



Resources and Governance Scrutiny Committee

Date: Tuesday, 9 November 2021

Time: 2.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

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

Access to the Public Gallery

Access to the Public Gallery is on Level 3 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. **There is no public access from any other entrance.**

Filming and broadcast of the meeting

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

Membership of the Resources and Governance Scrutiny Committee

Councillors - Russell (Chair), Ahmed Ali, Andrews, Clay, Davies, Hacking, Hitchen, Kirkpatrick, Lanchbury, B Priest, Robinson, Rowles, Simcock, Wheeler and Wright

Second Supplementary Agenda

5. **Spending Review and budget update** 3 - 38
Report of the Deputy Chief Executive and City Treasurer and City Solicitor

This report updates on the main announcements from the Spending Review 27 October 2021 with a focus on the implications for local government funding, what this means for the Council's budget position and the proposed budget process.

Further Information

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

Michael Williamson
Tel: 0161 2343071
Email: michael.williamson@manchester.gov.uk

This supplementary agenda was issued on **Friday, 5 November 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street), Manchester M60 2LA

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 9 November 2021

Subject: Spending Review and budget update

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

Purpose of the report

This report updates on the main announcements from the Spending Review 27 October 2021 with a focus on the implications for local government funding, what this means for the Council's budget position and the proposed budget process.

Following the Spending Review announcements and other updates the Council is forecasting an estimated shortfall of £4m in 2022/23, £64m in 2023/24 and £85m by 2024/25. This report sets out the high-level position. Officers have identified options to balance the budget in 2022/23 which are subject to approval.

The position will be clearer in December 2021 when the Local Government Finance Settlement is received although that is unlikely to provide detailed funding allocations for after 2022/23. A longer-term strategy to close the budget gap is being prepared with an estimated requirement to find budget cuts and savings in the region of £40m per annum for 2023/24 and 2024/25. In addition, £50.6m of risk-based reserves have been identified as available to manage risk and timing differences

Appended are the priorities for the services in the remit of this committee, details on the initial revenue budget changes proposed by officers and the planned capital programme.

This report is structured as follows

Main Report	Spending Review Announcement and Medium-Term Revenue Budget
Appendix One	Summary of all Spending Review Announcements
Appendix Two	Corporate Core Priorities and budget
Appendix Three	Commercial & Operations Priorities and budget

Recommendations

The committee is recommended to:

1. Note the Spending Review announcements and the forecast medium term revenue budget position

2. Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee

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 budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The report sets out the announcements in the Spending Review that relate to local government funding and the potential impact on Manchester City Council. The detail and actual levels of funding will not be known until at least the Finance Settlement expected mid to late December 2021.

The changes included within this report are officer proposals and, subject to Member comments and consultation, these will be included as part of the 2022/23 budget preparation.

Financial Consequences – Capital

None directly arising from this report.

Contact Officers:

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

Name: Fiona Ledden
Position: City Solicitor
Telephone: 0161 234 3087
Email: Fiona.ledden@manchester.gov.uk

Name: Tom Wilkinson
Position: Deputy City Treasurer
Telephone: 0161 234 1017
E-mail: tom.wilkinson@manchester.gov.uk

Name: Paul Hindle
Position: Head Finance Neighbourhoods, Growth & Development and Corporate Core
Telephone: 0161 234 3025
E-mail: paul.hindle@manchester.gov.uk

Name: Sam McArdle
Position: Corporate Finance Lead
Telephone: 0161 234 3472
E-mail: samantha.mcardle@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.

The full suite of Autumn Budget and Spending Review documents can be found online at [Autumn Budget and Spending Review 2021: documents - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/autumn-budget-and-spending-review-2021)
Corporate Core Budget Report 2021/22 – Executive 17 February 2021

1. Introduction

- 1.1 On 27 October 2021, the Chancellor of the Exchequer, Rishi Sunak MP, delivered the Spending Review and Autumn Budget 2021 to the House of Commons. The Spending Review sets the quantum of funding available for local government whilst the Finance Settlement (expected in December) sets out the distribution to individual local authorities.
- 1.2 Although there was no individual local authority level information provided this report sets out how the announcements may impact on the City Council's budget position and gives an overview of other key public spending announcements.
- 1.3 This report focuses on the forecast financial impact of the announcements and the Council's medium term revenue budget position.

Part One – Spending Review Announcements

2. Economic Context

- 2.1 The overall economic picture is one of an improving fiscal position, albeit from a very difficult place as the economy emerges from the pandemic. The Office for Budget Responsibility's (OBR) economic forecasts show an improvement compared to those in March 2021. They are now forecasting that the pandemic will result in economic scarring equivalent to 2% of GDP (rather than the 3% forecast in March 2021).
- 2.2 Economic growth is now forecast to be 6.5% in 2021, followed by 6.0% in 2022, 2.1% in 2023. However, from 2024 onwards, GDP is forecast to grow below its long-term trend of 2%.
- 2.3 There is still an exceptionally large budget deficit with high levels of debt, however this has also improved since the March forecast. The budget deficit is expected to reduce by almost half to £183bn in 2021/22 (£51bn lower than in the March forecast). Borrowing reached £320bn (15.2% of GDP) in 2020/21.
- 2.4 The Consumer Price Index (CPI) dropped significantly in 2020 (during the pandemic), and has now bounced-back, with an expected peak of over 4% in the next 6 months. The OBR is expecting CPI inflation to reach 4.4% next year. The OBR forecasts that CPI will have returned to its target level (2%) by 2023 or 2024.
- 2.5 Total departmental spending is set to grow in real terms at 3.8% a year on average over this Parliament – a cash increase of £150 billion a year by 2024/25 (£90 billion in real terms).

3. **Local Government Finance Announcements**

3.1 Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the three-year period. Core Spending power is the Government's preferred measure of the resources available to councils and includes the estimated level of Council tax assuming the full precepts are taken.

3.2 The spending power increase includes:

- £4.8bn extra for Local government over the spending review period, with £1.6bn of new grant funding in 2022/23 followed by flat cash thereafter. This includes an additional £200m for the Supporting Families programme, and £37.8m funding to tackle cyber security challenges and invest in cyber resilience. It will also be expected to fund the increased national insurance costs that councils will face as an employer. It is not yet known how the funding will be allocated to individual councils.
- £3.6bn for the previously announced adult social care reforms including the proposed cap on the cost of care.
- A council tax referendum limit of 2% and Adult Social Care precept of 1% per year

3.3 The Local Government Departmental Expenditure Limit (LG DEL) will rise by £3.6 billion by 2024/25, (an average annual real terms increase of 9.4% from 2021/22 to 2024/25). This includes £2bn in 2024/25 related to the income from the health and social care levy, intended to fund the reforms set out in the adult social care reform paper released in September 2021.

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Total LG DEL	9,100	10,800	12,100	12,700
Growth above 2021/22 (£m)		1,800	3,000	3,600
This includes:				
ASC Reform		200	1,400	2,000
Other Funding		1,600	1,600	1,600

3.4 The other main announcements impacting Local Government Funding can be summarised as follows:

- Spending on rough sleeping increased to £639m per annum by 2024/25.
- Specific announcements for Children and Families, the most significant being 'Start for Life' hubs
- £34.5m has been allocated to further strengthen local delivery and transparency. This funding will help strengthen local government's procurement and commercial capacity, establish the Audit Reporting and

Governance Authority as the new local audit systems leader, and help local councils meet new transparency requirements.

