



Resources and Governance Scrutiny Committee

Date: Tuesday, 7 February 2023

Time: 2.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

Everyone is welcome to attend this committee meeting.

Access to the Antechamber

Public access to the Council Antechamber is on Level 2 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 - Simcock (Chair), Andrews, Davies, Good, Kirkpatrick, Lanchbury, B Priest, Rowles and Wheeler

Agenda

1. Urgent Business

To consider any items which the Chair has agreed to have submitted as urgent.

2. Appeals

To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.

3. Interests

To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.

4. Minutes

To approve as a correct record the minutes of the meeting held on 10 January 2023.

5 - 16

5. Revenue Budget Update 2023/24

Report of the Deputy Chief Executive and City Treasurer.

17 - 32

This report sets out the latest forecast revenue budget position, and the next steps. Following the provisional finance settlement, announced on 19 December, the Council is forecasting a balanced budget for 2023/24 and 2024/25. The financial risk around balancing the budget has moved to the next Spending review period 2025/26 where a shortfall of £58m is forecast. This reduces to £41m after the proposed use of £17m smoothing reserves.

6. Corporate Core Budget 2023/24

Report of the Deputy Chief Executive and City Treasurer; City Solicitor; and Assistant Chief Executive.

33 - 64

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2022. The provisional financial settlement announced 19 December reflected a change in government policy in relation to funding inflation and social care pressures. This has given the opportunity to review the quantum and

phasing of savings. It is now proposed that options of £36.2m are progressed, of which £7.712m is within the remit of this scrutiny committee.

- 7. Housing Revenue Account (HRA) 2023/24 to 2025/26** 65 - 94
Report of the Deputy Chief Executive and City Treasurer, the Strategic Director (Growth and Development) and the Strategic Director (Neighbourhoods).

This report presents members with details on the proposed Housing Revenue Account (HRA) budget for 2023/24, an indication of the 2024/25 and 2025/26 budgets, alongside the outlook for the 30-year HRA business plan in light of the budget proposals.

- 8. Changes to Council Tax Charges for Unfurnished and Empty Properties and Second Homes** 95 - 104
Report of the Deputy Chief Executive and City Treasurer.

This report considers the impact of adopting the further discretionary powers that the Government is planning to introduce, which would enable councils to charge the 100% long term empty premium on empty and unfurnished homes after one year instead of two from 1 April 2024 and to charge a higher rate of Council Tax for empty, furnished properties (including second homes) from 1 April 2024.

- 9. Overview Report** 105 - 130
Report of the Governance and Scrutiny Support Unit.

This report provides the Committee with details of key decisions that fall within the Committee's remit and an update on actions resulting from the Committee's recommendations. The report also includes the Committee's work programme, which the Committee is asked to amend as appropriate and agree.

Information about the Committee

Scrutiny Committees represent the interests of local people about important issues that affect them. They look at how the decisions, policies and services of the Council and other key public agencies impact on the city and its residents. Scrutiny Committees do not take decisions but can make recommendations to decision-makers about how they are delivering the Manchester Strategy, an agreed vision for a better Manchester that is shared by public agencies across the city.

The Resources and Governance Scrutiny Committee areas of interest include finances, Council buildings, staffing, corporate and partnership governance as well as Council tax and benefits administration.

The Council wants to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair. If you have a special interest in an item on the agenda and want to speak, tell the Committee Officer, who will pass on your request to the Chair. Groups of people will usually be asked to nominate a spokesperson. The Council wants its meetings to be as open as possible but occasionally there will be some confidential business. Brief reasons for confidentiality will be shown on the agenda sheet.

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Agenda, reports and minutes of all Council Committees can be found on the Council's website www.manchester.gov.uk.

Smoking is not allowed in Council buildings.

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Further Information

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

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This agenda was issued on **Monday, 30 January 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester M60 2LA

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Tuesday, 10 January 2023

Present:

Councillor Simcock (Chair) – in the Chair
Councillors Andrews, Davies, Good, Kirkpatrick, Lanchbury and Rowles

Also present:

Councillor Craig, Leader of the Council
Councillor Akbar, Executive Member for Finance and Resources
Councillor Rawlins, Executive Member for Environment and Transport
Councillor Stanton, Deputy Executive Member for Finance and Resources

Apologies: Councillor Wheeler

RGSC/23/1 Interests

During the course of discussions, Councillor Rowles declared a personal interest in item 6 – Decarbonisation of the Operational Estate.

RGSC/23/2 Minutes

Decision:

That the minutes of the meeting held on Tuesday, 6 December 2022 be approved as a correct record.

RGSC/23/3 Election Act 2022

The committee considered a report of the Chief Executive, which outlined the planning and governance arrangements for the implementation of the Elections Act in Manchester.

Key points and themes within the report included:

- The Elections Act 2022 was introduced to make new provision for and amendments to existing electoral law and will come into effect over the next two years, impacting delivery of Local Elections in 2023, the Local and Mayoral Elections in 2024, and the next Parliamentary General Election;
- The main legislative changes, including:
 - Requiring voters to show an approved form of photo ID at polling stations before a ballot paper is issued
 - A requirement to provide reasonable equipment to assist voters with disabilities in polling stations

- Allowing all British citizens living overseas to vote in UK Parliamentary elections, regardless of when they left the UK, with applications required every 3 years
- Enabling electors to apply online for an absent vote, with both online and paper applications requiring the applicant's identity to be verified
- Requiring postal voters to reapply every three years
- Further limit to the number of people an elector may act as proxy for
- Political campaigners will no longer be permitted to handle postal votes, and the number of postal votes an individual can hand in at a polling station will be limited.
- A review of the eligibility to vote for some EU citizens
- The scheduled implementation of these changes and suitable ID for voters to show at polling stations;
- Work was underway within the Council to plan the 'front door' access, and what is required for the electors' journey and processing of their enquiry;
- Modelling work had been undertaken with the support of Performance, Research and Intelligence (PRI) to determine what transaction volumes could look like in polling stations, to model resourcing requirements;
- Staff numbers had been increased per station and an additional five stations have been added to polling places where historical information indicated a larger turnout;
- Detail of the 'customer journey' in a station or the processes to check ID had not been finalised and shared by central government;
- The Elections Strategic Lead for Greater Manchester was leading on a project to seek a consistent approach to reasonable equipment and processes at all Polling Stations across the ten Greater Manchester Districts and meetings are taking place with GM Disabled persons groups to take their views on what can be delivered and how to communicate these provisions to disabled voters;
- The Electoral Commission will run a high-profile national campaign to raise awareness of the requirement for Voter ID, targeting those who may not already have the required photographic ID and a GM-wide approach to amplify this was proposed; and
- Members will be briefed on the changes being implemented, with initial focus around changes affecting May 2023 polls. The Member Working Group will also be re-established to provide regular updates as more information becomes available.

Key points and themes which arose from the committee's discussions included:

- The need for any specific electoral communications to be easily distinguished from other Council campaigns;
- Commending the inclusion of videos in British Sign Language to communicate changes around Voter Authority Certificates (VAC);
- Why only four housing associations were listed within the 2023 local elections communications approach;
- Whether members would be briefed on progress with implementing the changes arising from the Elections Act;

- Accessibility within polling stations and what flexibility there was to respond to unforeseen circumstances such as rain;
- When further information on the customer journey in polling stations and written training information was expected from central government;
- Noting that VACs can be applied for up until 6 working days before Election Day, and querying whether the Council had capacity to support this short timescale;
- Whether any Key Performance Indicators (KPIs) had been devised to monitor a return on investment in the joint campaign across Greater Manchester;
- If the joint GM campaign would utilise advertising space on screens across the city;
- Whether any additional funding would be provided from central government to mitigate the costs associated with changes introduced by the Election Act; and
- Communications regarding voting by post, and whether postal voting would be encouraged as an alternative to the new voter ID arrangements.

The Chair began discussions on the item by quoting a British Politics and Policy paper from the London School of Economics (LSE) which stated “*Conservative MPs frame voter ID as necessary to strengthen confidence in the electoral system despite public confidence in the running of elections being at its highest*” and a piece by a Young Voices UK contributor published on the Conservative Home website, which declared “*The government has failed to offer a compelling justification for voter ID requirement beyond fearmongering about non-existent fraud. These new guidelines seem to be little more than a rushed attempt to grant themselves a slightly less embarrassing election result by excluding groups more likely to vote for a non-Tory candidate*”.

In introducing the item, the City Solicitor explained that elections were ran well in Manchester in part due to a strong core Elections Team and the use of the whole organisation during the election periods. She clarified that the Election Act would come into effect over time and that two key changes would be implemented from May 2023 – voter ID and further accessibility requirements. The Electoral Commission’s consultation on voter ID was ongoing and the Council would wait to begin a communications campaign until the VAC application portal was launched.

The Leader of the Council stated that around 2 million people across the UK would be impacted by the changes introduced within the Election Act as a result of not having the appropriate forms of ID required and that this would disproportionately impact those from disadvantaged and deprived communities and those at risk of social exclusion. She highlighted the serious and focused effort of the Council’s Elections team and reiterated that the Council would amplify communications from the Electoral Commission and Greater Manchester Combined Authority (GMCA) in addition to its own targeted campaign.

The Head of Strategic Communications responded to members enquiries and provided assurances that the Council’s communications on VACs would be distinguishable from other campaigns. These would be created in the same style and

using the same graphics as the Electoral Commission's campaign, which featured a range of different colours. The format of communications would also be in line with the GM-wide approach.

A need for the communications to be wide-reaching was acknowledged and it was confirmed that the list of housing associations identified as channels for communication with residents was not exhaustive. Members were asked to contact the Communications team with details of other housing or community organisations who could help to reach residents.

The Electoral Services Corporate Delivery Manager explained that annual reviews were undertaken to ensure the accessibility of polling stations and risk assessments would be carried out with Presiding Officers, given their knowledge and experience of their polling station. Work was also being undertaken with GMCA and disability groups to ensure a consistent approach.

With regards to the flexibility of polling stations in dealing with unforeseen challenges and demand, members were advised that command and control hubs were in operation on Election Day and Polling Station Inspectors (PSIs) attended polling stations throughout the day. It was noted that transaction times in polling stations may be longer as a result of the Election Act's provisions and busier polling stations and staffing levels were being reviewed in response to this to mitigate queues and waiting times.

Members were also advised that other cultural and social requirements could be met, for example all polling stations would have moveable privacy screens for those wearing facial coverings and the number of female polling station staff was currently being finalised. Further information on this would be provided to members once complete.

Assurances were also provided that the changes arising from the Election Act would be covered in the Candidate and Agent Briefing and a Member Briefing was anticipated to be held.

In response to members' questions around capacity to manage the supply of VACs up to 6 days before an election, the City Solicitor advised that processes and resources were being put in place to enable VACs to be issued as soon as the government's online portal was launched. The Customer Services team had also employed additional staff to deal with telephone enquiries and all customer-facing employees within Customer Services had been briefed on the changes and timescales. The Electoral Services Corporate Delivery Manager also assured that her team was familiar with working to deadlines and time constraints given the nature of their roles. It was noted that there may be external challenges or issues around delivery of VACs, given the recent industrial action by Royal Mail, and officers would continue to monitor the situation.

Assurances were provided that additional staffing requirements had been adequately budgeted for and that the Council would apply for all available grants and funding

sources to offset any financial implication on the authority, although it was acknowledged that any grants or funding would typically be received after expenditure.

The Head of Strategic Communications informed the committee that it was difficult to scope KPIs for the communication campaign, but the Council would be able to measure and identify trends in social media engagement and the number of calls to the contact centre around key dates for the campaign.

Members were also advised, in response to a query, that GMCA's campaign approach included advertising on digital screens across the city. The costs involved in the purchase of this advertising space would be part-funded by Manchester City Council and by the Electoral Commission.

In response to a query from the Chair regarding whether postal voting would be encouraged as an alternative to the new voter ID arrangements, it was stated that the Council would not actively promote one method of voting over another and the level of communications encouraging residents to register for a postal vote would remain the same as previous years. Residents would, however, be encouraged to register for a postal vote earlier if they wished to vote via this method.

The Chair wished the Elections team and all staff involved in the running of elections good luck.

Decision:

That the Committee notes

1. the progress being made by the Elections Team and the Election Steering Group in relation to changes that will be introduced by the Election Act 2022 for the Local Elections on 4 May 2023;
2. the communication plan for local residents with regard to the changes for the May 2023 polls; and
3. the changes that will be introduced for polls after the local elections 2023.

