



Environment and Climate Change Scrutiny Committee

Date: Thursday, 11 November 2021

Time: 10.00 am

Venue: Council Chamber, Level 2, Town Hall Extension

This is a **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

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Membership of the Environment and Climate Change Scrutiny Committee

Councillors - Chohan, Flanagan, Foley, Hassan, Holt, Hughes, Igbon (Chair), Jeavons, Lynch, Lyons, Razaq, Sadler, Shilton Godwin and Wright

Supplementary Agenda

5. **Neighbourhood Directorate Budget 2022/23** 3 - 18
Report of the Strategic Director (Neighbourhoods)

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.

Further Information

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

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This supplementary agenda was issued on **Monday 8 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: Environment and Climate Change Scrutiny Committee –
11 November 2021

Subject: Neighbourhood Directorate Budget 2022/23

Report of: Strategic Director (Neighbourhoods)

Purpose of Report

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.

Recommendations

The committee is recommended to:

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The 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.

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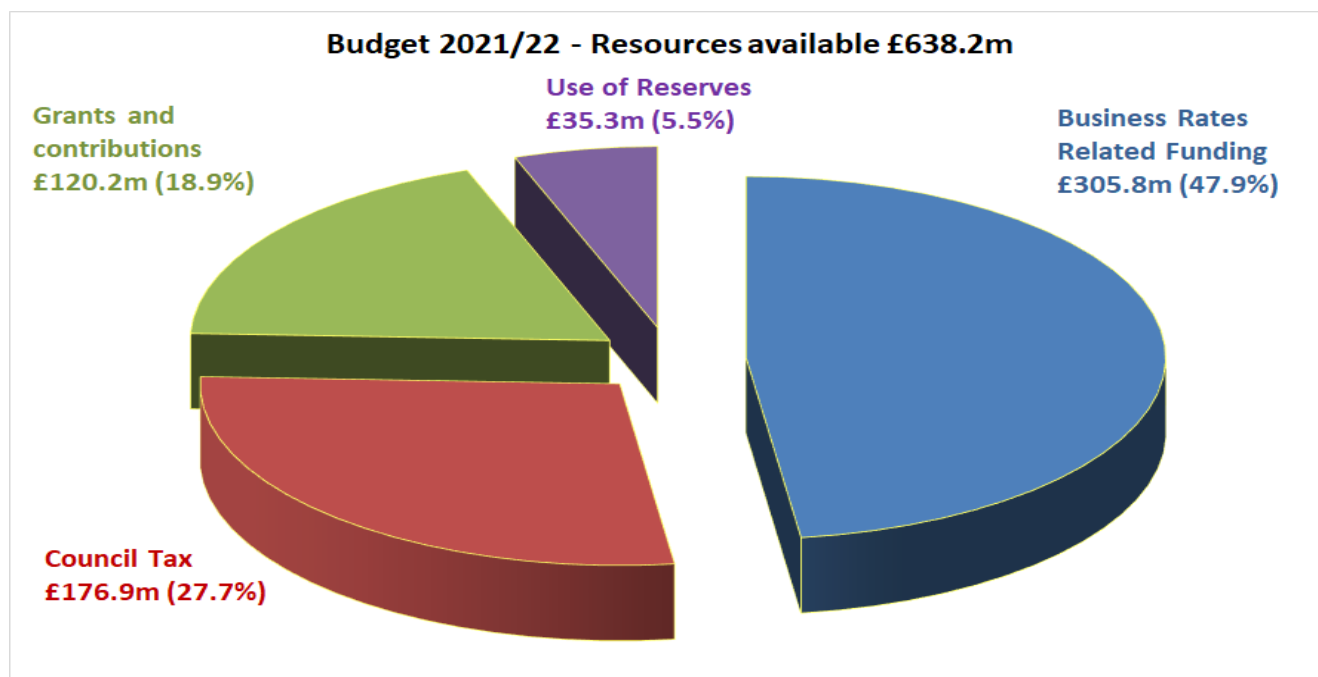
Background documents (available for public inspection):

