% to 5.6% in the last three months up to September suggesting methodological problems with the Labour Force Survey modelling at Manchester level.</li> <li>Claimant count - in December 2020 there were 34,565 claimants in Manchester – up slightly from 34,510 in November.</li> <li>Since the autumn increasing numbers of claims from people in their 50s and 60s have become apparent while there has been some decline in the numbers of</li> </ul>	<b>Furlough and newly unemployed</b> <b>Newly Unemployed Support</b> <p>Take up on the <a href="http://www.manchester.gov.uk/Help">www.manchester.gov.uk/Help</a> to get work scheme has been low with 69 residents requested support since offer went live.</p> <p>Since the announcement that Debenhams staff will be made redundant officers continue to use proactively contact the Manchester store but not getting a response</p> <p>The Arcadia Group is being handled by Freshfields (administrator). They have been contacted by the partnership and are awaiting a response.</p> <p>The supporting comms campaign - #Helpto Get work – has continued LinkedIn, Twitter and Facebook</p>

younger people (under 25s) receiving unemployment support.

- Claims for Universal Credit (UC) had continued to increase and as of November 2020 there were 74,479 people on UC in Manchester, this has since flattened out over the past few months.
- Since June 24,800 redundancy notifications were issued across Greater Manchester (GM).
- The number of online job postings for GM decreased 4,703 in the week ending 16<sup>th</sup> Jan from 6,444 the week prior.

Workclub monitoring has been completed with the analysis informing future provision to ensure that it is meeting the needs of residents across the city.

#### Offer for 16-19 year olds

The December submission to the DfE reported a combined NEET / Unknown of 8.2% (981 YP). This is a 0.9% decrease on the November submission.

The 8.2% divides into NEET 3.9% (463) and Unknown 4.3% (518). The unknown continues to decrease although Lockdown 3 has changed some of the ways we are able to track YP.

January 29<sup>th</sup> NEET / Unknown figures have decreased to 7.5% (3.6% Unknown and 3.9% NEET). Compared to our January submission last

#### Offer for 16-19 year olds

Comms campaign for young people and parents highlighting key messages in relation to opportunities and high-level guidance particularly to support transition from School into an EET destination.

We have activated the Risk of NEET Indicator (RONI) tool and have sent to high schools the names of their year 11 students who are medium or high risk of becoming NEET. Levels are similar to last year. Schools will be encouraged to secure an offer for all these students and put transition plans in place for the high-risk learners. To support this, we will be sending a Post 16 Transition Guide out to all High Schools and Post 16 providers after the half term.

The MEET your Match website, commissioned by MCC and delivered by GMCVO is now live with over 40 pre-employment opportunities listed,

<p>year we are .6% behind in our combined NEET / UK figures.</p> <p>Schools and Colleges have increasing concerns about the current year 11, 12 and 13 who have experienced two years of disrupted education and how this will impact on their transition and progression.</p>	<p>including study programmes, employability courses, traineeships, entry level 1 / 2 apprenticeships and volunteering opportunities.</p> <p>MCC is working with schools and Colleges to identify other ways we can support this year's school and college leavers and mitigate against a rise in NEET numbers. This includes looking at more bespoke post 16 provision for our most at-risk students, working with NEET providers to improve progression routes that lead to employment.</p>
<p><b>Youth unemployment</b></p> <p>Maximise the opportunities from and work with partners to roll out the Kickstart Scheme. Two issues to note: delays with DWP nationally approving Kickstart opportunities and working from home means many businesses are reluctant to take young people on.</p> <p>Impact of lockdown 3.0 on HE student retention will continue to be a key area for focus.</p> <p>Promotion of Apprenticeships</p>	<p><b>Youth unemployment</b></p> <p>Kickstart: DWP has changed its policy in terms of Gateway Organisations and no new Gateway organisations will be registered although existing ones including the Growth Co can continue to provide a service. As here is no longer a limit of 30 of placements, employers can deal directly with DWP with just one Kickstart opportunity.</p> <p>MCC will directly deliver Kickstart placements and alongside HROD to will support a roll out with Council Depts and DWP.</p> <p>Working with DWP to establish funding for youth hubs in the City.</p> <p>Work has taken place over the last 3 weeks to prepare a strong Manchester Apprenticeship campaign for <b>National Apprenticeship week</b> on 8-14 Feb.</p>
<p><b>Skills and employment support for adults</b></p> <p>Further restrictions widening the digital skills divide.</p>	<p><b>Skills and employment support for adults</b></p> <p>MCC Telephone Digital Skills Support Service -</p>

Majority of providers continuing full remote/ online learning – need to identify providers who are struggling to meet need of access via existing and potential new learners.

MAES recruitment is running at around 70% of normal as a result of Covid and community learning harder hit

- Referrals for skills support are continuing to increase - now 620 referrals since May 2020

#### MCC Device Scheme -

- 124 digital volunteers - continuing to grow network and recruit volunteers represented of our excluded communities.
- A number of additional refurbishment device schemes growing - Digital Skills Network to develop a sub group led by TMC – to better coordinate/ centralise refurbishment schemes for the city. Building on the Lifeshare Manchester Digital Collective model and platform.
- BITC and Tech Nation are facilitating refurbished device schemes and connecting in with the council to reach young learners and adult learners most in need.
- There has been a call out to businesses for support with kit - very small numbers via MCC business networks – auto trader have offered 15 but have any more to come once they can access their estates.
- GM have worked with MEN to better promote the campaign through the GM Tech Fund - so far distributed 27 new Dell laptops to the Manchester College (funded by Boohoo) and 20 refurbished laptops/desktops to Xaverian College (donated by Stornergy).
- 50K GM LA Grant Funding – work and skills and libraries exploring data options to support residents to be more self-sustaining. A 3 stage model is being put in place.
- Adult learning provider survey circulated to identify digital access needs of learners – low take up so far but the survey is being pushed out again. So far the main trend is that providers similarly to schools are struggling to meet demand.
- 10k Reading Friends libraries project has allocated some funds for devices – these to be specifically used to engage people with reading groups.