RGSC/23/4 Decarbonisation of the Operational Estate

The committee considered a report of the Head of Estates and Facilities which outlined the activities and progress to date of the Zero Carbon Estate Programme and the decarbonisation of Manchester City Council's operational estate. These included MCC and grant funded retrofit projects delivered under the Public Sector Decarbonisation Scheme and major capital schemes that were delivering energy efficiency and carbon reduction measures.

Key points and themes within the report included:

- The Council declared a Climate Emergency in July 2019 which recognised the need for the Council, and the city as a whole, to do more to reduce CO₂ emissions and mitigate the negative impacts of climate change;
- 316 buildings were reported against in the Buildings & Energy section of the Climate Change Action Plan 2020-25, including offices, depots, leisure centres, libraries, markets, properties that provide social care services to adults and children, buildings in parks and buildings owned by the council but operated by third parties;
- CO₂ emissions from the operational estate had reduced by 7,161 tonnes (29.7%) compared to the baseline set by the Council's Climate Change Action Plan 2020-25;
- The completed phases of the Zero Carbon Estate Programme which upgraded energy conservation measures and invested in heat decarbonisation, energy efficiency and generation projects in 11 leisure centres;
- £18.2m of funding was received from the Public Sector Decarbonisation Scheme (PSDS) for phases 1 and 2 and a further £3.1m had been awarded for phase 3a. A third bid for £1.2m of PSDS funding to support energy efficiency projects at the Town Hall Extension and Woodhouse Park Active Lifestyle Centre is awaiting decision;
- The projects currently being delivered;
- 80 Energy Audits had been commissioned from Equans to inform the long-term strategy for investment, the total scale of opportunity and key challenges;
- Other projects that are being delivered in addition to the Zero Carbon Estate Programme, which support the decarbonisation of the estate, including the refurbishment of the Town Hall; and
- Potential challenges to decarbonisation.

Key points and queries that arose from the committee's discussions included:

- Welcoming progress to date;
- Whether the Council would be able to continue decarbonisation works at the same pace in order to meet ambitions, given the challenges identified in the report;
- How guaranteed future funding was and where this could from and if it would be sufficient to continue the Council's decarbonisation agenda;
- Whether there was any health and safety impact on Council staff following installation of LED lighting in the Town Hall Extension;
- How decarbonisation was being approached in buildings which the Council owned but did not manage or operate;
- Why the graph of Council buildings emissions within the report did not include future projections;
- Why local authority-maintained schools were not included in decarbonisation plans;
- How much decarbonisation had occurred in Council buildings as a result of programmes to decarbonise the National Grid;
- Welcoming the installation of renewable energy generation capacity, and querying what more could be achieved by installing more solar panels;

- Why the National Football Museum was withdrawn from the scope of the works;
- Why there were no plans to make the Town Hall a zero carbon building;
- How often carbon emissions were measured; and
- If a financial figure of savings as a result of decarbonisation works was available.

The Head of Estates and Facilities introduced the item and explained that the carbon emissions from the Council's operational buildings amounted for around three quarters of the Council's total emissions, which meant it was a focus area for the Climate Change Action Plan.

The Executive Member for Environment and Transport informed the committee of the Zero Carbon Coordination Group, which brought all Council directorates together to ensure a coordinated approach and to share learning and explore challenges. The Council also had a dedicated Zero Carbon section on the website and quarterly Climate Change Action Plan updates were reported to the Environment and Climate Change Scrutiny Committee.

Councillor Mandie Shilton Godwin, Chair of the Environment and Climate Change Scrutiny Committee, submitted representations through the Chair and expressed her disappointment in the withdrawal of the National Football Museum from the scope of the Zero Carbon Estate Programme and stated that this demonstrated the present unsatisfactory national government system of allocating funding for such projects. She stated that this approach was constraining the city's ambition and queried why this had been withdrawn and whether it could be included in a future phase of the programme. In response, the Head of Estates and Facilities advised that the National Football Museum was a complicated building in terms of fabric and construction. There was also a challenge around using PSDS funding for works to this building as it stipulated that heating sources had to be changed from gas to an electric solution, which would require a ground source heat pump, and there was a lack of space around the Museum to enable this. He explained that some works had been undertaken at the Museum such as upgrades to air handling units to improve efficiency and contribute to reducing carbon emissions. The Council would also be able to take forward elements of the programme, such as LED lighting upgrades, for the Museum in the future.

In response to a member's query around funding, the Head of Estates and Facilities explained that there was a mix of different funding streams available, and the Council pursued external grant funding where possible and practical. There had been two successful funding bids for PSDS, and a third bid was hoped to be approved soon. There was also a significant amount of the Council's own resource invested in the programme, including on an invest-to-save basis, and some major capital schemes included firm commitments to reducing carbon emissions through these projects. There were plans to continue the carbon reduction programme, although it was not yet known if the PSDS would continue in the same form as previously, and the Head of Estates and Facilities confirmed that he was confident in the ability to continue the programme.

It was acknowledged that the future of the carbon reduction programme would change given the challenges outlined in the report and that the next phase of the programme would focus on larger Council-operated buildings which emit less carbon than those worked on in previous phases. There had been significant learning from previous phases for the Capital Programme, Energy Management and Finance teams and there had been investment in capacity to enable delivery of decarbonisation projects.

The Head of Estates and Facilities acknowledged the importance of sufficient lighting with the Town Hall Extension and explained that lighting had been upgraded throughout office spaces within the building. An advantage of this was that LED lighting levels were more adjustable compared to traditional lighting and the Health and Safety team were involved in the installation of this to ensure that lighting levels were adequate.

A query was raised regarding works to buildings which the Council owned but did not manage or operate and the committee was informed that some buildings had proposals for decarbonisation works in development and some works had been undertaken at Bridgewater Hall, such as connection to the cyclical heat network and LED lighting upgrades, and the Art Gallery.

In response to a question regarding a lack of future projections within the council building emissions graph, it was stated that this was due to accessibility of data as the Council's energy usage was based on meter readings in buildings and future usage and carbon emissions could not be predicted. Members were advised that there are targets set for future emissions and that the Council was currently meeting these.

It was clarified that decarbonisation of local authority-maintained schools was under consideration by the Council, but this fell within the remit of a different service. The Director of Education had recently met with schools to devise a plan for decarbonisation and officers from the Energy Management and Capital Programmes teams were assisting in this by sharing their learning and experiences.

The Head of Estates and Facilities expressed his hope that Energy Audits, which were underway and due for completion in May 2023, would identify where additional capacity was available to install more solar panels.

It was also clarified that the Town Hall was not included in the project's scope to become a zero-carbon building because of its status as a Grade I Listed Building, which restricted the ability to add significant retrofit elements.

Information on the amount of emissions reduced as a result of decarbonisation works to the National Grid and financial savings would be provided following the meeting.

Decision:

That the Committee notes

1. the activities and progress to date on the decarbonisation of Manchester City Council's operational estate, and
2. the pipeline of future projects that are in development.

RGSC/23/5 Provisional Local Government Finance Settlement 2023/24 and Budget Assumptions

The committee considered a report of the Deputy Chief Executive and City Treasurer which provided an update on the main announcements from the provisional local government finance settlement 2023/24, which was announced on 19 December 2022. The report also focused on the impact on the Council's budget for 2023/24 to 2025/26 and the next steps in the 2023/24 budget setting process.

Key points and themes within the report included:

- The Council faced significant inflationary and demand pressures in both the current financial year and next, which the settlement addressed in part;
- The Council's proposed strategy was to use any additional funding, after covering new priority investment requirements and demand pressures, to help close the budget gap in future years and reduce the need for significant cuts in 2025/26 and beyond;
- Confirmation that the savings reported to the committee in November 2022 were sufficient to deliver a balanced budget next year without any additional savings requirement;
- The referendum principles for 2023/24, including a limit of 4.99% for upper tier authorities;
- Changes to business rates retention and the introduction of additional grant funding for social care;
- The scale of these policy changes could not have been predicted in advance of the Provisional Finance Settlement and are a significant change from the messages coming from government prior to the autumn statement; and
- Implications for the Council, including the medium- and longer-term risks.

Key points and queries that arose from the committee's discussions included:

- What was meant by additional targeted support for most vulnerable residents, if the Council Tax precept was raised;
- Whether additional funds for adult social care and children's services potentially raised from a 1% adult social care precept and the Social Care grant could be directed into specific areas of need;
- Staff pay awards;
- Noting that central government assumed that the Council would increase council tax;
- What the proposed council tax increase of 4.99% would equate to for the top and bottom band; and
- How questions were phrased on the council tax consultation.

The Executive Member for Finance and Resources introduced the item and explained that there had been a recent marked shift in the Autumn Statement, the Policy Statement and the Provisional Local Government Finance Settlement which acknowledged a gap in public sector finances that would take four years to remedy, with public sector cuts deferred until after 2025.

He explained that central government anticipated the Council increasing council tax to 4.99% to enhance income. He stated that the Provisional Local Government Finance Settlement provided breathing space for the authority but the additional funding outlined within the report would not mitigate the inflationary pressures faced by the Council.

The Deputy Chief Executive and City Treasurer explained that there had been three significant policy changes arising from the Autumn Statement and the Provisional Local Government Finance Settlement. Business rates would be frozen and local authorities would be compensated by central government for the difference. 3 additional grants for social care would also be awarded to the Council and would be ringfenced for supporting hospital discharges, social care improvement and a broader grant for children's and adult's social care. The final policy shift was around the reliance on the council tax precept to provide additional funding and an increase in the referendum limit from 2.99% with a further 1% for the adult social care precept and a further 1% for the general fund precept. She reiterated that none of this funding was guaranteed after the Spending Review period and that significant unknowns and budget gaps were anticipated following the public sector cuts planned for after 2025.

Members were also advised that additional funding would also result in additional costs. Inflation was predicted to be 7% in the next financial year, which was higher than originally anticipated and officers were working to link funding and costs. In response to a member enquiry about potential additional support for vulnerable residents, the Deputy Chief Executive and City Treasurer advised that officers were working through options for this and explained that £3.55m had been added to the Council's budget to address immediate pressures including support for food banks, VCSE organisations and expanding the Council's welfare provisions. Members were also informed of a government scheme in 2024 which would provide a rebate of up to £25 to those on the Council Tax Support Scheme to mitigate the impact of increased council tax and the Council would look to provide similar support, particularly for residents at risk of first-time debt and those who have previously had a repayment plan with the Council.

The Executive Member for Finance and Resources reiterated that social care funding grants were ringfenced and would be used to reduce pressures and demand. Options for how grant funding would be spent were still being assessed and work was ongoing with the Director of Adult Social Care to identify investment proposals and priorities and assurances were provided that members would have the opportunity to discuss proposals before a decision is taken.

The Deputy Chief Executive and City Treasurer responded to a member's query about staff pay awards and explained that the pay award for 2022/23 had only been confirmed in December and pay negotiations for 2023/24 had begun. She advised

that an uplift of 4% was originally budgeted for the pay award and this would be assessed during the budget process to ensure it is sufficient.

In response to a question around the proposed council tax increase and what this would equate to for the top and bottom band, the Deputy Chief Executive and City Treasurer confirmed that an increase of 2.99% was proposed. The impact of this increase had been modelled for those properties in Band A, Band D and on the Council Tax Support Scheme which had informed initial ideas around support for residents. The increase would result in an additional c.£2m income for the Council.

It was also highlighted that Manchester had the smallest council tax base of all metropolitan authorities and although some grant funding compensated for this, it did not counteract the issue and raising council tax would provide some financial benefits.

The Executive Member for Finance and Resources stated that raising council tax was not done lightly, especially in the current financial climate, and clarified that the public consultation on council tax increases provided indications of where residents wanted their council tax money to be spent. The consultation explained that an increase of 2.99% of the general precept and 2% on the adult social care precept was proposed and that this additional revenue would be directed to those issues identified as priorities for residents and to improve adult social care.

The Deputy Chief Executive and City Treasurer wished to put her thanks on record to the Council's Finance team for their work on the Provisional Local Government Finance Settlement, particularly as it was received close to Christmas. The Chair concurred with this sentiment.

Decision:

That the report be noted.

RGSC/23/6 Overview Report

The committee considered a report of the Governance and Scrutiny Support Unit which provided responses to recommendations, details of key decisions within the committee's remit and its work programme.