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

Neighbourhoods Directorate Budget Report 2021/22 – Executive 17th February 2021

1 Context and Background

- 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. The medium-term financial plan remains challenged by uncertainty. There are potential changes to how local government funding is distributed, the Business Rates Retention scheme, and Adult Social Care Reform and associated funding.
- 1.3. The Council's 2021/22 net revenue budget is currently funded from four main sources which are Council Tax, Business Rates, government grants and contributions and use of reserves. In recent years as central government funding has reduced and business rates retention has been introduced the ability to grow and maintain the resources raised locally has become even more important for financial sustainability and is integral to the Council's financial planning.
- 1.4. The following chart shows the current breakdown of resources available.



2. Current budget position

- 2.1. The indicative medium-term position is shown in the table below, full details are provided in the Spending Review and budget update report to Resources and Governance scrutiny committee 9 November 2021.

	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				
<i>Corporate Costs</i>	121,096	112,156	113,378	118,016
<i>Directorate Costs</i>	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

- 2.2. The budget assumptions that underpin 2022/23 to 2025/26 include the commitments made as part of the 2021/22 budget process to fund ongoing demand pressures as well as provision to meet other known pressures such as inflation and any pay awards (estimated at 3% from 2022/23). Whilst this contributes to the scale of the budget gap it is important that a realistic budget is budget set which adequately reflects ongoing cost and demand pressures
- 2.3. Officers have identified options to balance the budget in 2022/23 which are subject to approval. The detail relevant to this scrutiny remit is included at Appendix 2. If these proposals are supported a balanced budget will be achieved. In addition, £50.6m of risk-based reserves have been identified as available to manage risk and timing differences.

3. Scrutiny of the draft budget proposals and budget reports

- 3.1. The service budget position is attached for the Committee's consideration. The reports have been tailored to the remit of each scrutiny as shown in the table below. The Committee is invited to consider the proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals in February 2022.

Date	Meeting	Services Included
9 Nov 21	Resources and Governance Scrutiny Committee	Chief Exec 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

4. **Next Steps**

4.1. The proposed next steps are as follows:

- 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 & 2024/25 discussed with members.

Appendix 1 – Headline priorities for the service

Neighbourhood Services is the City Council's largest directorate with almost 1,500 staff and includes a wide range of services, all working to improve the lives of Manchester residents and showcase the city to our millions of visitors every year. Our services work directly with the people of Manchester and together we want to make Manchester a better place to live, work and play.

We have committed, via the Our Manchester Strategy, to creating sustainable, safe, resilient, and cohesive neighbourhoods, with more affordable housing, good quality green spaces, and accessible culture and sporting facilities. We will work with colleagues and partners to achieve our zero-carbon ambition by 2038 at the latest, via green growth, low-carbon energy, retrofitting buildings, green infrastructure, and increasing climate resilience.

The services under the remit of the Environment and Climate change scrutiny committee are as follows: -

Commercial & Operations

Operational Services

Waste Recycling & Street Cleansing - develop, coordinate, and monitor a range of programmes and activities, designed to change behavior and reduce the cost of services.

Grounds Maintenance - work across the city, tending to parks, roadsides and green spaces.

Priorities

- Improving the quality of services provided by the waste contractor in relation to passageway collections and cleansing, abandoned bins and wheeled bin returns.
- Developing differential approaches to waste management within the city to better respond to local demands.
- Implementing proposals from the English Waste and Resources Strategy expected in 2022.
- Further integration of operational services to support the development of biodiversity measures, reduce fault lines between services and support the continuous reduction in the use of pesticides / herbicides.
- Review of depots and operational requirements in conjunction with development proposals and property issues.

Parks

As part of our vision for Manchester to be in the topflight of world-class cities by 2025, our Parks team ensure that residents and visitors can regularly enjoy relaxation and sports in green, open spaces, parks, and riversides - rich in wildlife. This contributes to helping residents lead healthy, active lifestyles and bringing people together to enjoy their leisure time across the city.