Covid Impact Fund – this has now been rolled out – applications continue to roll in - Community Champions bid was accepted which will offer an additional 100k to the 300k of the impact fund – an additional 45k from the



	<p>Community Champions bid has been allocated for a digital resource. This funding will be used to recruit additional resource – a role that will be hosted via a VCSE organisation to build a more diverse volunteer network to ensure those not most impacted by covid and digital inclusion are supported.</p> <p><b>MAES -</b></p> <ul style="list-style-type: none"> <li>• Circa 700 devices have been lent to adult learners for the purpose of learning at a distance.</li> <li>• MAES are currently delivering around 750 live online sessions a week.</li> <li>• The Make it Happen Retrain programme has now supported 9 individuals back into employment.</li> <li>• MAES is now running weekly webinars on a range of topics including the practicalities of applying for work (CV writing, interview technique etc.) and personal development topics (e.g. 'Motivation Matters' and 'Identifying Your Personal Strengths') This is becoming an effective approach to engagement.</li> </ul>
<p><b>Social Value and Local Benefit</b></p> <p>Challenge: Many residents are not connecting to opportunities created in the city – how can we use social value internally to maximise creation of employment/skills/training opportunities targeted at our residents and use our influence to do the same with organisations externally?</p> <p>Ensure that MCC's approach to SV reflects current economic circumstances and <i>Think</i> recommendations.</p>	<p><b>Social value and local benefit</b></p> <p><i>Refresh SV policy to reflect Think recommendations and recovery plan -</i></p> <p>Draft agreed internally and awaiting sign off via scrutiny and Executive – timescales dependent on elections.</p> <p><i>Refresh SV policy documentation</i> - Documentation refresh in progress via Contract and Commissioning Leads Group. Risk of delay due to issues with implementing environmental weighting – to explore if we can work around this in the short term.</p>

<p>Coordinate employment and skills related social value “offers” from across MCC’s largest suppliers and capital projects into a pipeline of opportunities that can be promoted to residents and employment/skills/training organisations.</p>	<p><i>Refresh planning and local labour process and toolkit -New planning and local labour process and documentation being rolled out, held session with Tier One contractors to discuss.</i></p> <p><i>Develop pipeline of opportunities through large suppliers and capital projects where MCC is the client – Resource allocated and work underway with Corporate Procurement to identify 20 suppliers with greatest opportunity.</i></p> <p><i>Reach a decision on supporting a bid of lottery funding to aid with co-ordination of social value commitments across contracts. Held session with internal stakeholders and agreed this bid and platform can add value. To finalise next steps with Peter Scholfield/Corporate Procurement and identify pilot projects.</i></p> <p><i>Maximise Social Value opportunities arising from Northern Gateway and North Manchester General Hospital developments – Agreed and submitted funding bid to the Health Foundation to pilot an approach to connecting local residents to opportunities on these projects and the wider economy. Agreed social value framework with Residential Growth &amp; FEC. Social Value groups established for both NMGH and Northern Gateway. Agree social value ask on Collyhurst procurement with FEC.</i></p>
<p><b>Business Support, Sustainability &amp; Growth</b></p> <p><b>Business Grants</b></p> <p>In summary the Council has allocated over £25,637,579 of support to 13,029 businesses through the LRSG and ARG (discretionary) schemes to date.</p>	<p><b>Business support, sustainability and growth</b></p> <p><b><u>Business Grants</u></b></p> <p>Scheme for expanding the existing ARG (discretionary grant) to widen the scope and support more businesses who have been affected agreed by Council on 3<sup>rd</sup> February and launched on 10<sup>th</sup> February.</p>

<p><b>All LRSG Schemes</b></p> <p>Count Total: 12,684</p> <p>Grant Total: £24,616,134</p> <p><b>All ARG Schemes</b></p> <p>Count Total: 345</p> <p>Grant Total: £1,021,445</p> <p>In addition the Council has also allocated £16,305,000 (3,091 payments) in Closed Business Lockdown Grants.</p>	<p>Work is ongoing with CC Regen and Work and Skills to continue to deal with existing ARG applications and deal with local enquiries</p>
<p><b>Brexit Impacts.</b></p> <ul style="list-style-type: none"> <li>- According to Brexit Taskforce - the latest data shows that border traffic is increasing day by day and there is no disruption at UK ports.</li> <li>- The level of compliance is also very high with turnbacks (at the border) stable at less than 5% of total traffic - either for failing to meet customs requirements or lack of a negative COVID test.</li> </ul> <p>GM Chamber continue to report a significant increase in the number of enquiries relating to Brexit, specifically in relation to advice around export documentation.</p>	<p><b>Brexit</b> –Now a deal is in place- Business Growth Hub and GM Chamber alongside Work and Skills Team will develop appropriate comms and support such as webinars for businesses. Will be somewhat challenging given the new lock down.</p> <p>Officers will update MCC's web pages with diverts/clicks through to Government and Business Growth Hub's pages.</p>

<p>Anecdotally some of the key issues being picked up are</p> <ul style="list-style-type: none"> <li>• A lack of clarity about import/export documentation</li> <li>• Unexpected Some are finding additional charges (tax) on imports/exports</li> <li>• Still early days to fully assess the real impacts of Brexit – the true effects are likely to be highlighted as the economy opens up</li> </ul>	
<p><b>Equalities</b></p> <p>Ensure that disadvantaged and underrepresented groups are supported by activity included in Workstreams 1-6. This would include Black, Asian and Minority Ethnic groups, young people, over 50's, homeless, veterans, survivors of DV&amp;A, ESA claimants, and those experiencing family poverty.</p> <p>Covid has worsened the situation for many already experiencing inequality – the challenge is to ensure support is targeted to reach the communities in most need.</p>	<p><b>Equalities</b></p> <p>Specific 'all age' apprenticeship comms messages being developed for promotion during National Apprenticeship week</p> <p>Covid Impact Fund circulated to neighbourhood networks and employment support groups</p> <p>Manchester Employment Support Partnership promoted to work clubs and over 50's support group</p> <p>Work &amp; Skills employment priorities agreed to align with Age Friendly Recovery Action Plan to ensure a focus on the over 50's group</p>