- £4.7bn for school's core budget and £2.6bn (capital) for Special Educational Needs and Disabilities to help councils provide places locally, rather than children having to travel to get the support they need.

3.5 **Business Rates** - The Chancellor announced that the Government would provide a package of business rates measures to support businesses in England. For 2022/23 this includes:

- A new relief for eligible retail, hospitality, and leisure properties with 50% relief on rates bills up to £110,000 per business
- A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier)
- The extension of the current Transitional Relief and Supporting Small Business schemes
- The scope of the discount for 2022/23 will return to pre-Covid-19 eligibility for retail properties. Hospitality and leisure properties will continue to remain in scope.

3.6 Local Government will be reimbursed for the reliefs through Section 31 grant. In addition, the government will provide New Burdens funding to cover matters such as IT costs and additional staff costs.

3.7 The final report for the Review of Business Rates was also published at the Budget. The Budget and the Review commits, in the longer term, to making improvements to the business rates system, including:

- More frequent revaluations, moving to a three yearly cycle starting from the next revaluation in 2023
- New changes to support delivery of the more frequent revaluations, including new duties on ratepayers to provide the VOA with information
- A new relief to support investments in property improvements
- New exemption and relief to support green technologies

3.8 **Council Tax** announcements are as follows:

- Core referendum limit will stay 2% a year
- Social care precept will be up to 1% per year
- Police and Crime Commissioners increase up to £10 per year.

3.9 In conclusion additional government funding is welcome; however, it is not expected this will meet all the extra cost and demand pressures anticipated over the period, especially as there is no planned increase after 2022/23 and no explicit funding to address the existing pressures on adult social care services. There remains concern that the money allocated to social care from the Health

and Care Levy will be insufficient to fund the planned reforms. Finally, there has been no increase in public health funding to address the health inequality issues highlighted by the pandemic.

- 3.10 The Spending Review was also silent on whether local government will receive a three-year financial settlement and whether and when local government finance reforms, such as the fair funding review and changes to business rates retention will be implemented. As individual local authority funding allocations will not be known until the Finance Settlement is received, expected in mid-December, a number of assumptions on how they may impact on Manchester have been made.

4. **Other Spending review Announcements**

- 4.1 The other spending review announcements which will directly impact Manchester are summarised below.

- 4.2 Changes which directly impact on household income:

- National Minimum Wage will increase to £9.50 per hour
- The public sector pay freeze will end
- Universal Credit uplift - reduced the taper from 63% to 55%, UC (Universal Credit) claimants will be able to keep an additional 8p for every £1 of net income earned. A £500 per year increase to the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced (known as Work Allowances).
- Government will continue the temporary increase in the surplus earnings threshold to £2,500 for UC claimants until April 2023, when the threshold will reduce to £300.
- Workers leaving the furlough scheme and making a UC claim will be prioritised through the Job Finding Support scheme

- 4.3 Funding Announcements which benefit Manchester:

- The £4.8 billion **Levelling Up Fund** -The successful bids include 'The Culture in the City Project' - Almost £20m to transform two listed buildings into technology and creative industry spaces in Manchester.
- **City Region Sustainable Transport** awards totalling £5.7bn were also announced. This includes £1.07bn to Greater Manchester over five years to transform local transport networks, for schemes such as next generation Metrolink tram-train vehicles.
- **Community Renewal Fund** - GMCA (Greater Manchester Combined Authority) have been awarded £4.360m over 8 schemes

4.4 Appendix One provides a summary of all the Spending Review announcements

Part Two – Medium Term Revenue Budget

5. Budget Context

5.1 Since 2010 the Council has had consecutive budgets that have seen it close an aggregate funding gap of £419m as it has contended with funding cuts and inflationary and demographic pressures.

5.2 In this time, the Council has borne the brunt of local government cuts and if it had seen funding cuts in line with an average Council it would have £85m a year more in funding than it currently has.

5.3 The Council has therefore worked hard to reach a balanced budget each year through sound medium term financial planning and monitoring of those plans.

6. Current Forecast Budget position

6.1 The table below shows the estimated budget position for 2022/23 to 2024/25 taking into account the estimated impact of Spending Review Announcements.

Table 1: Forecast budget position

	Approved 2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000	2024 / 25 £'000
Resources Available				
Business Rates Related Funding	156,416	318,969	315,557	333,520
Council Tax	176,857	205,528	204,116	214,567
Grants and other External Funding	120,243	83,040	76,957	74,957
Use of Reserves	184,667	49,857	22,737	7,573
Total Resources Available	638,183	657,394	619,367	630,617
Resources Required				
Corporate Costs	121,096	112,156	113,378	118,016
Directorate Costs	517,087	549,766	569,732	598,099
Total Resources Required	638,183	661,922	683,110	716,115
Shortfall / (surplus)	0	4,528	63,743	85,498

**2022/23 onwards reflects an indicative 2.99% increase in the CT rate, including 1% ASC precept*

Government Funding assumptions

6.2 As the Spending Review does not contain any detail on how funding will be allocated, or clarity of what is assumed to continue in the base, a number of assumptions have been made. It should be noted that the actual Finance Settlement may be very different to what has been assumed. The assumptions include the following:

- A £16m share of the of £1.6bn Core funding. This is a prudent estimate based on the social care funding formula. It is highly unlikely all the funding will be distributed on a single formula basis.
- New Homes Bonus - no detail has been published so only the previously announced £3.1m legacy funding has been included with no further funding assumed.
- All one-off grants received in 2021/22 to cover the increased costs of COVID-19 will end.
- The Improved Better Care Funding and Better Care Fund will continue.
- Public health funding will be flat cash in real terms (as announced as part of the SR)

Local Resources

6.3 Local resources include Council Tax, Business Rates and commercial income, the main assumptions are as follows:

- Significant commercial income does not resume until after 2024/25.
- After the 2021/22 budget was set the estimated business rates appeal requirement was reduced due to the change in policy not to allow appeals related to the impact of COVID-19 (material change in circumstances) and fully refunded retail reliefs were extended. This has led to a one-off (2022/23) business rates surplus of £12.1m.
- Council Tax has been assumed to increase in line with the Spending Power assumptions of 1.99% for core council tax and 1% for the Adult Social Care precept in each of the next three years.
- An estimated Council Tax surplus of £6.9m (one off 2022/23) due to growth in the tax base with the delivery of new homes in Manchester, a lower number of student exemptions and fewer Council Tax Support claimants than originally estimated. The ongoing impact of the growth in the council tax base is forecast at c£4.2m a year.
- A decision on the future of the Business Rates pilots has not been made yet so it has been assumed the 100% business rates retention pilot will end and that the Council will revert to the national 50% business rates retention regime.