In response to a member's request, the Chair agreed to receive a report on the progress of the Major Contracts Oversight Board at the Committee's meeting in March 2023.

An amendment was also required to the work programme to reflect that the Committee would meet on Thursday, 25 May 2023.

Decision:

That

1. the report be noted and

2. the Committee's work programme be agreed, subject to the amendments outlined above.

**Manchester City Council
Report for Information**

Report to: Resource and Governance Scrutiny Committee – 7 February 2023

Subject: Revenue Budget Update 2023/24

Report of: Deputy Chief Executive and City Treasurer

Summary

This report sets out the latest forecast revenue budget position, and the next steps. Following the provisional finance settlement, announced on 19 December, the Council is forecasting a balanced budget for 2023/24 and 2024/25. The financial risk around balancing the budget has moved to the next Spending review period 2025/26 where a shortfall of £58m is forecast. This reduces to £41m after the proposed use of £17m smoothing reserves.

In November 2022, scrutiny committees were presented with cuts and saving options totaling £42.3m over three years for consideration. The provisional settlement on 19 December reflected a change in government policy in relation to inflationary funding, Council Tax levels and social care funding which collectively provided more funding than initially expected. This has given the opportunity to review the quantum and phasing of savings. It is now proposed that options of £36.2m are progressed. The settlement has also given some scope for targeted investments which will put the council in a more sustainable position to face the next spending review in 2025.

Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals 15 February 2023.

Recommendations

The Committee is recommended to:

- (1) consider and comment on the forecast medium term revenue budget
 - (2) consider the content of this report and comment on the proposed changes
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Wards Affected: All

<p>Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>
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<p>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.</p>
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Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA).

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/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 changes included within this report will, subject to Member comments and consultation, be included in the final 2023/24 revenue budget set by Council on 3 March

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.

[Revenue Budget Report - Executive Meeting February 2022](#)

[Medium Term Financial Strategy 2022/23 to 2024/25 -Executive Meeting February 2022](#)

[Revenue Budget Update - Resource and Governance Scrutiny – 8 November 2022](#)

[Resources and Governance Scrutiny Committee – 10 January 2023, Provisional local government finance settlement 2023/24 and budget](#)

1. Context and Background

- 1.1. The national funding outlook for Local Government has been more volatile than usual in the last year. The Spending Review in October 2021 set the expected spending envelope for the following three years. The national numbers indicated additional Local Government funding in 2022/23 then a flat settlement for the two years which followed. The Spending Review also announced significant Social Care Reforms to be implemented from October 2023 with associated funding of £3.6bn over three years which was widely considered inadequate. In just over a year since then there have been significant government policy changes.
- 1.2. The Russian invasion of Ukraine in February 2022 contributed to rapidly increasing inflation, from a forecast 2022/23 average CPI of 2.3% to an October 2022 peak of 11.1%. Throughout Summer 2022 government advised that despite the unprecedented cost increases to pay, utilities and prices there would be no additional Local Government funding to assist with these pressures. This was confirmed by the Truss government mini-budget 23 September 2022 which prioritised lowering taxes to stimulate the economy. This was followed by market instability and rhetoric around 'Austerity Round Two' from politicians, commentators and the Institute of Fiscal Studies.
- 1.3. In this context the Council identified cuts and efficiencies totalling £42.3m over three years for consideration by November scrutiny committees. It was anticipated that further cuts and savings may be required depending on the outcome of the provisional settlement.
- 1.4. Following the appointment of a new Prime Minister an Autumn Statement was announced for 17 November 2022 followed by a local government finance policy statement on 12 December 2022 and the provisional local government finance statement published on 19 December 2022.
- 1.5. The Autumn Statement and Provisional Finance Settlement are considered a holding position for the public finances, designed for stability and certainty for planning purposes and to promote fiscal sustainability within available resources. The public sector finances "black hole" outlined by the Government will be dealt with over 4 years, with the first two years addressed through mainly tax increases and the final two years through public sector spending cuts.
- 1.6. The Policy statement and provisional settlement did however, set out a welcome change in direction which included:
 - Funding for pay and inflation pressures
 - New Social Care grants to support hospital discharge and the care market (ringfenced with conditions)
 - ASC reforms delayed at least 2 years and funding repurposed for social care pressures
 - Confirmed current 100% business rates retention areas will continue for 2023-24

- 1.7. In addition, the referendum limit for Council Tax increases was increased to 5% for local Authorities with Adult Social Care responsibilities. The government figures assume the full increase will be taken.
 - 1.8. The outcome of the provisional local government finance settlement was reported to this committee on 10 January 2023 and summarised the proposed funding figures for the 2023/24 financial year. The Provisional Finance Settlement, is for one year only, setting the proposed allocations for 2023/24, accompanied by a fairly full set of policy principles for 2024/25.
 - 1.9. In November 2022, all scrutiny committees were updated with cuts, saving and investment options to consider before the publishing of the finance settlement. These reports and the periodic budget monitoring reports explained that the Council is facing significant inflationary and demand pressures in both the current financial year and next. The provisional settlement has in part addressed some of these pressures and therefore improved the council's position for the next two years, providing some breathing space before funding risks re-emerge from 2025/26, when public sector spending cuts are expected as part of the four-year plan outlined by the Government.
 - 1.10. The recent pledge to reduce the levels of government debt reinforce the expectation that there will be future cuts. The Council's proposed strategy is to use any additional funding, after covering new priority investment requirements and demand pressures, to help close the budget gap in future years and reduce the need for significant cuts in 2025/26 and beyond.
- 2. Medium Term Budget position reported to Resources and Governance Scrutiny Committee 8 November 2022**
- 2.1. Prior to the Autumn Statement Announcements, the Council was facing a budget gap of £6.7m next year, increasing to £54m by 2025/26.

Table One: Summary Budget position presented to Resources and Governance scrutiny 8 November 2022

	2023 / 24	2024 / 25	2025 / 26
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	348,497	344,090	346,503
Council Tax	211,450	219,348	228,187
Grants and other External Funding	101,872	89,374	80,461
Use of Reserves	13,584	11,703	6,222
Total Resources Available	675,403	664,515	661,373
Resources Required			
<i>Corporate Costs</i>	111,763	116,403	113,122
<i>Directorate Costs</i>	599,302	625,959	651,406
Total Resources Required	711,065	742,362	764,528
Shortfall	35,662	77,847	103,155
New budget pressures	7,785	7,785	8,785
Shortfall including new budget pressures	43,447	85,632	111,940
Use of Smoothing and Airport Reserve	(15,641)	(16,177)	(15,738)
Gap after use of Smoothing Reserves and emerging pressures	27,806	69,455	96,202
Savings options identified to date	(21,135)	(32,738)	(42,320)
Remaining Shortfall	6,671	36,717	53,882

3. Changes to the position following the Autumn Statement and Provisional Finance Settlement

- 3.1. As outlined in the 10 January report to Resources and Scrutiny the broad approach in the settlement is based on:
- A uniform roll-over of the core funding elements with inflationary increases to Revenue Support Grant and business Rates related income.
 - New grants and expectations for social care
 - Increased Council Tax referendum limits
- 3.2. Social Care reform is deferred until at least October 2025 and the wider, long anticipated reforms to the way local government is financed are also deferred, until at least 2025/26. The period leading up to the General Election, expected by December 2024, provides an opportunity to consider the broader changes that are needed.
- 3.3. The additional funding streams announced as part of the settlement, come with a number of spend requirements, and additional pressures have emerged since the November scrutiny report. The following paragraphs set out the additional funding, investment requirements and changes to savings and smoothing reserve use to arrive at an updated financial position for the Council.

Core Funding

- 3.4. Business Rates Retention – The Government has changed the inflation measure used to increase the local government funding amount within the Settlement Funding Amount (SFA). This was set at 2.6% in the SR envelope. The September CPI figure of 10.1% has been used instead, which represents a material increase in the funding available to local authorities. Alongside this Revenue Support Grant (RSG) has increased by 10.1%. This gives the Council an additional £25.2m in settlement funding compared to the original budget.
- 3.5. Services Grant has been reduced from £822m to £464m, this equates to a reduction of £2.4m for the Council. The New Homes Bonus initiative has continued for one more year with the design unchanged, the Council had budgeted £5m, an additional £1.6m will be received.
- 3.6. The additional funding in the Provisional Finance Settlement must be looked at alongside the corporate cost requirements and the heavy reliance on the budget smoothing reserve to balance the budget position. The following additional costs need to be taken into account in the budget process.
- CPI is currently over 10% and predicted to average 7.4% next year (higher than previous forecast). The previous inflation provision is not high enough to cover this and the associated demand on major contracts and will need increasing. It is proposed an additional £4m is allowed for in the updated position.
 - There are specific demand and inflation pressures facing the Homelessness budgets. Government refuge and asylum schemes are placing pressure on the Manchester temporary accommodation market, driving up costs, resulting in a £4m fee uplift requirement for homelessness Temporary Accommodation.
 - Early information on pay negotiations suggests an average pay increase of between 5% and 6% next year which is higher than the 4% allowed for. It is proposed a further £3.5m is provided.
- 3.7. The settlement also gave some scope for targeted investments which will put the council in a more sustainable position to face the next spending review in 2025 and to revisit the scale and quantum of the proposed cuts and savings measures. The January budget report to Resources and Governance Scrutiny Committee set out a series of principles to frame the finalising the revenue budget:
- £16m of reserves per annum were being used to close the pre Settlement budget gap. Reserves should be a last resort and the Provisional Finance Settlement has pushed all the risks to 2025/26. The planned use of reserves needs amending to reflect the risks in these years. The use of the smoothing reserve will be rephased to support a sustainable position, particularly to support closing the budget gap in 2024/25 and to deal with the significant risks faced in 2025 and beyond.
 - Recommendation to increase the Council Tax precept so this is reflected in the base, but that this is alongside targeted support to residents who are most vulnerable, and the investment will be included within the approach to

care provider fee setting for 2023/24, to support the delivery of market sustainability plans. A second phase of the budget consultation is planned.

- Adult Social Care - to put the budget on a sustainable footing, appropriate costs such as demography and real living wage are met from the additional ringfenced grant funding.
- Where there are additional costs and requirements the grants are passported through to meet them and the funding is used to provide investment to meet real pressures, social care improvement priorities and invest to save approach which will help the future position

- 3.8. These principles have been used to inform the final budget recommendations to Budget Executive on 15 February and Budget Council on 3 March. This report has also updated the position for the key decisions taken in January on the Collection Fund Surplus for 2022/23 and Council Tax and Business Rates base for 2023/24.

Council Tax

- 3.9. The settlement assumes Councils with Social care responsibilities will increase council tax up to the referendum limit of 5%, increased from a limit of 3% before the settlement. The government has assumed in its settlement calculations that all eligible local authorities will take the maximum increase allowed without a referendum. There is a difficult balance between protecting residents and maximising the income available to the Council both next year and longer term. If Council Tax is not increased at this level the revenue stream is permanently lost and has a cumulative compounding impact as the base grows in future years. Manchester currently has the lowest ratio of Council Tax to funding of all metropolitan authorities. This has a disproportionate impact on the Council when government funding cuts are made.
- 3.10. If this flexibility is taken by the Council, it would raise £4.055m next year and a further £4.5m in 2024/25. It is important to maximise the ongoing funding in the budget base. This is particularly important given the proposed public sector spending cuts from 2025/26 as set out in the Autumn Statement and uncertainty around the allocation of the Social Care grant in light of the deferred Adult Social Care reforms creating a new funding 'cliff edge' from 2025/26.
- 3.11. If the general precept is increased it could fund additional investment to provide targeted support for vulnerable residents, including help with outstanding debt on council tax bills and support through the Voluntary, Community and Social Enterprise (VCSE) sector. Further details are provided within the Corporate Core budget report.
- 3.12. If the Social Care precept is supported the expectation is that this additional funding is considered alongside the approach to care provider fee setting for 2023/24, to ensure social care provider sustainability. Further details are provided in the Health and Social Care Scrutiny budget report.

- 3.13. It is recommended that as part of the budget setting process the full general fund precept of 2.99% and social care precept of 2% are taken.