<b>Funding</b>	<p>No specific known impacts on current external funding bids caused by C19 as yet. Known bids progressing through funding approval processes as expected.</p> <p>Team in City Policy developing a funding action plan based on C19 recovery and Corporate priorities</p> <p>Working with City Centre Growth to map funding opportunities through the 2020 Spending Review</p>	<p><b>1) Public Sector Decarbonisation Scheme (PSDS)</b> - £22.9m bid submitted by MCC into a combined GM bid of £80m Decision from Salix on the bidding round continues to be delayed. This is due to the fund being significantly oversubscribed and Salix pressing applicants to remove any items which cannot be contracted with suppliers by the end of March. GMCA now expect a final approval by 19th Feb and that the GM total allocation will be c.£70m from the original bid of £80m. A final MCC allocation is tbc.</p> <p><b>2. Recovery Plan Hydrogen Fueling / Fleet Opportunity</b> - officers from Neighborhoods and City Policy are further developing this proposal The UK Government is planning to launch its Hydrogen Strategy in 2021 and we expect potential funding could be available as part of the Green Industrial Revolution announced in the Spending Review (details still to emerge).</p> <p><b>3. Horizon Europe</b> – In addition to work with City Centre Growth &amp; Infrastructure Team on the UK Govt Spending Review and our Recovery Plan, the City Policy team are reviewing the new 2021-27 EU Horizon Europe programme for potential funding opportunities that support our Recovery Plans and wider strategic objectives in the OMS refresh and our Climate Change Action Plan.</p> <p>The total budget for Horizon Europe is <b>€95.5 billion</b>. This is a <b>30%</b> increase over the previous Horizon 2020 (runs 2014-22). The programme is focussed on research and innovation. The current H2020 programme funded MCC projects Triangulum and GrowGreen (inc. The West Gorton Sponge Park)</p>
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		<p>Access to this programme is good news for the City and our partners, particularly UofM and MMU. UofM were the fourth largest UK university beneficiary of Horizon 2020 funding.</p> <p>The programme opens in 2021 and realistically Manchester bids into that programme are likely to be possible from later in 2021 and into 2022. The City Policy team will include MCCA and Corridor Manchester in preparation for that over the coming months.</p> <p><b>5. GM bid to Environment Agency's £200m 'Coastal and Flood Resilience Innovation Funding'</b> - there is £6m per applicant available to spend over 5 years. Must be led by a LA. Stockport are going to lead a GM bid, where MCC could get £1m with City of Trees to spend over 5 years on strategic tree planting for resilience. EOIs submitted by 15th Jan, led by colleagues in Highways.</p>
<b>Strategy &amp; Economic Narrative Review</b>	<p>C19 has necessitated a review of existing strategies to understand whether they are fit for purpose given the predicted exacerbation of existing inequalities. This will inform the Economic Recovery Plan &amp; Our Manchester Strategy reset. Formal refreshes would not take place until 2021 when the Our Manchester Strategy has been reset and the full impact of C19 is known.</p>	<ul style="list-style-type: none"> <li>• <i>Our Manchester Strategy Reset was discussed at all January Scrutiny Committees. Feedback has generally been positive and there are a small number of amendments to be made to the document. A final comms version is being produced alongside a simple 1 page document which will be resident facing. The Strategy will be considered for formal approval and adoption at February Executive and 31 March Council.</i></li> <li>• <i>A piece of work to review the projects in the Economic Recovery and Investment Plan is underway which will help with prioritisation, further development of business cases and attracting funding for delivery.</i></li> <li>• <i><a href="#">Powering Recovery: Manchester's Economic Recovery &amp; Investment Plan</a> launched and published- aligns to existing Our Manchester Industrial Strategy.</i></li> </ul>

<b>External Influencing &amp; Lobbying</b>	The Government's economic response to C19 has been fast moving and feeding in Manchester's priorities has required a coordinated approach.	<ul style="list-style-type: none"> <li>Manchester City Council is represented on the Urban Centre Recovery Task Force by the Leader. Core Cities are also feeding into this work and will submit a formal paper.</li> <li>Meetings with Cities &amp; Local Growth Unit and BEIS North West &amp; GM, DFT local representative, Homes England and Deputy Director Local Government &amp; Reform have taken place.</li> <li>Key messages from the meetings so far are that Government is interested in our Plan and recognise the transformational potential of North Manchester. They are also interested in the MHPP housing retrofit, St John's Enterprise Zone &amp; hydrogen fleet project.</li> <li>Meetings with MHCLG, DWP and DfE are also being scheduled.</li> </ul>
<b>Economic Intelligence</b>	<p>Need to engage with Manchester Businesses and key sectors to understand current status re Covid related impacts.</p> <p>Understanding of businesses in rented spaces and analysis to support the Business Rates Discretionary Grants.</p> <p>Need to understand the status of the development pipeline across the city.</p> <p>Need to update population modelling (MCCFM), reflecting both the impacts on and from the economy.</p>	<p>1. On-going work for the Work &amp; Skills Board to develop an integrated approach to economic monitoring. New quarterly sheet incorporates welfare and work &amp; skills data to create a single, holistic product that responds to and better supports emerging priorities against the backdrop of Covid 19. Currently addressing key data gaps, working with colleagues at the Growth Company / GM Chamber of Commerce including jobs, inward investment, imports / exports and vacancies by sector. Dashboard going to Economy Scrutiny in February.</p> <p>2. Supporting businesses to access all available grants at a national and local level - providing research and intelligence on businesses related to sector / size / rateable value / number of employees etc in order to better target grants / support SMT in their decision making around the delivery of grant schemes.</p> <p>3. Pipeline tracking - used to support Financial Resilience work including forecasting potential council tax &amp; business rates revenues.</p> <p><u>Expected completions:</u></p>