2021/22 Estimated Impact of COVID 19 on Service Delivery

6.4 As part of the 2021/22 budget setting process £13.7m additional ongoing funding was included in the budget for the ongoing impact of COVID-19. The budget monitoring process has identified that the following amounts were not required due to either an overestimation of the impact of alternative funding being available. These have now been removed from the budget on a permanent basis:

- Adults Personal protective equipment (PPE) (£2.5m) as it has been agreed the anticipated costs are being covered by the Clinical Commissioning Group.
- Children's Services (£1.2m) recurrently due to a positive reduction in demand. This is linked to the preventative actions and investments targeted on the front door, edge of care and approach to permanency.

Inflation and Oncosts

6.5 Inflation has been rising and the following provisions have been made within the draft Revenue Budget:

- The ongoing impact of the potential 2021/22 pay award (£0.8m) and assumed 3% increase per year (£7.5m a year)
- An uplift to National Living Wage of 6.6% to £9.50 per hour was announced as part of the Spending Review. An additional £2.5m in 2022/23 has been allowed for over the £3.1m already included in the 2022/23 budget.
- National Insurance increase of 1.25% (£1.5m)
- The full year effect of electricity price increases forecast at £7.2m next year reducing to £5.5m thereafter.
- Increased allowance to cover general contract inflation and gas of £4m (above existing £4m per year). This is net of additional income which could be achieved through a review of Sales, Fees and Charges. A 2.5% increase would raise around £2m and reflect the increases in costs of providing the services charged for.

Use of Reserves

6.6 In line with the approach outlined in the Revenue Monitoring reports to Executive, budgets that have been added for 2021/22 and have subsequently not been required have been transferred to a reserve in 2021/22 to support the medium-term budget position and reduce the budget gap. The Revenue Monitoring on the agenda for the Executive provides full details and to date this totals £11.6m. This largely relates to some COVID budget pressures not impacting as severely as initially forecast. The 2021/22 budget is currently forecasted to be £1.353m underspent. Any underspend will be carried forward to support the 2022/23 budget.

- 6.7 The 2021/22 Medium Term Financial Strategy to February 2021 Executive outlined that £50.6m of risk-based reserves had been identified as available to support the future budget position. Whilst the £50m identified could be applied across 2023/24, the reserves will need to be replenished at a later stage and this is not recommended. However, an element of the reserves can be used to smooth the budget position in advance of future savings or commercial income returning, or to support some of the transformation required to support further budget cuts.
- 6.8 The £1.353m relating to the 2021/22 projected underspend will be used to support the revenue budget in 2022/23. The £11.6m recovered from the 2021/22 budget will be used to reduce the forecast budget gap for 2023/24.

7. **2022/23 budget approach**

- 7.1 Work has taken place to address emerging underlying pressures across services and review mitigating actions around forecast future increases in demand. The detail is included in the budget reports to individual scrutiny committees, with a summary below. The impact on the forecast position shown in table two.

Emerging Pressures

- 7.2 The following budget pressures have been identified:
- 7.3 Corporate Core £1.264m net pressure (Gross pressure of £2.319m less savings £1.055m). As part of the work to review the budget the directorate has identified budget pressures, some offsetting savings measures and the need to reallocate some resources to reflect the changing priorities in the Directorate. There is a net budget increase of £1.264m which largely reflects two areas of cost which cannot be absorbed from within Corporate Services namely the reduction in court summons fees of £0.5m due to the reduction in summons due to the reduction in levels of Council Tax support residents had to pay in 2021/22 and changes to debt collection, and the additional costs associated with Gorton Hub. Full details are available in Appendix 2 of this report.
- 7.4 Neighbourhood Services -£464k pressures relating to CCTV (£264k) to cover increased contract costs for monitoring arrangements and Winter Services (£200k) for increased costs of service provision
- 7.5 Childrens centres maintenance of £400k - In 2012, the Council took the decision to withdraw from the direct provision of day-care services to move to a new model, with the Council acting as commissioner of day-care services. As the estate is not in good condition maintenance costs are higher than day care providers anticipated and can afford. A review of the current arrangements with tendered day-care has been concluded and Executive have agreed a capital investment of £3m to improve the condition of these buildings. However, this is a

3-year programme and current projections indicate an ongoing budget shortfall. It is proposed that this pressure is funded going forward.

Measures to Mitigate Pressures

- 7.6 In addition to the £3.7m of COVID-19 pressures already taken out of the budget (referenced at paragraph 5.4), a review of demand assumptions versus actual activity has led to two further recommended changes:
- £2m from Adult Social Care is released on a permanent basis. This still leaves an additional £9m in the budget to deal with ongoing demand from COVID-19 which is deemed to be sufficient to meet the ongoing impact.
 - £7m was added to the Homelessness budget in 2020/21. In addition, a £1.5m contingency remains and further funding has been announced as part of the SR. It is unlikely that the further planned £1.716m per annum increase will be required and this has now been removed from the budget, although the position will be kept under review.
- 7.7 Review staff budgeting and vacancy factors. With the exception of senior graded posts (SS1 and above) positions are currently budgeted at the top of grade less a vacancy factor. This factor is 2.5% in the majority of service areas, higher vacancy factors are adopted in a limited number of service areas (where appropriate). A 1% increase to the vacancy factor would more accurately reflect the fact that many employees are not at the top of the grade and the current levels of turnover and would generate budget savings of c.£2m - with services having the flexibility to delete long term vacancies as an alternative to increasing the vacancy factor. This will be allocated to budgets once more detailed work has been concluded in December. This is in addition to workforce budgeting saving already assumed within the Core.
- 7.8 Historic pension costs are continuing to reduce. In addition, there are some legacy financing charges which are no longer required. The relevant corporate budgets can be reduced by £1m.

Table 2: Emerging pressures and impact on Forecast

	2022 / 23	2023 / 24	2024 / 25
	£'000	£'000	£'000
Current forecast gap / (surplus)	4,528	63,743	85,498
Further Potential Changes:			
Core Pressures Identified	2,319	2,352	4,134
Neighbourhoods Pressures Identified	464	464	464
Children's Centres Maintenance	400	400	400
<i>Total pressures</i>	<i>3,183</i>	<i>3,216</i>	<i>4,998</i>
Potential Total gap / (surplus) after pressures	7,711	66,959	90,496

Proposed savings / demand reduction:			
Core Savings	(1,055)	(1,055)	(1,055)
Adults	(2,000)	(2,000)	(2,000)
Homelessness demand management	(1,716)	(3,765)	(6,237)
Staffing budgets	(2,000)	(2,000)	(2,000)
Corporate Budgets	(1,000)	(1,000)	(1,000)
<i>Total proposed 22/23 savings</i>	<i>(7,771)</i>	<i>(9,820)</i>	<i>(12,292)</i>
Potential Total gap / (surplus) after pressures and savings	(60)	57,139	78,204

7.9 As shown above the proposed adjustments result in a small surplus for 2022/23 of £60k. If there is a requirement for further additional investment this will need to be funded from additional savings or a better-than-expected settlement.