Social Care Funding and Investment

- 3.14. In total there is a total increase of £25.7m in 2023/24 rising to £38.7m in 2024/25 in social care funding. The grant conditions associated with this additional funding are expected early 2023 and will be heavily focused on how the social care system will support the NHS.
- 3.15. *Additional £4.4m rising to £7.5m - Market Sustainability and Improvement Grant* - This grant is intended to assist local authorities to make tangible improvements to adult social care, and, in particular to address: hospital discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. This grant will have reporting requirements, expected to be published in January. The grant will be distributed using the 2013/14 adult social care relative needs formula and is ringfenced. The funding is additional to the £1.8m received in 2022/23 which is also rolled-into 2023/24.
- 3.16. *£4.451m increasing to £7.420m ASC Discharge Fund* - This is intended to form part of Better Care Fund plans, aimed at reducing delayed transfers of care and the funding will need to be pooled with the NHS. The NHS is receiving an equal amount to also put into Better Care Fund plans. This is being allocated on iBCF share in 2022/23, resulting in an allocation of approx. 1.4%. The fund will grow by a further £200m on the local government side in 2024/25, with no change to distribution methodology expected.
- 3.17. *£18.8m rising to £25.7m - Social Care Grant* which is ringfenced for adults and children's social care services. This is the funding originally identified for social care reforms which have been deferred. This is not guaranteed beyond the current spending review period and therefore uncertainty around what will happen to this funding post 2024/25. The original budget assumptions included a £2m grant uplift for Improved Better Care Fund (iBCF) which has not materialised, this grant can be used to support the costs this would have funded.

Cuts and Savings

- 3.18. The settlement provided some opportunity for reducing the quantum and timing of some of the savings which had previously been considered. It is now proposed that options of £36.2m are progressed, a reduction of £6.1m overall.
- 3.19. Details of the proposed changes are included in the relevant scrutiny committee report.

Table Two: Revised Savings proposals

Directorate	Amount of Saving				Indicative FTE Impact
	2023/24	2024/25	2025/26	Total	
	£'000	£'000	£'000	£'000	
Adults Services	4,142	2,200	2,200	8,542	-
Public Health	730	-	-	730	3
Children Services	4,411	3,920	3,394	11,725	-
Neighbourhoods	545	1,135	1,772	3,452	3
Homelessness	1,244	2,070	1,332	4,646	-
Corporate Core	3,365	677	1,089	5,131	53
Growth and Development	959	170	815	1,944	1
Total profiled savings options	15,396	10,172	10,602	36,170	60

Additional Investment

3.20. The budget includes additional investment proposals in the following areas. Full details are included in the relevant scrutiny committee reports.

- Cleaning the city and infrastructure planning – additional investment to ensure there are the resources to clean the city and district centres and effectively resource our infrastructure planning including the City Centre and Active Travel strategies.
- Aligned to this will be investment in the capital programme for community and neighbourhood assets and the establishment of a small fund to facilitate small emergency repairs or improvements, for example to fix a broken swing or add a bin to the collection.
- Investment in homelessness service to meet increased demand and increased dispersed accommodation fees
- Additional investment in Children's Services to meet higher placement costs and invest in resilience and prevention.
- Investment in adult social care to strengthen practice and investing in preventative services
- Additional funding for the cyber security team
- Additional funding for improved support to our disabled staff

Smoothing Reserve

3.21. £16m of reserves per annum for three years were being used to close the pre Settlement budget gap. Reserves should be a last resort and the Provisional Finance Settlement has pushed the main funding risks to 2025/26. The planned use of reserves needs amending to reflect these changes in risk. The use of the smoothing reserve will be rephased to support a sustainable position, particularly to support closing the budget gap in 2024/25 and to deal expected funding shortfalls in 2025 and beyond.

3.22. The table below summarises the impact of these changes on the Councils budget position.

Table Three: Summary of changes post settlement

	2023 / 24	2024 / 25	2025/26
	£'000	£'000	£'000
Forecast Gap reported to Nov RAGOS after savings	6,671	36,717	53,883
Remove assumed use of Smoothing reserves	15,641	16,177	15,738
Gap at Nov 2022 RAGOS without smoothing reserves	22,312	52,894	69,621
Updates to Corporate Budgets:			
Reduced Pension contribution	(1,200)	(3,400)	(3,400)
Additional return of Waste reserves £2m	(360)		
Updated transport levy forecasts		192	1,175
Updated waste levy forecasts	(1,345)	(1,386)	(439)
Updated Business Rates position	(290)	(204)	745
Updated Council Tax position	(2,463)	(138)	(144)
Transfer to reserve	1,335	0	0
Additional Settlement Funding:			
Baseline Funding Level and RSG	(25,212)	(35,454)	(37,858)
Additional NHB Grant	(1,637)		
Reduced Services grant	2,380	2,380	2,380
Increased budget for pay award	3,445	3,045	2,345
Non pay inflation	4,000	6,000	6,000
Investment in cyber security	250	250	250
Improved support for disabled staff	250	250	250
Cleaning city centre and districts and improved infrastructure planning	1,500	1,500	1,500
Dispersed uplift Homelessness	4,000	4,000	4,000
Additional Council Tax Funding:			
Council Tax increase to 4.99%	(4,055)	(8,602)	(8,948)
Targeted support for vulnerable residents	2,000	2,000	2,000
Support the adult social care market	2,027	4,301	4,301
Additional Social Care Funding:			
Additional Social Care Grants	(25,665)	(38,689)	(38,689)
ASC Discharge Fund (to be pooled in BCF)	4,451	7,420	7,420
Market Sustainability and Improvement Spend	4,443	7,548	7,548
Independent Living Fund	2,000	2,000	2,000
Reduced Education Services Grant	145	145	145
Children's investment / pressures	3,300	3,300	3,300
Social Care Reforms (high level estimate)			25,721
Revised forecast gap / (surplus)	(4,389)	9,352	51,223
Proposed adjustments to savings	5,739	7,170	6,150
Revised use of smoothing reserves	(1,350)	(16,522)	(17,000)
Revised forecast gap / (surplus)	0	0	40,373

4. Updated Medium Term Budget position

- 4.1. The final budget position for 2023/24 and future years will be confirmed at February 2023 Executive. This will be after the Final Finance Settlement is received, expected early February.
- 4.2. The indicative medium-term position is shown in the table below, showing the planned use of reserves and the level of savings proposals identified to date.

Table Four: Medium term forecast summarising current budget proposals and use of reserves

	2023 / 24	2024 / 25	2025 / 26
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	374,854	380,005	386,872
Council Tax	217,968	228,087	237,279
Grants and other External Funding	126,153	127,682	115,769
Use of Reserves	15,884	15,003	10,522
Total Resources Available	734,859	750,777	750,442
Resources Required			
Corporate Costs	111,493	114,949	113,598
Directorate Costs	640,113	677,919	730,387
Total Resources Required	751,606	792,868	843,985
Shortfall	16,747	42,091	93,543
Use of Smoothing Reserves	(1,350)	(16,523)	(17,000)
Gap after use of Smoothing Reserves	15,397	25,568	76,543
Savings options identified	(15,396)	(25,568)	(36,170)
Remaining Shortfall	0	0	40,373

- 4.3. The government announcements have pushed the difficult financial decisions to 2025/26. This settlement does not provide certainty or financial security for councils over the longer term. It gives the sector another one-year deal, confirms further delays to the Fair Funding Review and reset of business rates. Significant risks remain including a potential reallocation of the social care grant, reintroduction of the funding reforms and anticipated cuts in funding post 2024/25. Work will start in 2023 on identifying the more difficult cuts that will be required to close the 2025/26 and beyond budget gap.

5. Workforce Implications

- 5.1. The indicative workforce reduction linked to the savings proposals has reduced from 70 Full-Time Equivalent (FTE) over the three years to 60. Of these posts 53 relate to the Corporate Core directorate and back-office functions. It is anticipated that this will be managed via natural turnover and vacancies and that there will be no requirement for any formal voluntary early retirement or voluntary severance scheme.

6. Equality and Anti-Poverty Impact Assessments

- 6.1. Consideration has been given to how the individual proposed savings could impact on different protected or disadvantaged groups. All proposals are therefore being reviewed for their likely impact on these groups and where applicable, proposals have been subject to completion of an individual Equality Impact Assessment (EqIA).
- 6.2. Work is underway to assess the equalities and anti-poverty impact of the budget as a whole. This will be finalised for Budget Scrutiny on 27 February 2023.

7. Consultation

- 7.1. There is a statutory requirement to consult with business rates payers. Public consultation on proposed Council Tax levels and the savings and cuts measures put forward by officers opened on Monday 7 November and ran until 7 January 2023.
- 7.2. A second phase of public budget consultation launched on 7 January to close 7 February. This focused on the option to increase the council tax precept by 4.99% - a further 1% for adult social care bringing the social care precept to 2% and a further 1% for the general precept bringing this to 2.99%.
- 7.3. The provisional results from the consultation will be reported to Executive on 15 February. The full analysis and results, alongside comments from scrutiny committees, will be reported to the Budget Scrutiny meeting on 27 February to ensure they are fully considered before the final budget is set. None of the budget options require formal statutory consultation.

8. Scrutiny of the draft budget proposals and the budget reports

- 8.1. The reports have been tailored to the remit of each scrutiny as shown in the table below. Each 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 2023.

Date	Meeting	Services Included
7 Feb 2023	Resources and Governance Scrutiny Committee	Chief Exec Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
7 Feb 2023	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood teams
8 Feb 2023	Health Scrutiny Committee	Adult Social Care Public Health
8 Feb 2023	Children and Young People Scrutiny Committee	Children and Education Services
9 Feb 2023	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
9 Feb 2023	Economy Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways

9. Next Steps

9.1. The proposed next steps are as follows:

- 7-9 February - Scrutiny Committees
- 15 February - Executive receive proposed budget
- 27 February - Resources and Governance Budget Scrutiny
- 3 March - Council approval of 2023/24 budget

10. Conclusion

10.1. The 2023/24 budget gap has been closed without the need for further saving and there is some opportunity for reducing the quantum and a rephrasing of savings alongside a small level of additional targeted investment. Revised options will be considered by the Scrutiny meetings in February 2023, before being finalised for Executive on 15 February and onto Budget Scrutiny on 27 February.

10.2. The provisional settlement has given some breathing space however it does not provide a sustainable long term funding solution for Local Government. The difficult financial decisions have been pushed back to 2025/26. It is likely

that further significant budget cuts will be required as significant risks remain including a potential reallocation of the social care grant, the delayed funding reforms and anticipated cuts in funding post 2024/25.

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**Manchester City Council
Report for Information**

Report to: Resources & Governance Scrutiny Committee – 7 February 2023
Executive – 15 February 2023

Subject: Corporate Core Budget 2023/24

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

Summary

Members will recall that at the November round of scrutiny meetings the Council was forecasting an estimated budget shortfall of £112m over the three years with £44m in 2023/24. As part of the action to address the budget shortfall officers identified potential savings options of £42.3m over three years, of which there were savings options of £10.26m within the remit of this scrutiny committee, including Corporate Core savings of £6.024m and Traded Services savings of £4.236m

The provisional financial settlement announced 19 December reflected a change in government policy in relation to funding inflation and social care pressures. This has given the opportunity to review the quantum and phasing of savings. It is now proposed that options of £36.2m are progressed, of which £7.712m is within the remit of this scrutiny committee.

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2022.

Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals on 15 February 2023.

Recommendations

The Committee is recommended to:

- (1) To consider and comment on the forecast medium term revenue budget
- (2) Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee

The Executive is recommended to approve these budget proposals.

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.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/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 changes included within this report will, subject to Member comments and consultation, be included in the final 2023/24 revenue budget set by Council on 3 March.

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.

[Revenue Budget Report - Executive Meeting 16 February 2022](#)
[Medium Term Financial Strategy 2022/23 to 2024/25 -Executive Meeting 16 February 2022](#)
[2022/23 Budget Overview and Section 25 Report – Executive 16 February 2022](#)
[Corporate Core Budget Report – 2022/23 – Executive 16 February 2022](#)
[Resource and Governance Scrutiny – 6 September 2022 and 10th January 2023](#)
[Revenue Monitoring to the end of July 2022 and Budget update 2023/24 to 2025/26 - Executive 14 September 2022](#)

1. Introduction and purpose

- 1.1. The report sets out an overview of the services within the remit of this scrutiny committee and their key priorities. It also contains the updated cuts and savings and investment proposals following the overall changes to the Council's budget position following the Autumn Statement and Provisional Finance Settlement in December. It should be read with the covering budget report to this committee. This report covers the services under the remit of the scrutiny committee, the Corporate Core and Operations and Commissioning services within the Neighbourhood Services Directorate.