	<p>Demand appraisal for residential lettings market in Manchester post pandemic.</p> <p>Provide economic intelligence to support the LDV</p>	<p>Residential pipeline (2020/21): Over 3,500 new homes expected to be completed including c.440 affordable homes</p> <p>Commercial pipeline (2020/21): 63,700m2 office space, 12,900m2 retail, 27,900m2 industrial, 644 hotel beds, 140,000m2 other.</p> <p>4. Latest output from MCCFM, W2020, was released w/c 14<sup>th</sup> Dec 2020 and is due to be discussed at SMT in Jan 2021. It attempts to model for some of the likely impact on growth due to both Brexit and Covid19. For 2020, a zero net migration assumption has been made because of travel restrictions so most growth is due to natural change (births and deaths) and any migration between July 2019 and February 2020. The estimated population for mid-2020 is 579,450.</p> <p>5. Work on-hold due to analytical capacity issues, carried over into 2021 work programme.</p> <p>6. Market appraisals (rents &amp; sales values) for Phase 1 LDV sites shared with CBRE to inform rent settings and aid financial modelling work. Appraisal of demand and analysis of void rate shared with Project Board. Further work to understand future phasing of sites required.</p>
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# Future Council Sit Rep Report – 2 February 2020

## Milestone plan

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>Future Council: High Level Milestone Mapping</b>													
2														
3														
4	Area	Milestone / activity	Nov	Dec	Jan	Feb	March	April	May	June	July			
5	<b>1. Budget (further detail to be added)</b>													
6	Budget 2021/22	1.1 Government spending review, followed by settlement												
7		1.2 Council's budget and precept setting process												
8	<b>2. Future shape work</b>													
9	Programme Management	2.1 Programme mobilisation												
10		2.2 Engagement with stakeholders across MCC												
11	Defining our purpose (why)	2.3 Review of existing plans and documentation												
12		2.4 Develop MCC purpose and supporting narrative												
13	Defining our service offer (what)	2.5 Design principle development and refinement												
14		2.6 Define and refine future way of working (what MCC will and won't do)												
15	Identifying/defining the service offer requirements (how)	2.7 Development of a future OD plan to transition to new ways of working												
16		2.8 Specific focus streams to enable future TOM tbd												
17	<b>3. Our Transformation – OWOW – workforce, culture, estates, health and safety, risk assessments</b>													
18	Workforce	3.1 Completion of all risk assessments												
19		3.2 Roll-out of working from home approach												
20	Estates	3.3 Work to rescope and consolidate use of estate where possible												
21														
22	<b>4. Our Transformation – Our Ways of Working – digital enablers</b>													
23	Microsoft 365	4.1 Completion of roll-out of M365												
24	Intranet	4.2 Launch of new intranet												
25	End user device	4.3 First order												
26		4.4 Roll-out												
27	Network infrastructure	4.5 LAN/wifi decision												
28		4.6 LAN/wifi procurement and planning												
29		4.7 LAN/wifi roll-out												
30		4.8 WAN decision												
31		4.9 WAN procurement and planning												
32		4.10 WAN roll-out												
33	Telephony	4.11 Roll-out												
34	Corporate systems	4.12 Other proposed projects detail to follow												
35	<b>5. Our Transformation – Strengthening Accountability and our processes</b>													
36	Phase 1	5.1 Constitutional changes, changes to HR and finance/procurement/shared service processes												
37		5.2 Development of Good Managers Guide and related support												
38		5.3 How Do I Guide & suite of tools to support more efficient Finance & Procurement developed												
39		5.4 Streamlining of approvals												
40	Phase 2	5.5 Review of m people process												
41		5.6 Roll out of management development programme												
42		5.7 Embedding of How Do I Guide and tools												
43		5.8 Input into spec for new systems, enabling more digitised approach												
44	<b>6. Our Transformation – Resident and business digital experience programme</b>													
45	RBCXP	6.1 Design and implementation of new customer service centre model												
46		6.2 Implementation of new income management system												
47		6.3 Design and engagement exercise on CRM approach												
48		6.4 Resident, business and member engagement												
49	<b>7. Corporate Staff Engagement</b>													
50		Development of the Organisation's Development Plan												
51		All Staff Survey												
52		Awards for Excellence 2020 (Celebrating Excellence)												
53		Leadership Summit												
54		Listening in Action												
55		SLG												
56														
57														
58														

<b>Workforce Update</b>	<b>Latest Position</b> <ul style="list-style-type: none"> <li>• As of 27 January 2021 low overall but increasing levels of staff off sick at</li> <li>• 4.07% non Covid related (300 staff) and 1.42% staff absent with Covid 19 symptoms (105 staff).</li> <li>• 50.28% of workforce working on site BAU 3,708 staff</li> <li>• 41.13% of workforce working from home 3,033 staff</li> <li>• 0.96% redeployed 71 staff</li> <li>• 1.63% not in work but unable to work from home 120 staf</li> </ul>
<b>Risk and Compliance Assurance Report</b>  <b>Overview</b>  All building risk assessments have been completed and assurance checks are being carried out. Face coverings are now required in shared areas.  Where service and risk assessments are outstanding staff cannot come into the office until completed.  Requirements for individual risk assessments have been updated to include the new categories for vulnerable.	<b>Latest Position</b>  All building and service risk assessments remain in place and new assessments are completed as the use of buildings and approach to service provision change to support covid response activity. These are shared with Trades Unions for consultation and input.  Assurance in place that individual assessments have been completed where required by all services. Health and Safety to sample check approach with managers from February.  Continuing to provide assurance via compliance visits by Estates and Health and Safety Teams. Updates and assurance also being provided following concerns raised, most of which relate to activity in district offices including with health staff that are escalated via MLCO. This does require ongoing management on site to ensure compliance with Covid secure arrangements. Challenges in respect of non-compliant customer behaviors also being addressed at New Smithfield Market. No other significant issues arising from compliance visits by Estates and Health and Safety Teams.  Site on Council's intranet which contains all covid related guidance in one place. This is updated for changes in guidance (e.g use of face coverings) and from