8. Longer term approach

- 8.1 It is likely that detailed local authority funding allocations will only be published for 2022/23 in the Finance Settlement and considerably uncertainty remains on the position after the next financial year. The main sources of local authority funding, business rates and council tax, remain extremely volatile and the potential reforms to local authority funding are still anticipated. These reforms include the move to the 'Fairer Funding' formula to allocate funding and changes to the Business Rates Retention scheme. In addition, the Business Rates reset planned for 2023/24 will mean that the additional business rates growth generated since the last reset in 2013 will be lost. Whilst there is some intelligence around the changes the government plan to make however there is no certainty around impact; whether they will be implemented in 2023/24; or deferred further.
- 8.2 The other risk facing the Council will be the call for significant capital investment to meet the growing list of priorities. This could lead to growing pressures on the capital financing and revenue budget if external borrowing is not restricted. Further work is required on the capital pipeline to ensure that the limited borrowing capacity compliments leveraging in external funding and is used to best affect.
- 8.3 Finally, the potential delay in the return of significant commercial income until after 2024/25 leaves the City Council in a weaker financial position unless proactive action is taken.
- 8.4 The above factors, along with the large number of risks facing local government as a whole, mean early work on the 2023/24 budget is required and has been planned. This will include:

- As part of the Future shape change programme work has started on defining the financial and operational benefits that each workstream will deliver. This work will inform a programme of savings to be developed. The move to a 'digital first' approach within the Council will be one of the areas where further savings will be identified.
- The continued work on Public Service Reform and management of demand / prevention will be important, particularly in limiting future demand growth.
- Work to identify invest to save approaches and budget efficiencies.

8.5 A programme of work will be developed around the above to enable the presentation of a balanced set of options early in the next municipal year. The work will target budget cuts and savings of £40m per annum for 2023/24 and 2024/25.

8.6 This report has set out the estimated budget position for the next three years and the potential scale of budget cuts required. The assumptions are based on a prudent view of the Spending Review announcements and funding available. A range of measures have been identified to ensure a balanced budget for 2022/23 and to put the Council on as firm a footing as possible for 2023/24 and beyond. Should further funding than that estimated be forthcoming as part of the Finance Settlement it is recommended that this is used over more than one financial year to reduce the requirement for future budget cuts. It should also be noted that £50m of reserves are potentially available to smooth the budget position that have not yet been applied. The reserves should only be used as part of a clear strategy to achieve a sustainable balanced budget and not to just plug a gap.

9. Budget consultation

- 9.1 At this point it is not anticipated that formal consultation on specific proposals will be required for 2022/23.
- 9.2 There is a statutory requirement to consult with business rates payers. A public consultation on any proposed council tax increases would take place in late January/early February.

10. Budget setting timeline

- 10.1 At the November meetings all scrutiny committees will receive a short update on the Council's budget and a high-level update on the three-year position following the Spending Review. The reports have been tailored to the remit of each scrutiny as shown in the table below.

Date	Meeting	Services Included
9 Nov 21	Resources and Governance Scrutiny Committee	Chief Executives Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
9 Nov 21	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood teams
10 Nov 21	Health Scrutiny Committee	Adult Social Care and Population Health
10 Nov 21	Children and Young People Scrutiny Committee	Children and Education Services
11 Nov 21	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
11 Nov 21	Economy Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways

10.2 The 2021/22 budget will be subject to further scrutiny and formal approval as follows:

- Council Tax and Business Rates decision reports will go to Resources and Governance Scrutiny Committee on 8 December
- The joint process to be considered at Health Scrutiny Committee on the 9 December
- The Local Government Finance Settlement is expected mid to late December. The outcome will be reported back to January Resources and Governance Scrutiny Committee (11 January) and Executive (19 January) along with an update on the budget position.
- February Scrutiny Committees (8-10 February) and Executive (16 February) receive proposed budget
- Resources and Governance Budget Scrutiny – 28 February
- March Council - approval of 2022/23 budget - 4 March
- New Municipal Year – early options around 2023/24 and 2024/25 discussed with Executive members

11. **Conclusion**

- 11.1 As stated in the report it is not possible to accurately quantify what funding will be available until the Settlement is received. Even then it is possible some funding will be announced later in the year. Although the Spending Review covered three years, it is likely the settlement will be for 2022/23 only.
- 11.2 Areas where there remain significant uncertainties include:
- Allocation methods of both the £1.6bn annual grant and £3.6bn social care funding pot are not known
 - Uncertainty around existing grants – New Homes Bonus, Lower Tier Services Grant, Social Care Grant
 - No announcements on Business Rates reforms, reset or Fairer Funding Review. This may become clear in Finance Settlement. It seems unlikely there will be changes in 2022/23.
 - Changes to Business Rates Retention – unlikely in 2022/23 but not clear after that. There has been no decision on the continuation of business rates pilots.
 - Cost of reforms and new responsibilities
- 11.3 This report outlines a prudent approach to the Medium-Term budget with proposed savings and demand management of £7.7m next year then an additional £40m each year for the next three years. There is likely to be a one-year Settlement, the position for 2022/23 and beyond is still extremely challenging. The strategy outlined will allow a balanced budget to be forecast for the next three years, whilst also maintaining risk reserves to achieve a sustainable position for the future.

Appendix One Autumn Budget and Spending Review 2021

1. Introduction

- 1.1. On Wednesday 27th October 2021 Chancellor of the Exchequer Rishi Sunak delivered the Autumn Budget and Spending Review to the House of Commons. The budget was presented with a generally upbeat tone and pitched as government preparing the country for a post-COVID future, with tax and spend announcements covering many policy areas. This is the first budget delivered to the House that is focused on recovery from COVID, with the previous budget statement delivered on 4th March 2021 being more focused on mitigating against the economic impact of the pandemic on people and businesses.
- 1.2. The budget unveiled higher than anticipated public spending funded through tax increases with the aim of boosting productivity growth. The Chancellor has hinted to Conservative backbenchers that he intends to cut taxes before the next election.
- 1.3. This briefing provides a summary of the announcements that are most relevant to Manchester City Council and our partners and stakeholders. For ease of reading announcements have been grouped according to broad policy areas.

2. Economic and Fiscal Overview

- 2.1. The economic impact of COVID-19 clearly sets the fiscal context for this budget; however, it should be recognised that Brexit continues to affect the economy in ways which are continuing to evolve. The budget statement did not make any particular reference to negative impacts of Brexit on the economy.
- 2.2. Economic indicators at the time of the budget statement include:
 - Inflation in September was 3.1% and is likely to rise further, with the Office of Budgetary Responsibility (OBR) expecting Consumer Price Inflation (CPI) to average 4% over the next year
 - Growth this year is revised up from 4% to 6.5%. The OBR then expect the economy to grow by 6% in 2022, and 2.1%, 1.3% and 1.6% over the next three years. The OBR have revised down their scarring assumption from 3% to 2% of GDP.
 - Real terms wage growth of around 3% since February 2020
 - Underlying debt is forecast to be 85.2% of GDP this year, then 85.4% in 2022-23, before peaking at 85.7% in 2023-24.
 - Borrowing as a percentage of GDP is forecast to fall from 7.9% this year to 3.3%, then 2.4%, 1.7%, 1.7% and 1.5% in the following years.
 - Overall spending at Government departments would increase by 3.8% in real terms.
- 2.3. The Chancellor also set out a new Charter for Budget Responsibility. The Charter sets out two fiscal rules:

1. Public sector net debt must, as a percentage of GDP, be falling.
2. The state should only borrow to invest in our future growth and prosperity.
Everyday spending must be paid for through taxation.