Priorities

- Ensure that Parks are the heart of all neighbourhood
- Look after them and run them to good standards
- Make parks vibrant parts of vibrant communities
- Partner-up in new, fruitful ways with organizations and communities who care to deliver improvements, investment, and savings.
- In response to COVID-19 - ensure parks remain safe and accessible; and manage supply chains shortages particularly shortages of security staff, trained stewards, delivery drivers, event infrastructure, plastics etc. In order to minimise impacting on events and activity.

Appendix 2 - Neighbourhoods Revenue Budget Strategy

The Neighbourhood Directorate has a gross budget of c£187.9m and a net budget of c£93.1m, with 1,489 fte's. This is net of the Neighbourhoods £6.683mm savings that were approved as part of the 2021/22 budget process.

The breakdown by service area under the remit of this scrutiny committee is provided in the table below:

Service Area	2021/22 Gross Budget £000	2021/22 Net Budget £000	2021/22 Budgeted Posts (FTE)
Waste Collection & Street Cleansing	24,242	20,534	13
Waste Levy	28,481	28,731	-
Ground's Maintenance	4,388	3,859	101
Parks	3,668	2,050	62
Grand Total	60,779	55,174	176

Changes to the 2022/23 Budget

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

2022/23 Savings

As part of the total Neighbourhoods £6.683m approved 2021/22 savings, services within the remit of this committee delivered £127k in parks, and there is a **further £100k** of savings that were approved for 2022/23 and they are.

- Parks **£100k** to be achieved through increased income following investment to improve capital assets.

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Appendix 3 – 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.

Recognising the role that capital investment can take in driving reductions in carbon emissions, the Executive agreed in February to adopt the Manchester Low Carbon Build Standard for future capital projects. The business case for any capital project is also required to include carbon reduction methods for both the project progression stage, for example during building works, and the ongoing lifecycle once completed.

The Carbon Reduction Programme, augmented by the Public Sector Decarbonisation, is investing in energy-efficient measures across the Council's estate, including solar panels, heat pumps, and battery installations. Alongside this, the Civic Quarter Heat Network is now operational, reducing the City's CO2 emissions and improving air quality in the city centre by reducing emissions of oxides of nitrogen.

This approach is being embedded across the programme, with schemes such as the refurbishment of the National Cycling Centre including proposals to replace the existing plant within the building with green technology to reduce emissions and remove gas as an energy source. The This City project, building a new supply of accessible and market homes, has sought to include providing sustainable homes at the core of the design principles for the project.

Similarly, the Strategic Regeneration Framework for Victoria North has established low-carbon principles for the regeneration of the area, with the plans for the area including provision of good quality active travel, and work is ongoing to seek to ensure that proposals for development are Fabric First and thermal efficient, alongside other measures such as heat pumps and solar panels.

Further to this, active travel schemes are being created across the highway and footway network to promote walking and cycling. The electrification of the waste fleet has also begun, with electric charging points being installed at the Hammerstone Road depot.

Approved Capital Programme

Service Area	2021/2 2	2022/2 3	2023/2 4	2024/2 5	Total
	£'000	£'000	£'000	£'000	£'000
Waste - Electric Refuse Vehicles	9,185	-	-	-	9,185
Waste - Other	775	350	-	-	
Carbon Reduction Programme	2,960	8,704	5,000	5,000	21,664
Public Sector Decarbonisation Programme	17,602	-	-	-	17,602
Total	30,522	9,054	5,000	5,000	49,576

Funding of Approved Capital Programme

Service Area	2021/2 2	2022/2 3	2023/2 4	2024/2 5	Total
	£'000	£'000	£'000	£'000	£'000
Grant	17,602	-	-	-	17,602
External contributions	-	-	-	-	-
Revenue Contribution to Capital	-	-	-	-	-
Capital Receipts	-	-	-	-	-
Borrowing	12,920	9,054	5,000	5,000	31,974
Total	30,522	9,054	5,000	5,000	49,576

Future Investment Priorities

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

- The Council is exploring the possibility of acquiring a solar farm to reduce the carbon emissions linked to energy use.
- Capital investment to support carbon reduction measures on the Council's corporate estate remains a significant priority.