<p>Guidance sets out that those who were previously shielded should be treated as clinically extremely vulnerable and not come into the workplace.</p>	<p>February will include a further update of guidance and support for staff who continue to work from home.</p>
<p><b>Finance and Budget</b></p> <p><b>Overview</b></p> <p><b>COVID-19 Related costs -</b> Overview as at round 9 January MHCLG Return data - submitted 29.1.21.</p> <p>Net impact of COVID-19 on MCC General Fund is £164m in 2020/21, made up of: £23m in costs, and £141m income loss (Council only) also: £0.6m HRA</p>	<p><b>Latest Position</b></p> <p><b>Spending Review 2020 (25 November) and Provisional Finance Settlement (17 December)</b></p> <p>Overall position - confirmed that the c£50m planned savings options are sufficient to deliver a balanced budget next year. The announcements only cover 2021/22 and are for one year only.</p> <p><b>Summary of Local Government finance announcements</b></p> <p>The main announcements impacting Local Government Funding can be summarised as follows:</p> <ul style="list-style-type: none"> <li>• Confirmation that the national Core Spending Power (CSP) will increase by 4.5% (£2.2bn). This includes a Council Tax referendum threshold of 2% and social care precept of 3%. Revenue Support Grant inflation and business rates adjustments worth £1.1m, There is a further allocation of NHB Funding worth £4.1m and Government are inviting views on a replacement scheme. £1.2m lower tier services grant.</li> <li>• £6.2m one off Children's and Adults Social Care grant.</li> <li>• £1.55bn Tranche 5 COVID-19 funding – Allocated based on the COVID RNF which was developed for Tranche 3 worth £22.2m.</li> <li>• Collection Fund - 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. Also, the Local Tax Income guarantee scheme has been announced to fund 75% loss of income announced worth up to £8.6m.</li> <li>• Other Announcements:</li> </ul>

	<ul style="list-style-type: none"> <li>○ Homelessness Prevention Grant - replaces Flexible Housing Support Grant and the Homelessness Reduction Grant, £310m for 2021/22 announced 21 December 2020</li> <li>○ Pay Awards - Pay freeze announced in the Spending Review alongside the lower than expected increase to the National Living Wage.</li> <li>○ £165m is available for troubled families programme.</li> <li>○ £15m has been allocated nationally to implement the Redmond Review.</li> </ul>
<p><b>Our Transformation Digital Enablers</b></p> <p><b>Overview</b></p> <p><b>Digital Enablers</b> Current ICT Position: 5,200 staff working remotely with c. 200 remote telephony users. Part way through data centre migration.</p> <p>Challenges: Parts of Infrastructure at capacity Reduced risk to live services including contact centre telephony and public computer access in Libraries, and not putting at risk current live services Capacity in key areas (servers and networks) is a particular issue.</p>	<p><b>Latest position</b></p> <p><b>Office 365</b> – All staff and members have now been migrated. All other google accounts have been deleted. Number of staff 365 accounts are increasing, and additional licences have had to be purchased. 1200 phones have still not migrated (number has increased) so owners are being contacted to see if a device is still required.</p> <p><b>EUD (End User Device)</b> - End User Device-Business has been approved by the Capital Board and included in the Capital Update report to Executive. Roll out process and prioritisation being developed. Subgroups preparing to be established. Service redesign being planned and is critical. Concerns on supply chain.</p> <p><b>Data Centre Migration/ Additional Direct Access Capacity</b> – All redundant equipment has now been removed. Decommissioning and returning to original states as co-op funding not been forthcoming.</p> <p><b>Telephony</b> - Planning for migration of users to the new technology underway. Migration of all users planned during Jan to March. WAN and Wifi connectivity needs improving for some sites.</p>

	<p><b>Wifi / LAN /WAN</b> - LAN/Wifi evaluation completed. WAN contract has been awarded and mobilisation work is underway. This will improve capacity and connectivity on the Council's networks.</p>
<p><b>Our Transformation - Our Ways of Working</b></p> <p><b>Overview</b></p> <p>Work is underway to reshape the Future Ways of Working plan. HR, Estates and ICT will support services to review their ways of working, learning from arrangements during Covid and tying together physical move, ICT projects including End User and Service Reviews.</p> <p>The Council's intranet is now live.</p>	<p><b>Latest Position</b></p> <p><b>Future Ways of Working (FWOW)</b></p> <p>FWOW Work is continuing to rescope the project, bringing the Estates, ICT and workforce elements together. Progress to date:</p> <ul style="list-style-type: none"> <li>• Future estates proposals agreed at SMT which will release two leases. office moves planned including Revs and Bens (with the reopening of Alex House) Finance, Legal and Elections.</li> <li>• Research/ benchmarking to better understand how organisations will operate post pandemic, particularly public sector</li> <li>• Children's Services have established an OWOW Board which will develop permanent flexible ways of working across the Directorate; learning from arrangements during Covid, feedback from staff, health and wellbeing considerations – all of which will inform a new Workforce Development Plan (to include review of skills required for staff and managers to work in this way going forward)</li> <li>• Culture work led by HROD underway which will engage with a range of stakeholders across the organisation (at all grades) to understand what the culture is like currently, where we want to get to and to understand what steps and development are needed to get there – this will inform the Future Shape of the Council work.</li> </ul>

<b>Revenues and Benefits</b>  <b>Overview</b>	<b>Latest Position</b>  Welfare Provision @ 24-01-21 Covid-19 support <ul style="list-style-type: none"> <li>• 3,079 applications received and 3,054 processed</li> <li>• 970 requests (32%) approved, awarding 1,178 items* to a value of £62,361 (* bed / bedding / cash-grant / travel / utilities / white-goods)</li> </ul> Test and Trace Support Payments  On 11 January 2021 the DWP advised an extension of the scheme and a further £63,828.64 was confirmed in addition to the initial discretionary fund of £226,671.36 making a total discretionary budget of £290,500.  The demand for the scheme has risen sharply since early January and additional resources have been directed onto the team to ensure prompt processing of applications. Reported speed of processing is expected to improve next week. At 25 January we have: <ul style="list-style-type: none"> <li>• Received 4,861 eligible applications</li> <li>• Paid £624,000 to 1,248 main scheme applications</li> <li>• Paid £158,500 to 317 discretionary cases</li> <li>• Declined 2,967 applications (1,210 main scheme and 1,757 discretionary)*</li> <li>• 233cases pending awaiting further information</li> <li>• All applications allocated</li> <li>• 64% paid within three days</li> </ul> * In respect of the main scheme the main reasons for a claim being declined using the reason 'other' are as follows: <ul style="list-style-type: none"> <li>• 1. The start date of the self-isolation was prior to 28 September 2020</li> <li>• 2. No loss of income for s/e people who are getting maximum Universal Credit</li> <li>• 3. No reply to request for information</li> </ul>
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	<ul style="list-style-type: none"><li>• 4. Live outside MCC area and need to claim from another council.</li></ul> <p>In respect of the discretionary scheme, reasons 1, 3, and 4 also apply however, the largest percentage of refusals are because they do not meet the criteria agreed with other GM authorities.</p>
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## 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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#### **Contact Officers:**