3. Local Government Finance

- 3.1. The most significant feature of the budget for local government is the announcement of a multi-year settlement to enable councils to drive levelling up, the equivalent of a 3% increase in core spending power. £4.8bn of grant funding will be available to local government over the next three years, the equivalent of £1.6bn a year. The referendum threshold for increases in council tax is expected to remain at 2% per year. Local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1% per year.
- 3.2. While the multi-year funding settlement is a positive development for local authorities, it should be noted that changes to business rates may affect income. While the retention of business rates pilot will continue, there will be a one year 50% discount to business rates for retail, hospitality, and leisure businesses up to a maximum of £100,000. It is expected that local authorities will be compensated for loss of income as well as being provided with new burdens funding to cover administrative costs.
- 3.3. Other business rates changes include:
 - More frequent revaluations, taking place every 3 years from 2023
 - 12 months relief for businesses adopted green technology or property improvements from 2023
 - Cancellation of next year's business rates multiplier increase making bills 3% lower
 - The temporary £1 million level of the Annual Investment Allowance will be extended for UK businesses until 31 March 2023.
 - The Recovery Loan Scheme will also be extended until 30 June 2022, although the government guarantee it will be reduced from 80% to 70%.

4. Relevant national and regional investments

- 4.1. Investment funding announced was framed as part of the wider levelling up agenda with focus on regions outside London and the Southeast. As we previous announcements, much of the funding made available appears to be piecemeal and allocated via competitive application process. Announcements included:
- 4.2. *Levelling Up Fund* – the first 105 places to receive funding from the £4.8 billion Levelling Up Fund were announced. Manchester's Culture in the City bid has been awarded £19,823,516 but the bid for Withington Village has not been successful. Across Greater Manchester projects in Bury (2 projects), Bolton, Tameside, and

Salford will also receive funding. There are currently no details on timescales or criteria for Round 2.

4.3. *Community Ownerships Fund* - The first 21 projects to receive funding from the Community Ownership Fund were also announced totalling £5.3 million. The overall fund is for £150 million. Wigan and Hyndburn were the only 2 NW projects funded in this round. The 2nd round will be announced shortly.

4.4. *Shared Prosperity Fund* - There was no announcement for the Community Renewal Fund which were submitted at the same time as the Levelling Up fund. GMCA submitted £3 millions of projects on behalf of Manchester to this fund. However, a 3-year budget for the SPF has been announced as follows. As expected, this shows a “ramping up” to European levels of funding by year 3. The revenue/capital split is also as expected and differentiates from the Levelling Up fund which is capital.

£ Billions	2022-3	2023-4	2024-5
Resource	0.4	0.7	1.5
Capital	0.0	0.1	0.3

4.5. *Supporting local priorities*, the UKSPF (UK Shared Prosperity Fund) will include a new initiative (‘Multiply’) to help hundreds of thousands of adults across the UK improve their numeracy skills. All areas will receive access to a learning platform and funding to improve adult skills. £560 million is being allocated to this scheme as part of the SPF. (*There are no current details whether this is out of the above figures or in addition to.)

4.6. *Levelling up parks fund* - £9 million made available in 2022-23 to fund more than 100 green spaces across the UK on unused, undeveloped, or derelict land that will broaden accessibility for all.

4.7. *Housing* - an additional £1.8 billion for housing supply consisting of:

- £300 million locally led grant funding for Mayoral Combined Authorities and Local Authorities to unlock smaller brownfield sites for housing
- £1.5 billion to regenerate underused land and deliver transport links and community facilities
- Reconfirmation of £11.5 billion investment through the Affordable Homes Programme (2021-26) of which £7.5 billion is over the SR21 period. 65% of the funding will be for homes outside London.

4.8. *Culture* - a raft of announcements including:

- £850 million for cultural and heritage infrastructure to safeguard national treasures and boost culture in local communities and on high streets

- £52 million in new funding for museums and cultural and sporting bodies next year to support recovery from COVID-19 and an additional £49 million in 2024-25 thereafter
- £14 million in each year to support creative industries, including supporting SMEs to scale up and providing bespoke support for film and video game industries
- £205 million to transform grassroots football infrastructure and multi-use sports facilities by rolling out up to 8,000 state-of-the-art community pitches and £22 million to refurbish more than 4,500 public tennis courts.

5. Health and Social Care

5.1. As expected, the budget included many measures designed to support the NHS (National Health Service) in dealing with the consequences of the COVID-19 pandemic. Social care announcements included:

- £3.6 billion will go directly to local government to implement the cap on personal care costs and changes to the means test. The Health and Social Care Levy is expected to raise £5.4 billion of additional funding to reform adult social care.
- The Government also confirms that £1.7 billion will be invested over three years to improve social care more broadly of which at least £500 million will be dedicated to improving skills, qualifications, and wellbeing in the adult social care workforce.
- Capping personal care costs at £86,000 and expanding the means tested support to people with less than £100,000 in relevant assets
- A new funding package of £104 million by 2024-25 to take forward reforms to unregulated provision in children's social care, improving safeguarding standards.
- £7 million in 2024-25 to implement DfE's Adoption Strategy 'Achieving Excellence Everywhere', to improve access to services and support for adopted children and their families.
- £259 million over the SR21 period to maintain capacity and expand provision in secure and open residential children's homes.
- The public health grant will be maintained over the SR21, with a continued £100 million announced last year to tackle obesity.

6. Children and Families

6.1. The most significant announcement is the investment of £500 million over the next three years to transform 'Start for Life' and family help services in half of the council areas across England. This will fund a network of Family Hubs, Start for Life services, perinatal mental health support, breastfeeding services, and parenting programmes. It will also expand the Supporting Families programme with an additional £200m of funding, providing up to 300,000 families with high quality, multidisciplinary support.

6.2. Government has also committed £200 million per year to continue the holiday activities and food programme, providing healthy food and enriching activities for

disadvantaged children in England, delivering the government's Flexible Childcare Fund commitment.

6.3. Other announcements include:

- £170m by 2024/2025 to pay providers more. This includes an increase to the hourly rate to be paid to early years providers for the government's free hours offers
- £200m for the Supporting Families programme, representing around a 40% real-terms uplift in funding by 2024-25.
- £150 million for training of early years staff to support children's lost learning.
- £104 million by 2024-25 for reforms to unregulated children's social care, and £7 million by 2024-25 to improve access to services and support for adopted children and their families.
- £259 million will be provided over the SR period so more children and young people can receive the care they need.

7. Education

7.1. The announcement of an additional £4.7 billion towards the core schools' budget in England by 2024-25 will be welcomed by headteachers and is the equivalent to an increase of almost £1,500 per pupil compared with 2019-20. The government has also committed to "level-up" school education standards by rebuilding 500 schools in England over the next decade as part of a long-term rebuilding programme and committing to increase teacher starting salaries to £30,000.