Appendix 4 – Climate Change Priorities

Delivering the Manchester Climate Change Action Plan 2020-25

The [Manchester Climate Change Action Plan](#) (CCAP) commits the Council to halving our direct CO2 emissions between 2020 and 2025. It also requires us to play our full part in supporting the city to meet its science-based carbon budget including ensuring a just transition for residents. The CCAP has five key themes which are summarised below.

The delivery of the Council's CCAP requires revenue and capital investment from multiple funding sources over multiple financial years. To date, we have already put in place investment of approximately **£192m** to deliver the 5-year Plan. The breakdown of this funding by source is as follows:

- **£76.4m** via the Council (including investment in LED streetlighting, Civic Quarter Heat Network, Estates Carbon Reduction, purchase of Electric Refuse Collection Vehicles, Tree Planting and new climate change posts)
- **£65m** from UK Government (including funding for Mayfield Park, Public Sector Decarbonisation Scheme, Active Travel, Social Housing Development Fund, HNIP grant contribution to Civic Quarter Heat Network)
- **£41m** from the GMCA (including Active Travel, GM Mayors Challenge Fund)
- **£4.3m** from the European Union (including ERDF funded Unlocking Clean Energy, Horizon 2020 funding for West Gorton Park, URBACT C-Change and Zero Carbon Cities projects and e-cargo bikes).
- **£4.3m** from partners (including One Manchester contribution to the Social Housing Decarbonisation Fund)
- **£1.1m** from the Manchester Climate Change Agency (including Zero Carbon Communities and Climate Resilience).

Buildings and Energy

- Delivering a Large-Scale Energy Generation project for the Council to save 7,000 tonnes of CO2 per annum. The options for delivering this are a Power Purchase Agreement or the purchase of an out of boundary Solar farm.
- Delivering Phase 1 and Phase 2 of the Carbon Reduction Plan to decarbonise the Council's operational estate.
- Spending the £19 million allocated to the Council through the government's Public Sector Decarbonisation Scheme which focuses on the decarbonisation of heat.
- Completion and connection of the Civic Quarter Heat Network to save 1,600 tonnes of CO2 per annum.
- Retrofitting Northwards properties and working with partners and the Greater Manchester Combined Authority to retrofit commercial and domestic buildings in the city.

- Developing a new Local Plan for the city and responding to the Manchester Climate Change Partnership Roadmap to Net Zero Carbon New Buildings report.

Transport and Travel

- Decarbonising the Council's fleet including the remaining Refuse Collection Vehicles.
- Implementing a new staff and member Business Travel Policy to promote active and sustainable travel.
- Delivering the City Centre Transport Strategy.
- Delivering strategic transport projects with Transport for Greater Manchester including preparation for High Speed 2 and Northern Powerhouse Rail, Metrolink expansion and tram-train options, bus reform and implementing the Clean Air Zone.

Consumption based emissions and suppliers

- Influencing suppliers via social value including the additional 10% weighting
- Reducing single use plastics at events and being single use plastic free by 2024

Climate Adaptation and Sequestration

- Delivery of the Tree Action Plan including a £1m tree planting programme over 3 years
- Sharing the learning from West Gorton Park into new developments including Victoria North and Mayfield
- Implementation of the Tree Opportunity Mapping study to identify sites for new tree planting and better management of existing trees.

Influencing behaviour and being a catalyst for change

- Working across all of the city's neighbourhoods including putting in place ward plans and utilising the 3 neighbourhoods climate change officers.
- Supporting the delivery of the In Our Nature programme with Manchester Climate Change Agency and other partners.
- Communicating effectively and proactively about climate change action to the city's residents and businesses.
- Embedding zero carbon ambitions into all decision-making including revenue and capital gateway decisions.
- Working with and influence Greater Manchester and the UK government to attract funding for projects and to participate in international networks.
- Provide funding for the Manchester Climate Change Agency to ensure that it is sufficiently resourced and to grow the Partnership to have more direct influence over the city's CO2 emissions.
- Work with the Manchester Climate Change Partnership to produce a new Manchester Climate Change Framework which includes a detailed

implementation plan setting out the actions required to remain within the city's carbon budget.

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