Name: Joanne Roney  
 Position: Chief Executive  
 Tel: 0161 234 3006  
 E-mail: j.roney@manchester.gov.uk

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

Name: Helen Seechurn  
 Position: Interim Deputy City Treasurer  
 Tel: 0161 234 1017  
 E-mail: helen.seechurn@manchester.gov.uk

Name: Fiona Ledden  
 Position: City Solicitor  
 Tel: 0161 234 3087  
 E-mail: fiona.ledden@manchester.gov.uk

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

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

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
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Section 4	Underpinning Financial Assumptions
Section 5	Financial Reserves
Section 6	Directorate Budgets
Section 7	Workforce Implications
Section 8	Equality Impact Assessments
Section 9	Consultation
Section 10	Conclusion
Section 11	Recommendations

Appendix 1: Savings and Efficiency Proposals 2021/22

Appendix 2: Legal Background to Setting the Revenue Budget and Council Tax

Appendix 3: 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
<b>Sub Total Corporate Costs</b>	<b>134,957</b>	<b>312,132</b>	<b>112,363</b>
<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
<b>Subtotal Directorate Costs</b>	<b>531,168</b>	<b>547,157</b>	<b>524,941</b>
<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 bahaviour.
  - **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.

# Appendix 3 – Reserves

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
<b>Schools Reserve</b>	<b>15,734</b>	0	0	<b>15,734</b>	<b>15,734</b>	<b>15,734</b>	<b>15,734</b>	
<b>General Fund Reserves</b>								
Statutory Reserves	<b>16,471</b>	(10,094)	10,174	<b>16,551</b>	<b>17,762</b>	<b>19,197</b>	<b>20,632</b>	
Earmarked Reserves	<b>498,918</b>	(249,055)	11,241	<b>261,105</b>	<b>139,416</b>	<b>105,797</b>	<b>77,150</b>	
General Fund Reserve	<b>25,000</b>	0	0	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	
<b>Total General Fund</b>	<b>540,389</b>	<b>(259,149)</b>	<b>21,415</b>	<b>302,655</b>	<b>182,178</b>	<b>149,994</b>	<b>122,782</b>	
<b>Housing Revenue Account Reserves:</b>								
Housing Revenue Account General Reserve	<b>78,355</b>	(16,957)	0	<b>61,398</b>	<b>47,210</b>	<b>49,405</b>	<b>48,135</b>	
Major Repairs Reserve	<b>2,434</b>	(2,434)	0	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
HRA PFI Reserve	<b>10,000</b>	0	0	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	
HRA Residual liabilities fund	<b>24,000</b>	0	0	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	
Housing Insurance Reserve	<b>2,059</b>	0	200	<b>2,259</b>	<b>2,459</b>	<b>2,659</b>	<b>2,859</b>	
<b>Total HRA</b>	<b>116,848</b>	<b>(19,391)</b>	<b>200</b>	<b>97,657</b>	<b>83,669</b>	<b>86,064</b>	<b>84,994</b>	
<b>TOTAL RESERVES</b>	<b>672,971</b>	<b>(278,540)</b>	<b>21,615</b>	<b>416,046</b>	<b>281,581</b>	<b>251,792</b>	<b>223,510</b>	
<b>SCHOOLS RESERVE</b>								
LMS Reserve	<b>15,734</b>	0	0	<b>15,734</b>	<b>15,734</b>	<b>15,734</b>	<b>15,734</b>	School balances assumed year-end position. These are not MCC resource and so cannot be used by MCC.
<b>Sub Total Schools</b>	<b>15,734</b>	<b>0</b>	<b>0</b>	<b>15,734</b>	<b>15,734</b>	<b>15,734</b>	<b>15,734</b>	



Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
<b>STATUTORY RESERVES</b>								
Bus Lane Enforcement Reserve	<b>10,341</b>	(5,992)	4,695	<b>9,044</b>	<b>8,697</b>	<b>8,350</b>	<b>8,003</b>	Ring-fenced reserve which can only be applied to specific transport and highways related activity.
On Street Parking	<b>1,232</b>	(3,794)	5,479	<b>2,917</b>	<b>4,810</b>	<b>6,789</b>	<b>8,768</b>	Ring-fenced reserve which can only be applied to specific transport and highways related activity.
Ancoats Square Reserve	<b>2,709</b>	(118)	0	<b>2,591</b>	<b>2,473</b>	<b>2,355</b>	<b>2,237</b>	Received from the Homes and Communities Agency to cover the revenue costs of maintaining Ancoats Square for a period of at least 25 years.
Spinningfields Commuted Sum	<b>618</b>	(9)	0	<b>609</b>	<b>600</b>	<b>591</b>	<b>582</b>	Funds received as part of an agreement to cover maintenance costs.
Great Northern Square Maintenance Fund	<b>249</b>	(20)	0	<b>229</b>	<b>209</b>	<b>189</b>	<b>169</b>	Set up in accordance with the agreement with the developers of the site. It will be used for upgrading of the square.
Education Endowments	<b>17</b>	0	0	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	For future payments for school prizes
Landlord Licensing Reserve	<b>159</b>	(111)	0	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>	Smoothing reserve
Art Fund Reserve	<b>21</b>	0	0	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	For art purchases