7.2. Other announcements include:

- £2.6 billion for 30,000 new school places for children with special educational needs and disabilities (SEND) in England, more than tripling current capital funding levels to over £900 million by 2024-25.
- £3.2bn to help education recovery, including a £1bn Recovery Premium for the next two academic years, and support for additional learning hours, tutoring courses for disadvantaged pupils and teacher training.
- £560 million for youth services in England, including financing the government's commitment to a Youth Investment Fund, which will deliver up to 300 youth facilities in areas most in need.
- £1.8 billion over to help schools to deliver evidence-based approaches to support the most disadvantaged pupils and more learning hours for 16–19-year-olds.

8. Employment and Skills

8.1. Given Manchester's increasing focus on fair pay and good conditions, particularly to reduce the cause of poverty in the city, the announced increase in the National Living Wage (NLW) by 6.6% to £9.50 an hour for people aged 23 and over is particularly welcome.

8.2. The government has also committed to increasing skills spending by £3.8bn, an increase of 42%, over the parliament. The Budget looks to meet the government's commitment to the National Skills Fund by providing 29% real terms increase in adult skills funding from 2019-20 to 2024-25.

8.3. Other announcements include:

- £3 billion for post-16 education and adult education and training. including quadrupling the number of skills camps in areas such as artificial intelligence, cybersecurity and nuclear.
- £2.6bn has for the UK Shared Prosperity Fund to help people access new opportunities UK-wide, including through the Multiply adult numeracy programme, which will receive £560 millions of funding.
- An additional £1.6 billion by 2024-25 has been set aside for 16–19-year-olds' education in England, maintaining funding rates in real terms per student.
- Increasing apprenticeships funding to £2.7 billion by 2024-25 and continuing to meet 95% of the apprenticeship training cost for employers who do not pay the Apprenticeship Levy and will also deliver apprenticeship system improvements for all employers.
- The £3,000 apprentice hiring incentive for employers will be extended until 31 January 2022 and the government will invest approximately £10 million a year in the Sector Based Work Academy Programme (SWAPs) for work experience, new skills, and retraining.
- Expansion of Plan for Jobs schemes taking the total DWP (Department for Works and Pensions) spend on labour market support to more than £6 billion over the next three years.
- £68 million (by 2024-25) to “level up” the adult skills system.
- £1.5 billion capital investment to improve the condition of the Further Education (FE) estate in England.
- Funding to open 20 Institutes of Technology (IoTs) throughout England.

9. Housing and planning

9.1. Most housing announcements are covered earlier in this report (see section 4.7) however a number of announcements are particularly relevant to Manchester, including the allocation of £5bn to remove unsafe cladding from highest-risk buildings, partly funded by Residential Property Developer Tax charged at 4% on profits exceeding an annual allowance of £25 million.

9.2. Other relevant announcements include:

- £65 million will go towards developing new software to support the digitisation of the planning system. The system will be rolled out to up to 175 local authorities in England in the first phase.
- £639m a year by 2024-25 will go towards eradicating rough sleeping and homelessness.

10. Climate and Net Zero

10.1. While climate change and net zero did not feature heavily in the Chancellor's speech and initially attracted criticism for some changes to Air Passenger Duty and roads funding, there are several relevant announcements for local government. However, the bulk of announcements in this section are not relevant to Manchester and concern large scale national infrastructure and investment.

- £300 million will be provided to implement free, separate food waste collections in every local authority in England from 2025.
- £950 million for the Home Upgrade Grant and £800 million for the Social Housing Decarbonisation Fund. It also allocates £1.4 billion to help decarbonise the public sector estate in England.
- £2 billion of investment in cycling and walking over the parliament to build hundreds of miles of high-quality, segregated bike lanes and other facilities to improve cyclists' safety. This includes £710 millions of new investment in active travel funding over the next three years
- £3.9 billion for energy efficiency improvements and clean heat installation in buildings, making the transition to net zero cheaper and easier for households, while making their homes warmer. This also support the decarbonisation of the public estate.
- £315 million for the Industrial Energy Transformation Fund to help firms cut their carbon emissions and reduce energy bills.
- £450 million to grow the heat pump market in England and Wales as part of the ambition to work with industry to reduce the costs of heat pumps by 25-50% by 2025. The Budget and SR continues support for heat networks in England with £338 million to encourage private investment.
- £620 million for public charging in residential areas and targeted plug-in vehicle grants, building on the £1.9 billion committed at SR20. The SR and Budget also announces an increase in capital support to £817 million over the SR21 period for the electrification of UK vehicles and their supply chains.
- From 2023, the government will introduce exemptions for eligible plant and machinery used in onsite renewable energy generation and storage and a new 100% relief for eligible heat networks, to support the decarbonisation of buildings

11. Welfare and benefits, unemployment

11.1. As expected, the impact of the ending of the Universal Credit uplift has been softened by reducing the taper rate by 8% from 63% to 55%, meaning Universal Credit claimants will be able to keep an additional 8p for every £1 of net income they earn. There will also be a £500 per year increase to the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced (known as Work Allowances).

- 11.2. The government will continue the temporary increase in the surplus earnings threshold to £2,500 for Universal Credit claimants until April 2023, when the threshold will reduce to £300.
- 11.3. Workers leaving the furlough scheme and making a Universal Credit claim who will be prioritised through the Job Finding Support scheme, and older workers who will benefit from additional support to return to, or remain in, work. In addition, young people will continue to benefit from the extension of existing schemes, and jobseekers with disabilities will benefit from extra work coach support.
- 11.4. The government announced the £500 million Household Support Fund on 30 September, which will provide £421 million to local authorities in England. Local Authorities are best placed to direct help to those who need it most, and at least 50% of the funding will be used to support households with children

12. Transport

- 12.1. Greater Manchester has been awarded £1.07bn in capital funding for the infrastructure elements of the Bee Network integrated transport plan, however detail on wider regional rail improvements and HS2 was notable in its absence.
- 12.2. In addition, £2 bn of investment in cycling and walking is expected over the Parliament, including £710m of new active travel funding. £620m of additional investment to support the transition to electric vehicles, including public charge points in residential areas and targeted plug-in vehicle grants.

13. Other relevant announcements

- 13.1. Finally, there were a selection of policy announcements hidden in some of the detail that are of interest to local authorities. These include:
- Continued funding for the places for growth programme, which aims to move 22,000 civil service roles outside London by 2030, to bring policymakers closer to the communities they serve.
 - The Levelling Up White Paper will provide further information on the government's plans regarding devolution deals. The government has already committed to £7.5 billion of non-ringfenced 'gainshare' investment funding over 30 years, as part of nine city region devolution deals, including £750 million being delivered over SR21.
 - Full funding for association to the European Union scientific research initiative Horizon Europe, enabling further collaboration with European partners in research and development.
 - £42 million has been promised for new programmes that reduce crime and drugs misuse and £108 million to continue existing programmes.
 - Funding of £20,520 per person will be made available to local authorities resettling circa 20,000 Afghan refugees over the next five years. An additional

£17 million will be available for housing costs, along with an extra £20 million pot of flexible funding.