2. Service overview and priorities

- 2.1 The Corporate Core has the following functions:

- Delivery of front-line services to residents and businesses including the customer service, revenues and benefits, coroners and registrars
- Delivery of support services to both the council and partners through the centre of excellence model. These include Finance and Procurement, Human Resources and Organisational Development, Legal Services and Policy, Performance and Reform.
- Delivery and support of the Capital Programme through the Capital Programmes team.
- Corporate Landlord and Facilities Management (FM)
- Ensuring effective governance, decision making and supporting the council as a democratic organisation. This includes the specific work of internal audit, commercial governance.
- Engine room for driving policy and strategy and the associated evidence base.

- 2.2 The Corporate Core is made up of Chief Executives and Corporate Services and has a gross budget of c.£317m and a net budget of c£98.9m and employs just short of 2,000 FTE. The Business Units which are traded services within Neighbourhood Services also fall within the remit of this scrutiny committee and details of their budgets and savings options are included within this report. The budget and FTE numbers for both the Corporate Core and Business Units are broken down by service in area in the three tables below.

Base budget 2022/23

Chief Executives	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE)
Coroners & Registrars	3,767	2,374	50
Elections	1,247	1,118	11
Legal Services	15,742	10,088	267
Communications	4,426	3,441	78
Executive	980	980	12
Policy, Performance & Reform (PRI)	18,241	14,493	155
CEX Corporate Items	1,255	1,215	0
Total Chief Executives	45,658	33,709	573

Corporate Services	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE)
Finance, Procurement & Commercial Gov	9,090	8,191	219
Revenues & Benefits and Customer Services	213,096	12,955	531
ICT	15,596	15,596	158
Human Resources & OD	5,389	4,528	137
Audit, Risk & Resilience	1,641	1,468	39
Capital Prog, Operational Prop & FM Services	26,099	21,874	338
Total Corporate Services	270,911	64,612	1,422
Grand Total Corporate Core	316,570	98,321	1,995

The above budgets include:

- £3.6m discretionary welfare support budgets in Revenues and Benefits
- £2.9m grants to the Voluntary and Community sector in City Policy
- Operational Property and Facilities Management includes Utilities £9.2m, Business rates £2.9m, Security £2.8m and rents £1.6m
- £5.4m for ICT supplier contracts and licences
- Chief Executives Corporate items includes the AGMA contribution of £1.768m.

2.3 In addition to the Corporate Core, there are other services that are under the remit of the Resources and Governance Scrutiny Committee, these are traded services within Operations and Commissioning managed by the Neighbourhoods Directorate. The gross budget is £22.9m, with a net income budget of £13.7m and 126 employees. A breakdown of the services is shown below.

Business Units, Advertising and Parking	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE) £'000
Business Units	15,163	(2,253)	122
Advertising	63	(4,400)	1
Parking Services and CCTV	7,736	(7,074)	3
Total	22,962	(13,727)	126

- 2.4 These services aim to maximise the commercially generated income from services alongside the provision of a public amenity, with all funds raised recycled back into Council services and the assets used to deliver them.
- 2.5 The Business Units include key traded services:
- 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.
- 2.6 The Council sells advertising space on its land holdings across the city and this funding is used to support front line services. There are both small format and large format and includes the digital displays in and around the city centre.
- 2.7 Parking Services and CCTV directly support the transport strategy for the city and with the aim to keep the city's roads safe and moving. Work is ongoing to update the parking strategy and review of both on / off street pricing. The CCTV Service undertakes management of the city centre control room and the c.200 cameras across the public realm.

3 Service budget and proposed changes

- 3.1 In November this scrutiny committee was presented with cuts and savings options of £10.26m over the three years for consideration. With the improvement in the short-term budget position following the Autumn Statement and Provisional Finance Settlement there is the opportunity to review the quantum and phasing of cuts and savings and to consider targeted additional investment. Total proposed cuts and savings of £2.920m have been removed or deferred until later years and the key changes since the last committee are set out in the tables below:

Service	Narrative	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total £000's
HROD	Reprofile front door savings by one year	(50)	(95)	0	(145)
PRI	Reprofile operating model savings by one year	(122)	(3)	(43)	(168)
Customer Services	Delay savings in line with system procurement timetable	0	(200)	(250)	(450)
Total Future Shape		(172)	(298)	(293)	(763)
Registrars	Increase registrars' fees	(80)	0	0	(80)
Customer services	Additional clamping income	(50)	0	0	(50)
Corporate Core Housekeeping Savings		(130)	0	0	(130)
Total Corporate Core Reductions		(302)	(298)	(293)	(893)

Service	Narrative	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total £000's
Markets	Not introduce increased rents for market tenants	(83)	0	0	(83)
Parking	Do not increase income target for parking due to pressures following COVID	(250)	(750)	0	(1,000)
Advertising	Reduce advertising income target to prudent level.	0	(200)	0	(200)
Bereavements	Defer price increase due to cost-of-living crisis	(372)	(372)	372	(372)
Grand Total - Business Units		(705)	(1,322)	372	(1,655)

- 3.2 The revised core budget saving proposals will be delivered through a combination of:
- Transformation delivered through the Future Shape Programme.
 - Review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacancies.
 - Good housekeeping and delivery of efficiencies. All Heads of Service have been asked to review their service areas to identify efficiencies or opportunities for income generation.
 - Delivering a corporate programme of work on ensuring the basics are right, sound and competitive procurement, approach to managing inflation, ensuring income budgets are maximised and charges appropriate.

Apart from the changes to the original proposed savings outlined in the table in para 3.1, these remain unchanged from those previously reported to November Committee.

Future Shape and Transformation Programme

3.2 Previous reports have been taken to this committee on the Future Shape programme which is a mix of internal and external facing service transformation. The objectives are to ensure that the quality of our services, resident experiences and outcomes are improved, whilst improving council efficiency and reducing costs. This is being delivered through the following workstreams;

- Resident and Business Digital Customer Experience (RBDXP)
- Digital Data and Insights
- A More Purposeful and Effective Core
- Our Ways of Working – including estates rationalisation

The ambition is to deliver almost £5m of savings over a five-year period.

Resident and Business Digital Customer Experience (RBDXP)

3.3 Work has already started with the revised customer centre offer and experience which delivered £0.6m of savings in 2021/22. The next phase focuses on the customer contact centre and replacement of the Customer Relationship Management system. This will improve how the council interacts with residents and businesses and is key to improving the current manual processes, enabling further channel shift, and targeting resources on providing support where it is most needed.

- Work is ongoing to procure the new technology and a partner to support with implementing the changes required and it is expected that once complete, phase one will achieve a further 20% channel shift, by moving c295k of non-digital contacts to digital. This shift is expected to release an initial £200k from Customer Services in 2025/26 through a reduction in staffing which will be achieved via natural turnover. Further savings will be achieved in 2026/27 onwards and these are estimated to be c£450k p.a. and will be included as future savings options.
- Phase Two will deliver further saving/efficiencies as additional services outside of the customer contact centre are transitioned to the new digital platform such as those used by Markets and Bereavement Services as they move to the new software.

3.4 It is currently too early to accurately quantify total savings from this programme over both phases. The aim is to achieve up to £1.5m through the further rationalisation of systems as more services and systems are included. In order to deliver this a small core digital team will be required, and the costs were included in the initial business case and will be paid for through the longer-term savings.

Digital Data and Insights

3.5 This workstream will implement new back-office digital technology and process changes required for the council to work smarter and more efficiently. The key deliverables include:

- The MCC ICT and Digital Strategy has now been approved by Executive in October 2022 and compliments the Council's external Digital Strategy. It is accompanied by a Technology Roadmap linked to the move to the hybrid cloud, with 50% of the ICT infrastructure to be in the cloud within two years.
- The development and implementation of the new Target Operating Model for ICT is due to be completed for approval in December 2022 with an implementation timeline of March 2023.
- A Data Management Policy was launched 3 October 2022. The policy will support strengthening of our corporate intelligence, embed data ownership and monitoring of data standards and move towards more standardised reporting

3.6 The above is accompanied by a programme of savings and efficiencies including:

- Further rationalisation of printers across the estate
- Energy savings through putting unused machines to sleep
- Strict inventory control and reducing the number of mobile phones etc.
- Rationalisation of software applications where possible and hardware with the move to the cloud.

These proposals are estimated to achieve £359k p.a. by the end of the initial three-year period and a further £0.6m p.a. by the fifth year. The most significant benefits will come from the implementation of the new technology roadmap that underpins the ICT strategy:

- Phase 1 will include savings from the hybrid cloud strategy. There will also be savings from the rationalisation of existing systems such as the move away from Citrix and turning off legacy email systems.
- Phase 2 will include further system rationalisation including the replacement of the current recruitment solution, and Finance and HR Solutions
- Finally, linked to the work to further rationalise the council's office estate will enable ICT savings from having fewer premises on the network.

3.7 The roll out of automation is being tested in two areas. Whilst not primarily about delivering efficiencies, it will enable the workforce to operate more effectively and manage existing/growing workloads within the available resources.

A More Purposeful and Effective Core

3.8 This workstream will reshape how the Core operates so that core services, systems and processes are customer-focussed incorporating self-service and digital functions where appropriate, mirroring the RBDXP work for the council's workforce.

The key deliverables include:

- The implementation of the new operating model with the move to digital first. This will ensure we realise the benefits from the implementation of the technology investment including the replacement of the current ERP (Finance, HR and procurement) system, which is end of life, to be implemented by 2025, new recruitment system in the current financial year, legal case management system in 2023 and contract management system.
- Whilst all service areas are working on this the following areas have been accelerated: ICT service desk, HROD Recruitment process and Legal casework, all to be completed in 2023 with the aim is to improve productivity /reduce costs through channel shift and reducing handovers and failure demand.

3.9 In total both phases are expected to achieve savings of £1.112m per annum by the 2025/26, with a further £0.8m per annum by 2027/28.

Further Budget Savings and Efficiencies

3.10 As stated in the introduction to the report work has also been carried out to:

- Review workforce budgets and capacity, taking a realistic view on the ability to fill longstanding vacancies.
- All Heads of Service have been asked to review their service areas to identify efficiencies or opportunities for income generation.
- Delivering a corporate programme of work on ensuring the basics are right, sound and competitive procurement, approach to managing inflation, ensuring income budgets are maximised and charges appropriate.

The resultant work has identified a further £3.46m made up of a combination of £170k additional income generation and £3.29m efficiencies, including the targeted investment of reserves, deletion of vacant posts and review of legacy pension budgets.

The table below sets out the total planned savings and efficiencies and the details are contained within Appendix 1.

Corporate Core - Savings proposals

Future Shape Theme	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	Grand Total £000's
Customer Experience (RBDXP)	0	0	200	500	850	1,550
More Purposeful & Effective Core	200	422	490	400	400	1,912
Digital Data Insights	100	50	209	300	300	959
Future Shape Total	300	472	899	1,200	1,550	4,421
Further Savings & Efficiencies	3,065	205	190	0	0	3,460
Total Corporate Core	3,365	677	1,089	1,200	1,550	7,881

Operations and Commissioning Services Approach to Savings

- 3.11 As part of looking to identify possible savings to support the overall budget priority has been given to generating increased income, the total savings options identified total £2.581m over the three-year period and £2.531m is through increased income. The proposed savings options from across Operations and Commissioning are set out in table 3 of Appendix 1.

Investment Priorities

- 3.12 There were growth and investment pressures of £1.777m identified in November that needed to be considered as part of the budget setting process, and details are included in the table, along with narrative below:

Description	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total £000's
Gorton Hub running costs	500	0	0	500
ICT – EUD refresh	0	750	0	750
ICT – Cyber licences	461	0	0	461
Finance – increased license costs	10	10	0	20
HR – reduced payroll income	23	23	0	46
Total Corporate Core Pressure	994	783	0	1,777

- 3.13 The 2022/23 Corporate Core budget report identified pressures due to the Gorton Hub opening in 2022/23. The hub includes both City Council and Partner offices. There was an initial c£0.5m approved as part of the 2022/23 budget and a further £0.5m is proposed 2023/24 to cover a combination of increased costs due to higher specified accommodation, and to cover costs of vacant units until the Hub is fully let. The Hub includes additional quality space to meet future requirements for office space and feed into the wider ongoing review of office space.
- 3.14 There were also some new pressures that had been identified for 2023/24 and beyond that were highlighted in November and they included:
- Information Technology £0.75m - as part of the ICT strategy there have been including rolling out the end user device strategy. In order to provide an ongoing refresh of kit and additional revenue requirements of c£0.75m will be required from 2024/25.
 - Additional security software - there has also been increased requirements in respect of ensuring systems remain secure, and to avoid any security compromises and to aid this additional software has been installed in 2022/23 and the full year costs in 2023/24 will be c£461k per annum.
 - Financial Management increased licence software to support the implementation of Civica costs £20k

- HR/OD £46k reduced payroll income as schools use alternative providers.