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Manchester Safeguarding	69	0	0	69	(0)	(0)	(0)	Children's Safeguarding Board activity. The Board is a joint responsibility with MCC & CCG
Hulme High Street	283	0	0	283	283	283	283	
St Johns Gardens Contingency	773	(50)	0	723	673	623	573	Contribution from St Johns Gardens tenants for maintenance works
<b>Sub Total Statutory</b>	<b>16,471</b>	<b>(10,094)</b>	<b>10,174</b>	<b>16,551</b>	<b>17,762</b>	<b>19,197</b>	<b>20,632</b>	
<b>EARMARKED RESERVES</b>								
<b>BALANCES HELD FOR PFI'S</b>								
Street Lighting PFI	223	(223)	0	0	0	0	0	Established to fund the requirements over 25 years re: the PFI contract for Street Lighting service via external contractors
Temple PFI	612	(84)	11	539	456	363	233	Established to fund the requirements of the PFI scheme over 25 years
Wright Robinson PFI Reserve	1,369	(42)	40	1,367	1,344	1,298	1,230	PFI Scheme 25 year contract drawdown will be in future years as expenditure exceeds grant.
<b>Total held for PFI's</b>	<b>2,204</b>	<b>(349)</b>	<b>51</b>	<b>1,906</b>	<b>1,800</b>	<b>1,661</b>	<b>1,463</b>	
<b>Reserves directly supporting the revenue budget</b>								

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Adult Social Care	13,431	(9,252)	0	4,179	0	0	0	To support Adult and Social Care Improvement Plan
Social Care Reserve	7,395	(7,446)	1,557	1,506	0	0	0	To address pressures in social care, in particular the need to invest in early help and prevention in Children's Services and continued pressures on LAC budgets
Crime and Disorder	540	(540)	0	0	0	0	0	To fund the Anti Social Behaviour Team
Budget smoothing Reserve	14,747	(11,266)	0	3,481	3,481	3,481	0	Planned use to smooth the impact of previous funding reductions on the revenue budget
<b>Total held to support the revenue budget</b>	<b>36,113</b>	<b>(28,504)</b>	<b>1,557</b>	<b>9,166</b>	<b>3,481</b>	<b>3,481</b>	<b>0</b>	
<b>RESERVES HELD TO SMOOTH RISK / ASSURANCE</b>								
<b>Risks</b>								
Planning Reserve	2,704	(353)	0	2,351	1,875	1,395	911	Used to smooth the volatility of planning fee income to avoid budget pressures if fee income drops
Transformation Reserve	7,775	(333)	0	7,442	(1,041)	(1,376)	(1,376)	To support costs of future service change.

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Airport Dividend Reserve	43,953	(4,913)	0	39,040	0	0	0	The income in the reserve is from the Manchester airport dividend which is then used a year in arrears to support the Medium Term Financial Plan
Land Charges Fees Reserve	252	(50)	0	202	152	102	52	To smooth the budget impact, planned to utilise in 2020/21
Pension Risk Fund	518	(518)	0	0	0	0	0	To fund external pension liabilities
Inspirit Pension Reserve	15	0	5	20	25	30	35	Relates to potential pension liabilities
Highways Reserve	0	0	0	0	0	0	0	Funds received as part of developer agreements that will be utilised for highways schemes in future years
Insurance Fund	18,089	(500)	0	17,589	14,089	13,589	13,089	The insurance fund has been established to fund risks that are self insured.
Fleet Maintenance Reserve	21	0	25	46	71	1	1	Reserve created for smoothing the impact of vehicle repair and maintenance costs.
Children's Services Reserve	903	(88)	0	815	102	0	0	The reserve is being held for any unexpected issues arising from Academy transfers given the level of uncertainty around any costs falling to the LA within a short timescale.

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Taxi Licensing Reserve	396	(274)	0	122	122	122	122	This is a smoothing reserve to equalise the income and expenditure of running the function over financial years. Income ring-fenced by statute.
Newton Heath Market Reserve	22	0	0	22	22	22	22	To fund the future market provision
Rogue Landlord Reserve	10	0	0	10	10	10	10	This reserve holds the funding for investigation into poor property conditions in the private rented sector in Manchester with the purpose of improving housing conditions for tenants by enforcing compliance with statutory regulations and standards.
Selective Licensing Reserve	194	(181)	0	13	13	13	13	Costs for administering the reputable landlord initiative and ensure compliance
Investment Estate smoothing Reserve	533	0	0	533	(0)	(0)	(0)	To manage budget pressures due to the volatility in investment income.
Homelessness Reserve	1,500	(1,500)	0	0	0	0	0	To offset potential increases in need / demand
Emergency Planning	214	(100)	0	114	14	14	14	To support emergency planning
Business Rates Reserve	196,818	(158,123)	0	38,695	14,196	3,418	2,928	To mitigate Business Rates income risk due to the volatility of assumptions

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Cleopatra Reserve	663	(663)	0	0	0	0	0	
<b>TOTAL Risk/Smooth</b>	<b>274,580</b>	<b>(167,596)</b>	<b>30</b>	<b>107,014</b>	<b>29,650</b>	<b>17,340</b>	<b>15,821</b>	
<b>RESERVES HELD TO FUND CAPITAL SCHEMES AND OTHER SPECIFIC PROJECT RELATED COSTS</b>								
Investment Reserve	10,396	(1,819)	0	8,577	6,730	4,854	3,350	To deliver priority regeneration projects.
Enterprise zone Reserve	2,062	(1,061)	1,500	2,501	2,940	3,379	4,211	To underwrite the borrowing costs for development in the Oxford Road Corridor
Capital Fund Reserve	81,459	(20,900)	2,890	63,449	33,330	19,216	2,477	Contribution to schemes which are supporting employment and growth, future carbon reduction investments and high priority strategic development opportunities in the city .
Capital Financing Reserve	34,730	0	0	34,730	34,730	34,730	29,170	To reflect increase in borrowing costs due to the Council's capital investment
Manchester International Festival	12,160	(1,060)	0	11,100	9,993	8,839	7,635	To fund agreed future Manchester International Festivals / Factory grant from the reserve. Grant agreement will be aligned to the Arts Council England funding cycle.