- End to the public sector pay freeze.

14. Conclusion

- 14.1. This budget marks a shift from previous conservative governments with tax raises and increasing spending aimed at boosting growth contrasting with previous years' austerity. There were few Manchester specific announcements although many of the planned initiatives and changes will be particularly relevant to our recovery plans. As usual, detail on many announcements will arrive over the coming weeks and months.
- 14.2. Reaction from think tanks, trade unions industry bodies and other organisations has generally been cautiously positive. Many have noted the impact of ten years of austerity as context, and wider economic circumstances such as the rate of inflation will mean that some policy announcements are less effective than they initially appear.
- 14.3. While increases in funding will be welcome by public services, increases in inflation, living wage, public sector pay and normal council running costs mean that the impact of extra funding is unlikely to be very significant. Cost of living increases, and tax rises mean that many families will be worse off, however the very poorest families should see small real terms increase in income.

This page is intentionally left blank

APPENDIX TWO CORPORATE CORE

The Corporate Core is made up of Chief Executives and Corporate Services and delivers four main functions:

Direct delivery of services to residents and businesses including through the new Customer Service model, the billing and collection of business rates and council tax income and services such as Registrars.

Providing effective support services to Council Directorates and the MLCO (Manchester Local Care Organisation).

Governance and Assurance functions to ensure the council operates and makes decisions safely and provides support to members and the democratic process. City wide and council leadership with a key role in supporting the delivery of the Our Manchester Strategy and the nine Corporate Plan priorities. This includes supporting relationships with a wider range of key partners across Manchester, Greater Manchester, nationally and internationally.

Revenue Budget

The 2021/22 Corporate Core gross budget is £323.3m. This includes c£192m for benefits payments to residents. The net budget is £80.6m and the core employs 1,932 fte. The Corporate Core net 2021/22 cash limit budget is £80.634m and this is net of the initial £6.635m savings that were approved as part of the 2021/22 budget process. The budgets have been adjusted to reflect the transfer of the Operational Property and Facilities Management Service from the Growth and Development Directorate.

Chief Executives	2021/22 Gross Budget	2021/22 Net Budget	2021/22 Budgeted Posts (FTE)
	£'000	£'000	
Coroners and Registrars	3,624	2,281	49
Elections	1,178	1,079	12
Legal Services	12,907	6,924	263
Communications	4,514	3,129	78
Executive	972	972	13
CEX Corporate Items	1,617	605	-
Total Chief Executives	24,812	14,990	415

Corporate Services	2021/22 Gross Budget	2021/22 Net Budget	2021/22 Budgeted Posts (FTE)
	£'000	£'000	

Policy, Performance and Reform	18,528	13,066	155
Finance, Procurement and Commercial Governance	8,573	7,563	214
Customer Services and Transactions	232,652	11,092	523
ICT	13,044	13,044	158
Human Resources & OD	4,252	3,631	84
Audit, Risk and Resilience	1,844	1,365	42
Capital Prog, Operational Property & FM (Facilities Management)	19,599	15,883	341
Total Corporate Services	298,492	65,644	1,517
Grand Total Corporate Core	323,304	80,634	1,932

Included within Customer Services and Transactions above is Revenue and Benefits service, this includes the payments of housing benefits and other specific support to residents that have been approved by members, see table below for a further breakdown of this area.

Revenue and Benefits	2021/22 Gross Budget	2021/22 Net Budget	2021/22 Budgeted Posts (FTE)
	£'000	£'000	
Revenue and Benefits	206,998	6,986	319
Discretionary Housing Payments	3,850	1,000	-
Welfare Support Scheme	645	600	-
Food Bank Support	100	100	-
Total	211,593	8,686	319

Headline priorities for the service

Priorities

Direct delivery of Services

- Implementation of a new Customer Services Model
- Continue to support both residents and businesses to access all available support, including council tax support and Government business Grants.
- Ensure that all customers who had to cancel weddings through Covid are accommodated with alternative dates.

Providing effective support services

- Complete the reset of the Our Manchester Strategy and monitor and support delivery of the aligned corporate plan priorities by providing intelligence which enables performance and outcome management.
- Deliver the ICT (Information & Communication Technology) strategy, pipeline of key projects and technological enablers
- Development and implementation of a comprehensive organisation development plan that is owned by leaders in the Council.
- A review of the Our People Strategy to ensure it reflects the rapid and large-scale shift in ways of working due to the pandemic's impacts and a refreshed focus on health, mental health, and wellbeing.
- Implementation of a more coordinated staff engagement programme supporting and engaging the workforce in ways aligned to staff surveys, Listening in Action, and corporate reward and recognition.
- Produce a balanced budget in 2021/22 reflecting Member priorities and the Our Manchester reset. Deliver the budgets, savings and income generation proposals as set out in the budget report.
- Monitor evolving demand on services via the design, delivery, assurance, and translation of data models. Use intelligence to lobby for necessary funding and allocate this in a targeted way based on need (e.g., business grants)
- Adapt working environments to make efficient use of space and create environments which support agile working across the estate (this includes the delivery of key projects such as the refurbishment of Hammerstone Road, Gorton Hub, and support to the Our Town Hall Project).
- Targeted development of the workforce which will help ensure fair representation at all levels is achieved. This includes the launch of a new management development offer and digital skills offer for staff.
- The delivery of capital projects including The Factory and Our Town Hall project.

Governance and Assurance

- Ensure appropriately robust Governance is in place for all commercial activities.
- Ensure that the council operates effectively, with assurance over core processes and decision making.

Leadership Role

- The Corporate Core continues to have an important role to play in supporting the Council in delivering all nine corporate plan priorities and supporting some of the major changes that will need to be delivered next year. These include:
- Support the delivery of place-based working and reform, including through Bringing Services Together for People in Places and the locality model in Children's Services.

- Support the integration of Health and Social Care through partnership arrangements with the NHS.
- Lead and coordinate the delivery of the Future Shape whole Council change programme. the Council-wide portfolio of programmes which has been set up with a view to changing how we work as an organisation to ensure we can deliver our corporate priorities and effectively address our challenges
- We will continue to develop and implement social value and commitments to various charters and covenants that the Council has signed e.g., Care Leavers Covenant and the Armed Forces Covenant.
- Leadership for the Council's action plan to being zero carbon by 2038 at the latest, and support arrangements with partners to meet the city's ambition to live within the science-based carbon budget and be zero carbon by 2038 at the latest.

Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.

- Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
- To strengthen and utilise our growing evidence bases at both Corporate and Directorate levels to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.
- To maintain Excellent level accreditation against the Equality Framework for Local Government
- Ensure new policies, budget, service changes and new models of delivery across the council will be underpinned by equality relevancy assessments and where appropriate full Equality Impact Assessments at the design / concept stage.