3.15 In the report to this scrutiny committee in November identified additional £3.55m investment in direct response to the unprecedented pressures facing our residents from the current cost of living crisis the additional funding will provide additional provision to provide some additional targeted support to our residents and further detail is in the table below.

Cost of Living Response – New Investment 2023/24

	2023/24 Recom- mended £000	Comments
Food response	1,000	Working with the Community Food Partnership the majority will be invested in ambient stock and storage which all food providers in the city can access. In addition, there will be targeted support in the 11 priority wards where there is greatest need or vulnerability to the Cost-of-Living crisis.
Local Welfare Provision	600	Additional funding for the Local Welfare Provision scheme operated by the Revenues and Benefits Service. This scheme helps cover essential costs for households in crisis including one-off crisis cash payments and basic white goods & furniture for residents moving from temporary to permanent accommodation.
Other Welfare Schemes	50	Additional support for S17 payments to vulnerable families and for care leavers.
Discretionary Housing Payments	1,000	This is to reinstate the previous budget reduction in this area due to the growing demand for support. The primary aim to support people in their own tenancies and to stop people from becoming homeless.
CHEM	200	Covid Health Equity Manchester to support Communities experiencing racial inequality and other inequalities more likely to be impacted by the cost-of-living crisis
Support to VCSE	500	Additional support to increase the capacity of the VCSE sector to respond to the COL crisis in the wards most affected and citywide
Expand advice & debt support offer	200	Additional investment to expand the advice and debt support offer with a focus on residents who are in the private rented sector
Total	3,550	

Other measures include the following:

- Establishment of the Community Advice Hub – an online and freephone helpline service to connect Manchester residents to the support available, which has been up and running since 3 October 2022.

- Advice and information to schools to poverty proof the school day and help families to ameliorate costs e.g., school uniforms at key points in the school year
- Team Around the Neighbourhoods focusing on cost of living and poverty in the 11 priority wards to bring together the local advice and support offer
- Communications and Engagement campaign across multiple channels to promote the Advice Hub and wider support offer for Manchester residents.
- Work with partners – Registered Providers, VCSE and MLCO to provide a coordinated offer, align resources and extend reach and impact
- Creation of warm spaces through Neighbourhood Living Rooms in Libraries and in community and faith venues where people can access information and support in warm settings. New Investment Proposals

3.16 The higher than forecast funding from the settlement has provided some scope to include additional targeted investments. The following table sets out details of new Corporate Core proposed investments in the Corporate Core, and there is further narrative below.

Description	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total Investment £000's
ICT systems and security resources	250	0	0	250
HR disability hub	250	0	0	250
Target support for vulnerable residents and voluntary sector	2,000	0	0	2,000
Corporate Core New Investment	2,500	0	0	2,500

3.17 Due to the increased security risks and the changing ICT environment investment of £250k is proposed to support additional resources in the systems and security team to ensure that council systems are secure.

3.18 The council workforce is its most important asset and £250k investment is planned to support the introduction of a disability hub. This will be a one stop shop for staff to access the support, equipment, or adaptations they need to be able to do their job. Establishing these resources was identified as a priority in the Workforce Equality Strategy and disabled staff and other relevant staff are being fully involved in the design of the hub.

Additional Support for Residents

3.19 The general council tax increase is required to cover inflation and other pressures the Council is facing. If the general precept is increased additional investment to provide targeted support for vulnerable residents and to the Voluntary, Community and Social Enterprise (VCSE) should be considered to protect our poorer residents. There will be the ability to reduce some of these costs in future years as the economy improves and inflation reduces.

- 3.20 An additional investment of £2m is proposed to provide additional targeted support for vulnerable residents and the voluntary sector and additional support to the most vulnerable residents suffering direct hardship.
- 3.21 Support will be made to Voluntary and Community groups that provide Community Hubs, Good Neighbours Groups and other locally focused activities that support residents in all parts of the city. This will be in addition to the programme of Our Manchester Voluntary and Community Sector (OMVCS) Grants and the Cost-of-Living response resources for the sector. A small amount of this funding will be used to fund two additional posts to help administer the cost-of-living support to residents.
- 3.22 In addition, it is proposed that additional resources are made available to provide support to the most vulnerable residents suffering direct hardship, this will be addition to existing welfare provision schemes but recognise the severity of the current economic climate on our residents. This will seek to achieve targeted support through:
- The ability to waive some or all of the costs for those at summons stage where they engage with a repayment plan. Historical costs could also be considered for write off to ease the debt burden on residents. The Council budgets for income from costs and the budget for this would need to be reduced.
 - Where there is evidence of hardship and there is engagement on a repayment plan with a commitment to maintain the current year instalments (eg by a direct debit) then the ability to suspend arrears recovery or write off all or part of the prior year debt could make a significant difference.
- 3.23 If these options are supported work will be carried out to develop a clear policy framework linked to the cost-of-living work reporting to the Deputy Leader responsible for reducing poverty and tackling inequalities.

This will supplement the Household Support Fund which is being extended by a further £1bn nationally to help with the cost of household essentials, for the 2023/24 financial year. If the allocation methodology remains in line with 2022/23 the Council will receive almost £13m. Alongside this is the £4.140m Holiday Activity Fund which will provide holiday clubs for eligible children in the main school holidays.

The Government has also announced £100m of additional funding for local authorities to support the most vulnerable households in England. The government provided guidance and provisional allocations on 23 December. Allocations are based on authorities' share of Local Council Tax Support (LCTS) claimants according to Q2 2022/23 data, and final allocations will be confirmed at the final Local Government Finance Settlement. The government

expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills. Manchester had 48,809 Council Tax Support Scheme claimants (CTSS) as at 30 September 2022 and has been allocated £1.286m.

For 2024/25 the Council should consider the current Council Tax Support Scheme and whether the threshold levels remain appropriate.

The above is in addition to the £3.55m of additional welfare support on an ongoing basis as set out in paragraph 3.15.

- 3.24 If the proposed changes are approved the three-year budget position is shown in Appendix 3.

Traded Services Investment

- 3.25 Off-street car parking forms part of the Operations and Commissioning budgets and whilst the number of car park users has increased in recent months, it has not returned to pre covid levels largely due to changes in peoples working arrangements and the move to hybrid working. Currently pay on the day ticket sales are back to around 80% of the pre covid levels, but season ticket sales are only at around 24% of pre covid levels. There has been a recent price change, and this came into effect in December 2022. Based on the most up to date information and projections, the likely shortfall in car parking income in 2023/23 is likely to be around £1.9m and it is proposed that this will be mitigated through bringing together off street and on street parking and making a reduced contribution to the parking reserve. The parking reserve is forecast to be c£6.3m at the close of 2022/23, although based on current activity levels it would reduce to nil by 2027/28. The support for off street parking is proposed for two years in order to provide time to develop and implement a revised parking strategy that will ensure on street and off-street parking complement each other and that parking income is maximised in the context of the overall priorities to reduce car usage in the city centre.

4. Workforce Implications

- 4.1 Corporate Services currently has 1,995 budgeted FTE, the savings proposals outlined in appendix one indicates a reduction of 27 FTE over the 3-year period. This will be managed through natural turnover and management of vacancies.
- 4.2 Operations and Commissioning has 126 FTE and the savings proposals include deleting 1 currently vacant post in markets.
- 4.3 Vacancy Factor

The Council's establishment is fully budgeted for at the top of the grade. In reality there are vacancies caused by staff turnover, recruitment difficulties and staff employed throughout the grade scale. In order to avoid budgeting for costs that will not be required and the need to make further budget cuts elsewhere, adjustments are being made to reflect these issues by applying a vacancy factor to recognise that vacancies will always exist. The continued challenges in filling posts also means that the council is working hard on ensuring we are an employer of choice and can attract people and minimise the pressures on our existing workforce.

5. Equality and Anti-Poverty Impact

- 5.1 Each saving proposal will be supported by robust business cases where consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and a Poverty Impact Assessment as part of the detailed planning and implementation. Work is also underway on the way in which equalities data is collected across the Council, supporting the ability to be better informed on the impact of changes being made to services.
- 5.2 The current saving proposals in the core directorate focus on delivering efficiencies and implementing new ways of working with limited impact on services which directly deliver to residents. However, the major projects within these proposals, such as RBDXP, have equality and inclusion at their heart and have embedded this in their design stages with robust EqIAs in place at a project level. Due to this diligence at the design stage of these projects, no direct impacts on people and specifically MCC priority protected characteristics have been identified. This will remain under review throughout the further development of these proposals.
- 5.3 The work that will be carried out on individual business cases will be complemented by work to consider the collective impact of the options proposed and how the overall budget changes will impact on equalities, poverty and ultimately our residents. The Core Directorate will review how the use of their budget as a whole, not just that of budget savings/reductions, might mitigate or positively impact on equality, anti-poverty, and how social value can be maximised.

6. Future opportunities and Risks

- 6.1. Whilst there is some provision proposed as part of the budget options the longer-term impacts of the current economic climate are still unknown, and this is likely to have ongoing impacts in terms of both increased demands for direct financial support but also increased demands on service areas across the Council. In addition to the support for residents the current economic uncertainty is likely to continue resulting in increased contractual costs for

goods and services because of higher inflationary pressures across all services.

7. Appendices

Appendix 1 – Savings Schedule

Appendix 2 – Growth and Investment Schedule

Appendix 3 - Indicative Medium-Term budgets by service

Appendix 4 - Indicative Medium-Term budgets by type of spend and income

Appendix 1 - Savings Schedule

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Customer Experience (RBDXP)								
Customer Services & Transactions	ICT investment will make digital access easier and increase no of residents using digital channels rather than traditional channels for contact	Efficiency	Reduced staffing requirement due to increased digital access, staffing reduction will be managed through turnover.	0	0	200	200	7
Digital Data Insights								
ICT	Due to increased flexible working and access to MS teams, reduce number of telephones (mobiles and landlines) across the council	Efficiency	Link to EUD reduce mobile phones and 8x8	5	25	25	55	0
ICT	ICT software change that provides staff authentication to use MCC systems	Efficiency	Minimal impact, staff will authenticate access using different software	90	0	0	90	0
ICT	Rationalise Wi-Fi providers	Efficiency	Reduce number of wifi providers across the estate	0	0	184	184	0

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
ICT	Due to changes in working arrangements, reduce both the number of printers across the estate and the volume of prints.	Efficiency	Re procure new print supplier and reduce number of printers across the estate to reflect new flexible working	5	25	0	30	0
A More Purposeful Effective Core								
Finance, Procurement & Commercial Governance	As part of the planned change in ERP system there will be increased efficiency through standardisation of processes, training of budget holders and self-service.	Efficiency	Look to manage and plan staffing reductions through changed processes and enabling head count reduction through natural turnover and management of vacancies	200	200	200	600	12
HR/OD	Replace existing ATS software to improve recruitment processes and new front Door implementation.	Efficiency	Look to manage and plan staffing reductions through natural turnover and management of vacancies	0	50	65	115	3

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Performance research & Intelligence	Review service operating model with greater emphasis on proactive work to improve our data and develop self-serve capacity and greater prioritisation of requests from services	Efficiency	Reduced staffing. Stakeholders improve data quality, agree to reduce the volume of requests and commit to self-serve as systems improve to enable this	0	122	125	247	5
Legal Services	Increased income through review of fees and charges	Income Generation	Increased fees for legal services to third parties	0	50	100	150	0
Total Future Shape Programme				300	472	899	1,671	27

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Housekeeping								
City Policy	Reduce strategic cultural grant to NFM	Efficiency	Reduce grant support to NFM	50	50	0	100	0