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Eastlands Reserve	4,092	(5,248)	5,118	3,963	4,163	4,892	7,460	This reserve reflects the contribution from Manchester City Football Club and will be used for various projects including English Institute of Sport.
<b>Total to fund capital scheme and other specific relates costs</b>	<b>144,899</b>	<b>(30,088)</b>	<b>9,508</b>	<b>124,319</b>	<b>91,886</b>	<b>75,910</b>	<b>54,303</b>	
<b>RESERVES TO SUPPORT GROWTH AND REFORM</b>								
Integration Reserve	5,037	(3,375)	0	1,662	1,556	1,171	1,171	The reserve is a joint resource between Manchester City Council and Manchester Clinical Commissioning Group to support the infrastructure requirements that underpin the mobilisation of the Locality Plan.
Town Hall Reserve	11,457	(3,075)	0	8,382	5,834	1,711	0	To fund commitments for the Town Hall Complex Programme
Troubled Families Reserve	2,255	(1,150)	0	1,105	0	0	0	This was set up to support the scaling up on the community budgets work and to manage risk of Troubled Families grant ending.

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Our Manchester Reserve	3,017	(2,802)	0	215	215	215	215	Additional investment made available as part of the 2017-2020 budget process to drive forward the delivery of Our Manchester initiatives
<b>TOTAL</b>	<b>21,766</b>	<b>(10,402)</b>	<b>0</b>	<b>11,364</b>	<b>7,605</b>	<b>3,097</b>	<b>1,386</b>	
<b>GRANTS USED OVER ONE YEAR</b>								
English Partnership (Homes and Communities Agency)	139	0	0	139	139	139	139	HCA approval required to Fund Development appraisal and Eastland's Project team
Contain Outbreak Management Fund (COVID-19)	8,852	(8,852)	0	0	0	0	0	The government made payments to Local Authorities from the Contain Outbreak Management Fund to support proactive containment and intervention measures
Clinically extremely vulnerable individuals (COVID-19)	502	(502)	0	0	0	0	0	Government grant being used to provide support, such as access to food deliveries and signposting to local support services, to those most at risk from COVID-19
Other Grants and Contributions - Neighbourhood Services	13	(13)	0	0	0	0	0	Various local Environment scheme and initiatives i.e. 'clean up campaigns'



Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Other Grants and Contributions- Growth and Development	90	0	0	90	90	90	90	Unspent grants received in previous year
Fraud Fund	136	(136)	0	0	0	0	0	Unspent grant received in previous year
Deprivation of Liberty Grant	149	0	0	149	149	149	149	Unspent grant received in previous year
Asylum Seekers	288	(96)	0	192	92	0	0	This will fund the Local Authority Asylum Support Officer (LAASLO) project.
Collection Initiatives Reserve	2,474	(1,345)	0	1,129	0	0	0	Small reserves on Corporate Core
MAES Reserve	1,197	(500)	0	697	197	(303)	(340)	To fund Manchester Adult Education Services (MAES)
Brexit Reserve	446	0	0	446	446	446	446	To fund BREXIT related costs that fall across more than one year
<b>TOTAL</b>	<b>14,286</b>	<b>(11,444)</b>	<b>0</b>	<b>2,842</b>	<b>1,113</b>	<b>521</b>	<b>484</b>	
<b>SMALL SPECIFIC RESERVES</b>								
Nuclear Free Zone	38	(5)	0	33	28	23	18	General reserve/ GM contributions. At the end of the year any surplus/deficit is adjusted in the reserve

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Carbon Reduction Reserve	225	(225)	0	0	0	0	0	To fund revenue initiatives which support the target for Manchester to become a zero carbon city by 2038 at the latest and specifically, to support the delivery of the Council's 2020-25 Action Plan
Highways Commuted Sum	2,634	(89)	0	2,545	2,456	2,367	2,278	To support highways schemes
New Smithfield Market - Car Boot	20	(45)	55	30	40	50	60	Used to fund repairs and maintenance of facilities for traders.
Cemeteries Replacement	441	0	0	441	0	0	0	To purchase land for burials
Councils with ALMOs Group (CWAG) Reserve	71	(10)	0	61	51	41	31	Held in relation to the running costs of the Council With ALMOs Group which is administered by MCC
Graves and Memorials	97	0	0	97	97	97	97	Money held in trust for repair and development costs for gravestones
Trading Standards Reserve	133	0		133	133	133	133	Specific grants such as Tobacco control, control of migration etc.
Housing Compliance Reserve (Fixed Penalty Notices)	484	(75)	0	409	331	331	331	Revenue collected from enforcement activity is ring-fenced to functions related to Housing Compliance.

Reserve	Closing Balance 2020/21 £000	Withdrawals £000	Additions £000	Closing Balance 2021/22 £000	Closing Balance 2022/23 £000	Closing Balance 2023/24 £000	Closing Balance 2024/25 £000	Purpose
Community Safety Reserve	315	0	0	315	315	315	315	A collection of grants the majority of which require spending plans to be agreed with key partner organisations such as GM Police.
Litter Reserve (Fixed Penalty Notices)	76	0	0	76	76	76	76	Revenue collected from enforcement activity is ring-fenced to functions related to litter.
Great Ancoats Management Improvement Reserve	286	0	0	286	286	286	286	Specific reserve for use within defined areas within Great Ancoats. Spending plans still under discussion.
Social Value Fund	222	(222)	40	40	40	40	40	New Reserves for Social Funding income from successful tenders
Other Small Specific Reserves	28	0	0	28	28	28	28	Small specific reserves
<b>Total Small Specific Reserves</b>	<b>5,070</b>	<b>(671)</b>	<b>95</b>	<b>4,494</b>	<b>3,881</b>	<b>3,787</b>	<b>3,693</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>498,918</b>	<b>(249,055)</b>	<b>11,241</b>	<b>261,105</b>	<b>139,416</b>	<b>105,797</b>	<b>77,150</b>	
<b>Total General Fund Reserves</b>	<b>556,123</b>	<b>(259,149)</b>	<b>21,415</b>	<b>318,389</b>	<b>197,912</b>	<b>165,728</b>	<b>138,516</b>	

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