Delivery of the workforce equalities plan

- Ensuring equality, diversity and inclusion is embedded within workforce strategies and objectives and is a core part of the culture of the organisation.
- Develop a plan and to ensure the Council workforce develops to be representative of the communities we serve.
- Develop our existing workforce, including targeted development, so that fair representation at all levels is achieved.
- Implementation of the Race Equality Action Plan and the Workforce Equalities Strategy.
- Service specific responses to the workforce race review including staff groups, reviewing recruitment practices, mentoring and increased training.
- Communications was a key workstream of the Workforce Race review and a series of recommendations have been accepted in full and built into future communication plans.

Changes to the 2022/23 Budget

Changes approved for 2022/23 as part of the 2021/22 Budget Process

In addition to the £6.635m approved 2021/22 savings a further £1.358m of savings were approved for 2022/23, these are the full year effect of part year implementation in 2021/22 and the breakdown is: -

- **Legal Services - £25k** through a combination of increased income and reduced general supplies and services budgets.
- **ICT - £300k** further reduction in licensing and operating costs particularly around telephony costs.
- **HR/OD - £237k** savings from reduced staffing costs, HR/OD are undertaking a service redesign and the total savings of £0.543m were approved with £306k part year savings in 2021/22 to allow staff to support other services whilst undertaking redesigns and an additional £237k approved for 2022/23.
- **Operational Property - £0.591m** further savings through reductions in the costs of the operational estate through the rationalisation of buildings.
- **Advertising - £225k** through new advertising screen in Piccadilly gardens.

New Proposed Changes

As part of the work to review the budget several budget pressures have been identified, there are some offsetting savings measures but this will require the reallocation of some resources to reflect the changing priorities in the Directorate.

There is a net budget increase of £1.2m which largely reflects two areas of cost which cannot be absorbed from within the Corporate Core:

- The reduction in court summons fees of £0.5m due to the reduction in summons from the increased levels of Council Tax Support provided and changes to debt collection.
- The additional £0.5m costs from Gorton Hub

These proposed changes are shown in the table below:

	2022/23£'000	2023/24£'000	2024/25£'000
CHIEF EXECUTIVES			
Legal and Democratic Services - additional £52k ICT licensing costs and £110k additional capacity requirements to support Democratic services.	162	-	-
Registrars and Coroners - increased income from increased ceremonies	(50)	-	-

Legal services increased fee income for works undertaken.	(82)	-	-
Reduction in supplies and services budget from new ways of working	(30)	-	-
Sub Total	0	-	-
CORPORATE SERVICES			
Operational Property – Increased costs for Gorton Hub to cover the running costs both Council rented space, and any vacant space until a tenant is secured.	500	-	-
Commercial Governance - additional resources in Commercial Governance to ensure all commercial activity is correctly undertaken.	117	-	-
Equalities and Diversity – additional capacity to support the Equalities and Diversity work.	50	-	-
Finance - additional support costs for the income management system	85	-	-
Customer Services and Transactions – Due to the increased council tax support provided to residents and changes to debt collection the number of residents summonsed to court has reduced with a reduction in Court summons fee income.	500	-	-
Human Resources & Organisational Development - to deliver the identified priority training to all staff across the council additional resources are required.	400	-	-
HROD - there has been a reduction in the schools payroll income from loss of schools.	78	-	-
ICT – Additional network security and license costs.	100	-	-
Internal Audit - A reduction in the level of external fee income received, and other resourcing pressures.	227	-	-
Policy Performance and Reform - reduced project income as more funding programmes from government do not provide any revenue funding for associated staff costs.	100	-	-

Sub Total	2,157	0	0
Capital Programmes - increased fee income and increased efficiencies from shared management arrangements with Northwards.	(230)		-
A reduction in supplies and services, printing, and mobile telephony costs through new ways of working	(200)	-	-
1% increase in vacancy factor across Corporate Services to reflect actual levels of staff turnover.	(463)	-	-
Sub Total	(893)	0	0
Net Total of Proposed Changes	1,264	0	0

Capital budget and pipeline priorities

The current approved capital programme, as at period 6 in 2021/22, is shown below alongside the funding to be used. Details on potential future investment opportunities are also shown, but these remain subject to approval.

Approved Capital Programme

Service Area	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000
The Factory and St John's Public Realm	50,552	38,496	-	-	89,048
Corporate Estate - Asset Management Programme	9,054	2,990	-	-	12,044
Corporate Estate - Hammerstone Road	7,533	10,692	4,970	-	23,195
Corporate Estate - Other	1,459	3,648	-	-	5,107
Civic Quarter Heat Network	4,679	1,377	-	-	6,056
Our Town Hall Refurbishment	60,386	83,501	65,573	40,680	250,140
ICT - Network Refresh	2,452	5,594	1,000	-	9,046
ICT - End User Experience	3,471	727	-	-	4,198
ICT - Other	432	2,190	6,317	-	8,939
Corporate	3,797	4,450	2,808	-	11,055
Airport Loan	36,248	-	-	-	36,248
Inflation contingency	8,800	6,000	2,527	-	17,327
Total	188,863	159,665	83,195	40,680	472,403

Funding of Approved Capital Programme

Service Area	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000
Grant	18,071	6,620	-	-	24,691
External contributions	-	-	-	-	-
Revenue Contribution to Capital	3,381	2,202	500	-	6,083
Capital Receipts	10,411	5,390	-	-	15,801
Borrowing	157,000	145,453	82,695	40,680	425,828
Total	188,863	159,665	83,195	40,680	472,403

Future Investment Priorities

The following projects are potential future investment opportunities, which may be brought forward in the future:

1. Capital investment to support carbon reduction measures on the Council's corporate estate remains a significant priority.
2. Further investment in the Council's core ICT systems and infrastructure, including the Council's payroll, HR, finance ledger and procurement systems.

APPENDIX 3 COMMERCIAL AND OPERATIONS

In addition to the Corporate Core, there are other services that are under the remit of the Resources and Governance Scrutiny Committee, these are mainly traded services and are set out in the following table:

Commercial & Operations

Revenue Budget

Operations and Commissioning	2021/22 Gross Budget	2021/22 Net Budget	2021/22 Budgeted Posts (FTE)
	£'000	£'000	
Advertising	63	(4,175)	0
Fleet	963	(277)	14
Pest Control	722	118	18
Markets	9,173	(1,058)	52
Catering	3,034	169	219
Management	26	26	0
Bereavement Services	2,436	(1,022)	48
Residual City Works	149	149	0
Total	16,566	(6,070)	351

Headline Priorities for the Service

Business Units

- Markets – traditional, local, wholesale and specialist markets.
- Pest Control - tailored service for domestic and business premises to treat, monitor and eradicate pests.
- Bereavement Services - Manchester's five cemeteries and one crematorium (at Blackley) manage some 3,000 funerals a year, working seven days a week to meet the needs of the city's diverse cultural communities.

Priorities:

- Investment in New Smithfield Market – business case being prepared.
- Markets – Investment proposals for Gorton and Longsight prepared for potential inclusion in Levelling-Up fund bids.

Commercial

- Civic Quarter Heat Network – providing a sustainable heat and power system to several buildings in Manchester city centre.
- Parking - The service directly supports the transport strategy for the city and our aim is to keep the city's roads safe and moving.

Priorities

- Delivery of outstanding savings from advertising.
- Development of parking strategy and review of on / off street pricing.