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Reform & Innovation	Workforce review	Efficiency	Reduction in staffing budget through vacant posts	20	0	0	20	0
Communications	Review print and mailroom processes	Efficiency	Reduce print sites, introduce digital scanner solution and reduce courier costs	15	35	70	120	0
Communications	Review subscription and software licenses	Efficiency	Reduce annual subscriptions, software and reputation research	30	0	0	30	0
Registrars	Review existing fees and charges to align with other Core Cities	Income Generation	Increased fees for ceremonies and certificates	0	20	0	20	0
Customer Services & Transactions	Review annual income targets for clamping budgets	Income Generation	Increased income because of activity levels	150	0	0	150	0
Corporate	NI and Superannuation savings through introduction of electric car leasing	Efficiency	Employees will access ULEV through salary sacrifice	0	100	120	220	0
Corporate	Savings against historic pension costs	Efficiency	Historic budget reduced to reflect current needs	500	0	0	500	0

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Parking	Review existing parking and bus lane reserve	Efficiency	Review forecast bus lane and parking reserves to ensure investment opportunities are maximised. The funding will be used a year in arrears to contribute to funding the road safety elements funded through the transport levy.	2,300	0	0	2,300	0
Total Housekeeping Savings				3,065	205	190	3,460	0
Grand Total Corporate Core				3,365	677	1,089	5,131	27

Operations and Commissioning Savings Proposals

Description of Saving	Impact	Type of Saving	Amount of Saving				Indicative FTE Impact
			2023/24	2024/25	2025/26	Total	
			£'000	£'000	£'000	£'000	
Bereavement Services - Income charges, increase of 10% on all fees and charges	Impact on funeral poverty for Manchester Residents	Income Generation	0	0	372	372	-
New advertising hoardings on Chester Road roundabout	The delivery of the scheme is subject to planning approval, considerable engagement has already taken place to ensure that the planning application addresses all the requirements and concerns.	Income Generation	0	100	0	100	-
Increased traffic enforcement – Moving Traffic Offences - new scheme / Bus Lanes - full enforcement of all bus lanes and bus gates	Will generate additional revenue income that will be used for investment and release existing mainstream budgets	Income Generation	0	1,000	1,000	2,000	-
Increase to the fees and charges for a Pest Control Service	A 10% increase in prices charged to customers.	Income Generation	59	0	0	59	-
Reduction in pest control supplies budget	Will require more efficient purchasing	Service reduction	20	0	0	20	-
City Centre and Specialist Markets Saving Delivery Proposal. Disestablish G4 vacant post	Increased flexible working between City Centre and Specialist Market delivery teams.	Efficiency	30	0	0	30	1.00
			109	1,100	1,372	2,581	1

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Appendix 2 – Growth and Investment Schedule

Service	Description of Pressure	Pressure / Growth Amount			
		2023/24	2024/25	2025/26	Total
		£'000	£'000	£'000	£'000
Investment and growth included in the 2022/23 MTFP:					
Operational Property	Revenue support for costs of Gorton Hub as reported in the 2022/23 budget process.	500	0	0	500
ICT	Additional software licenses there has also been increased requirements in respect of ensuring systems remain secure, to avoid any security compromises and to aid this additional software has been installed in 2022/23 and the full year costs in 2023/24 will be c£461k per annum.	461	0	0	461
Financial management	Increased costs of licenses with the implementation of the new Civica finance system.	10	10	0	20
HROD	Reduced income – reduction in use of the school payroll service	23	23	0	46
ICT	Costs of ICT hardware refresh. In order to provide an ongoing refresh of kit and additional revenue requirements of c£0.75m will be required from 2024/25.	0	750	0	750
Sub Total		994	783	0	1,777
Investment and growth added since the 2022/23 MTFP:					
ICT	ICT systems and security resources	250	0	0	250
HROD	HR investment in disability hub	250	0	0	250
	Target support for vulnerable residents and voluntary sector	2,000	0	0	2,000
Sub Total		2,500	0	0	2,500
Total Corporate Core Investment		3,494	783	0	4,277

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Appendix 3: Indicative Medium-term budgets by service

Service Area Chief Executives	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Coroners & Registrars	2,374	2,374	2,354	2,354
Elections	1,118	1,118	1,118	1,118
Legal	10,088	10,088	10,038	9,938
Communications	3,441	3,396	3,361	3,291
Executive	980	980	980	980
Policy, Performance & Reform	14,493	15,223	15,051	14,926
CEX Corporate Items	1,215	1,215	1,215	1,215
Total Chief Executives	33,709	34,394	34,117	33,822

Service Area Corporate Services	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Finance, Procurement & Commercial Gov	8,191	8,001	7,711	7,391
Customer Services	12,955	17,555	16,555	15,535
ICT	15,596	16,207	16,907	16,698
Human Resources & OD	4,528	4,801	4,774	4,709
Audit, Risk & Resilience	1,468	1,468	1,468	1,468
Capital Prog, Op Prop & FM Services	21,874	22,070	22,975	22,975
Total Corporate Services	64,612	70,102	70,390	68,596
Corporate Core Grand Total	98,321	104,496	104,507	102,418

Service Area Business Units, Advertising and Parking	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Business Units	(2,253)	(2,362)	(2,362)	(2,734)
Advertising	(4,400)	(4,400)	(4,500)	(4,500)
Parking Services & CCTV	(7,074)	(7,074)	(7,074)	(7,074)
Total	(13,727)	(13,836)	(13,936)	(14,308)

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Appendix 4: Indicative Medium-term budgets by type of spend / income

Corporate Core	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Expenditure:				
Employees	86,276	86,076	85,704	85,114
Running Expenses	235,007	241,509	242,962	242,563
Capital Financing Costs	166	166	166	166
Contribution to reserves	9,905	9,905	9,905	9,905
Sub Total Subjective Expenditure	331,354	337,656	338,737	337,748
Less:				
Other Internal sales	(14,795)	(14,795)	(14,795)	(14,795)
Gross Expenditure	316,559	322,861	323,942	322,953
Income:				
Government Grants	(161,258)	(161,258)	(161,258)	(161,258)
Contributions from Reserves	(7,151)	(7,151)	(7,151)	(7,151)
Other Grants Reimbursements and Contributions	(4,224)	(4,224)	(4,224)	(4,224)
Customer and Client Receipts	(33,834)	(33,985)	(34,055)	(34,055)
Other Income	(11,771)	(11,747)	(11,747)	(11,847)
Gross Income	(218,238)	(218,365)	(218,435)	(218,535)
Total Corporate Core Net Budget	98,321	104,496	105,507	104,418

Business Units, Advertising and Parking	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Expenditure:				
Employees	4,969	4,939	4,939	4,939
Running Expenses	20,557	20,963	20,963	20,963
Capital Financing Costs	116	116	116	116
Contribution to reserves	28	28	28	28
Sub Total Subjective Expenditure	25,670	26,046	26,046	26,046
Less:				
Other Internal sales	(2,696)	(2,696)	(2,696)	(2,696)
Gross Expenditure	22,974	23,350	23,350	23,350
Income:				
Government Grants				
Contributions from Reserves				
Other Grants Reimbursements and Contributions				
Customer and Client Receipts	(36,701)	(37,186)	(37,286)	(37,658)
Other Income				
Gross Income	(36,701)	(37,186)	(37,286)	(37,658)
Total Business Units, Advertising and Parking Net Budget	(13,727)	(13,836)	(13,936)	(14,308)

**Manchester City Council
Report for Resolution**

Report to:	Resources and Governance Scrutiny Committee – 7 February 2023 Executive – 15 February 2023
Subject:	Housing Revenue Account 2023/24 to 2025/26
Report of:	Strategic Director (Growth & Development) Strategic Director (Neighbourhoods) Deputy Chief Executive and City Treasurer

Summary

This report presents members with details on the proposed Housing Revenue Account (HRA) budget for 2023/24, an indication of the 2024/25 and 2025/26 budgets, alongside the outlook for the 30-year HRA business plan in light of the budget proposals.

As part of the budget setting process the rent levels also need to be set. Social rents have been subject to annual increases aligned to a national rent policy. Usually this would allow social housing rents to be increased by up to the consumer price index (CPI) plus 1%, meaning that next year's rents would be increased by 11.1%.

The cost-of-living crisis resulted in the Government launching a consultation exercise around the level at which the rent cap should be set at in 2023/24. The government has since advised that the maximum social rent increase will be capped at 7%, with an exception for properties within PFI contracts, where the standard PFI unitary charges are contractually linked to inflation measures.

The report therefore seeks approval to increase rents in line with current Government guidance of restricting rent increases to a maximum of 7% for all properties, except PFI properties, where standard increase of CPI +1% (11.1%) is proposed, also in line with Government policy.

Given the current economic climate, both the cost-of-living pressures faced by tenants and the inflationary impacts of running services within the HRA need to be considered when setting the overall budget including rent levels. Given the impact on tenants of rent increases, a larger support fund for residents in need is proposed.

It is also proposed that the City Council continue with the policy of aligning rents to the formula rent level when properties are re-let.

Recommendations

Scrutiny Committees are invited to review and comment on the proposed HRA Budget.

The Executive is recommended to:

- a) Note the forecast 2022/23 HRA outturn as set out in section 4.

- b) Approve the 2023/24 HRA budget as presented in Appendix 1 and note the indicative budgets for 2024/25 and 2025/26.
- c) Approve the proposed increase to dwelling rents, and delegate the setting of individual property rents, to the Director of Housing Operations and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Development and the Executive Member for Finance and Human Resources.
- d) Approve the proposal that we continue with the policy of where the 2023/24 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is re-let.
- e) Note the proposed 2023/24 changes for communal heating charges as detailed in paragraphs 6.11 to 6.21 and approve the change in policy so that charges can be aligned with the Ofgem price cap over the following financial year in a phased approach and adjusted in line with any change to the Ofgem price cap once alignment has been reached thereafter.
- f) Approve a proposed £1m support fund to support residents and tenants with increased costs of both rent and heating charges.
- g) Approve the proposed 2023/24 Housing Operations revenue budget as detailed in paragraphs 6.33 to 6.38.
- h) Approve the proposed increase in garage rental charges as outlined in paragraph 6.42

Wards Affected: Ancoats & Beswick, Charlestown, Cheetham, Crumpsall, Harpurhey, Higher Blackley, Moston, Ardwick, Clayton & Openshaw, Miles Platting & Newton Heath and Piccadilly

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

As part of developing the HRA capital programme the retrofitting of existing homes to meet zero carbon objectives is at the heart of the programme.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration has been given to how the proposals in the HRA budget could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA).

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	A healthy and fit for purpose affordable housing market will support a functioning local and sub regional economy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Access to appropriate affordable housing and services will support residents to achieve and contribute to the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The supply of affordable good quality homes will provide the opportunity for Manchester residents to raise their individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit and work.	The right mix of affordable quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the City and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	Affordable social housing plays an important part in ensuring that there are neighbourhoods where people will choose to live, and their housing needs and aspirations are met.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

All expenditure and income related to the provision of Council housing must be contained within the Housing Revenue Account which is a ring-fenced fund separate to the Council's General Fund.

The HRA financial plan covers a rolling period of 30 years and considers all rental incomes, Private Finance Initiative (PFI) grants and heating charges, which must be used for the purpose of funding the costs of managing and maintaining HRA assets.

Whilst HRA expenditure can exceed income in any given year, any deficit must be funded from HRA reserves, and the HRA cannot go into deficit overall, meaning that budgets have to be balanced over the medium to long term.

It should be noted that the HRA budget is forecast to remain in surplus in the short term although there is a forecast cumulative deficit of c£17m over the 30-year period. The deficit is a reflection of the fact that the financial model is sensitive to cumulative changes and any relatively small change in year one can have a much larger impact over the life of the business plan. Officers are continuing to look at all budgets in

order to ensure that all spending is in line with agreed objectives, and that all spending represents value for money to help ensure a balanced budget over the life of the business plan.

Financial Consequences – Capital

Within the proposed HRA budget a mandatory charge for depreciation is made, and this can be used to either fund capital expenditure or reduce long term borrowing. In the current year's HRA, depreciation is forecast to be c£22m, and the capital programme is forecast to spend c£26m, further details on future capital investment plans and funding requirements is included within the body of the report.

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Background documents (available for public inspection): None

1. Introduction

- 1.1. The purpose of this report is to update the committee on the factors that have been considered as part of preparing the 2023/24 Housing Revenue Account (HRA) budget. This report sets out the assumptions that have been included in developing the HRA budgets, including the proposed increases to rents and heating charges alongside the proposal to increase the support fund for residents from the £200k in 2022/23 to £1m in 2023/24.

2. Statutory Duties in Determining the HRA Budget Strategy

- 2.1. The rules governing the operation of the HRA were established pursuant to the Local Government and Housing Act 1989 and provide that:
- The Council must formulate proposals in respect of HRA income and expenditure for the financial year which, on the best assumptions and estimates that the Council is able to make at the time, ensure that the HRA does not show a deficit balance.
 - The Council is required to keep an HRA in accordance with proper practice. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is in balance over the course of the 30-year business plan.
 - The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs, maintenance expenditure and PFI charges must be met from HRA income.
- 2.2. The ringfencing of the HRA ensures that all the income and expenditure in relation to managing of the council housing stock is separate to the General Fund and that there is no cross subsidy between either fund (tenants and the taxpayer and vice versa).

3. Background

- 3.1. Since the introduction of Self Financing within the HRA from April 2012 the Council has had to manage its housing stock on a similar basis to other Registered Providers of social housing. This has entailed developing a rolling 30-year business plan and reviewing the use of existing assets and long-term borrowing to ensure that benefits are maximised.
- 3.2. In developing the 30-year business plan it is essential that the spending reflects the priorities agreed by members, and there is adequate assurance that the plan is robust and based on sound assumptions.
- 3.3. The HRA business plan seeks to consider all risks and ensures that any investment decisions are affordable and sustainable both in the short and longer term. It should be noted that whilst the business plan covers 30 years, any relatively small changes now can have much larger impacts over the 30 years because of the compounding impact of those changes. Therefore, whilst the business plan is considered over the 30 years, the focus is primarily on the initial 3-to-5-year planning period, where the assumptions and estimates are most accurate. Ultimately the HRA cannot go into deficit so any indication of potential funding shortfall in the medium term will need to be addressed

through savings or cost reductions as part of the budget process in order that the statutory requirement can be adhered to.

- 3.4. In February 2019, the Government released a policy statement on rents for social housing, which included a direction to the Regulator of Social Housing to have regard for the following when setting the rent standard for registered providers of social housing:

From 1 April 2020, registered providers may not increase rents by more than CPI (at September of the previous year) plus one percentage point in any year.”

- 3.5. In summer 2022 the Government undertook a consultation exercise and sought views on whether the rent policy should be amended for 2023/24 due to the current high inflation rates and potential rent increase of 11.1% for all tenants under the previous rent policy. Following the consultation and as part of the Government’s Autumn Statement on 17 November 2022, the Chancellor announced that social housing rents will be capped at a maximum 7%, whilst PFI scheme properties remained unaffected, and PFI rents can be increased in line with the original rent policy.
- 3.6. As with any capping policy, a decision not to increase rents by the maximum amount means that the income forgone is unable to be recovered in future years. This can have a large impact over the 30-year life of the HRA business plan.
- 3.7. This report sets out the assumptions that have been made as part of the HRA budget preparation. It should be noted that the longer-term budget is based on forecasts and is very sensitive to any changes in assumptions, in particular the level of future years rent increases.
- 3.8. Total HRA reserves (excluding the Insurance Reserve) are forecast to be around c£97m at the end of the current financial year (2022/23) but are forecast to reduce by c£49m by 2025/26 to around £47m. These reductions reflect the current proposed capital investment of c£103m over the next three years. This includes c£91m of HRA resources, with the balance from external grants and capital receipts, and this will change has more capital proposals are brought forward in later years. The impact of the current high inflationary costs on some contracts has also had an adverse impact on reserves. Reserves can only be used once, so to support further ongoing capital investment over and above the annual budget provision it will require identification of additional external funding, or reduced revenue costs.
- 3.9. Further details of the phasing of capital investment and the priority investment areas are set out in the capital section (para 6.20-6.27) of this report. The current plan does not include most works required to enable the Council to achieve its zero carbon targets by 2038. The costs of retrofitting council stock today are estimated to be an additional c.£255m or c£16.5k per property. This is the cost over and above the works already planned. This will not be achievable from within the ringfenced HRA without government support and/or changes to the current HRA regulations.

4. Current Year's Budget Position as at Period 9

4.1. The original approved HRA budget forecast that c£13.188m of reserves would be used in year to support the planned capital investment of c£33m. As of December 2022, the HRA is forecasting that expenditure will be £14.940m higher than income, which will need to be funded by the additional use of reserves to that planned. In effect the HRA is forecasting an overspend of £1.752m and the main reasons for in year changes are as follows:

- An increased number of Right to Buys following the pandemic and a higher level than budgeted for void properties (1.96% year to date against the 1% target) has meant that Housing Rents are £0.877m lower than budget. An improvement plan is in place and continues to actively reduce the level of void properties (see para 6.3), and this results in an increase in the number of lettings to residents and ongoing reduction in void rent loss.
- Northwards Housing was brought back into the City Council from July 2021, and savings of c£1.6m have been achieved through a combination of reduced accommodation costs, staffing changes and reduced running costs. The original indicative savings were c£2.4m, but on more detailed examination not all of the savings options have been realisable.
- The repairs and maintenance contract is forecast to overspend by £5.691m, due to an inflationary uplift of £1.36m and increased costs of bringing higher number of void properties back into use. There are also additional disrepair costs of c£0.9m.
- Heating charges – due to the significant increase in energy costs the cost of gas for tenants' properties is forecast to be c£2.176m higher than budget. Whilst tenants heating charges were increased at the start of the year they have not been subjected to any further increases in year, this does contribute to the significant rises proposed as part of the 2023/24 heating charges, when charges are proposed to be realigned to the energy price cap level.
- Private Finance Initiative contractor costs are £0.649m higher than forecast, due to a combination of c£400k agreed contract variations and contractual annual inflationary increases above budget of c£249k.
- The above overspending areas are offset by reduced expenditure of around £7.399m in respect of Revenue Contribution to Capital Outlay (RCCO), due to slippage and delays on several capital investment schemes, including Riverdale maisonettes, installation of Heat Pumps, and the Collyhurst redevelopment. The capital programme slippage is due to a combination of ongoing access refusals and delays in the supply chain.
 - A further £0.884m is due to the fact the sprinkler works on PFI properties have now moved into 2023/24.
 - Other minor underspends totalling £258k.

5. Budget Strategy 2023/24 - 2025/26

5.1. As part of preparing the HRA financial plan it is important that the plan is regularly updated to reflect the most up to date information and the assumptions around longer-term changes including housing stock numbers, proposed capital investment needs, existing inflation rates and forecast income levels.

- 5.2. The HRA budget complies with the statutory requirement to be in balance over the three-year budget strategy period, although there is a small deficit over the course of the 30-year business plan. This is due to several factors, including:
- the Government's imposed 1% rent reduction over four years from 2016/17, a change in policy since self-financing was introduced in 2012 and the original business plan was established.
 - the ongoing increased capital investment in fire safety prevention works following the impact of the Grenfell Tower fire disaster, and other planned investments
 - the current high rates of inflation that are impacting on both revenue and capital costs.

Costs are regularly reviewed in order that efficiencies can be identified to ensure that reserves are kept at a sufficient level to enable risk to be managed and resources to be available to fund future works required.

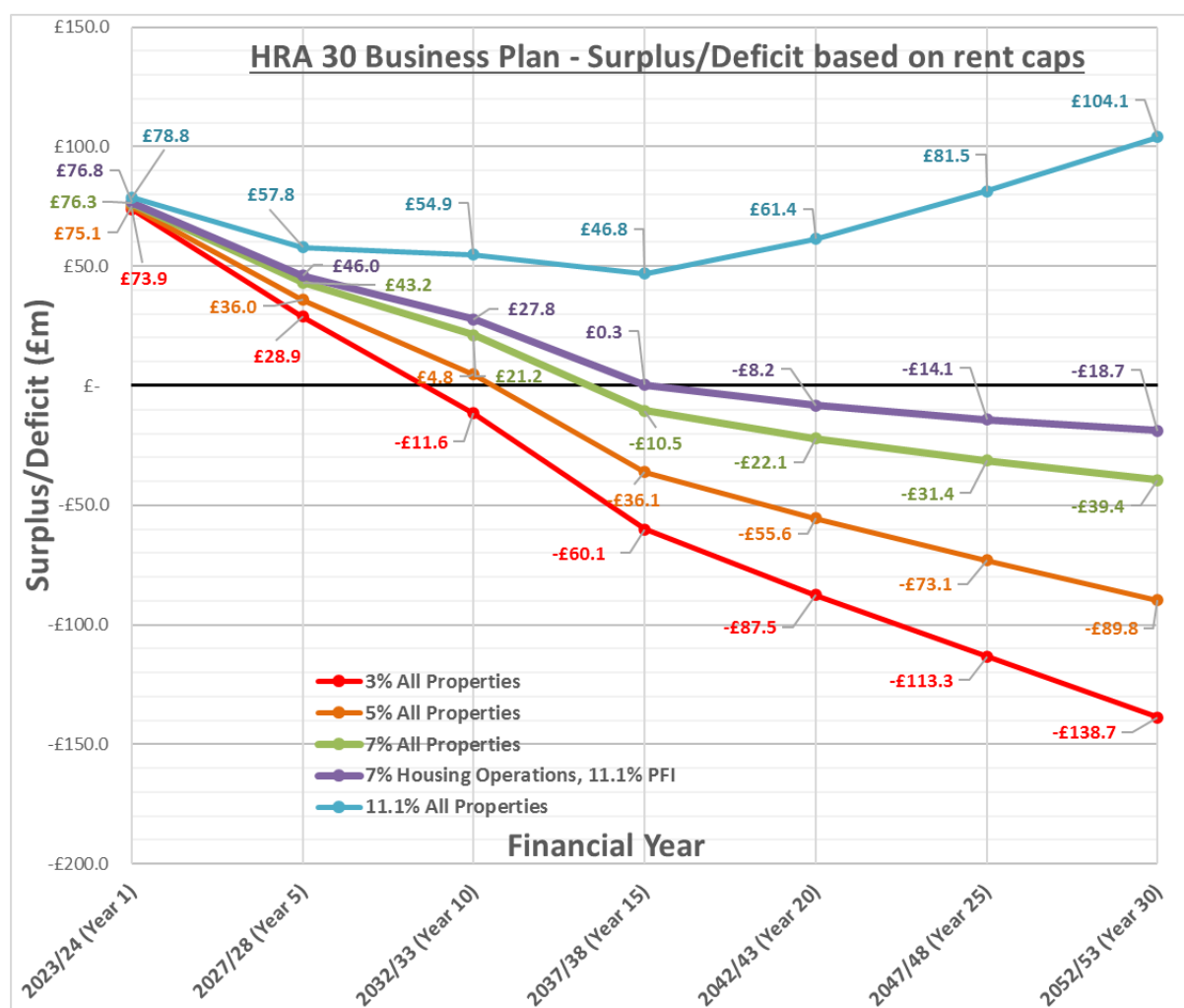
Current 2023/24 Budget Assumptions

Rental Income

- 5.3. In previous years Government guidance has allowed Local Authorities to increase rents by a maximum of CPI plus 1%. The CPI rate used is based on the September figure in the preceding year, and as at September 2022 CPI was 10.1% and the proposed rental increase would have been up to 11.1% for all properties. The Government announced as part of the Autumn spending statement that for 2023/24 social housing rents are to be capped at a maximum of 7%, except for PFI properties that can remain in line with the original rent policy and can be increased by CPI +1%, i.e. 11.1% annual increase.
- 5.4. This HRA budget has been prepared on the basis of applying the maximum rent increase, that is 7% rent increase to all tenants, except for PFI properties that will be increased by 11.1% with effect from April 2023. Based on these increases the average weekly rent (based on 52 weeks) will be:
- General Needs £83.88 (£5.49 increase)
 - Supported Housing £76.45 (£5.00 increase)
 - PFI Managed £101.72 (£9.99 increase)
- 5.5. Whilst increases of 7% and 11.1% have been applied to social housing rents, the housing benefit levels have not been capped, and the proposed rent increases will be covered in full for those residents in receipt of 100% housing benefit entitlement, and tenants in receipt of universal credit will also be partially protected from the impact of any increase in rents.
- 5.6. In light of the current economic climate and the potential impact the proposed rent and heating charge increase may have on the most vulnerable tenants it is proposed that the hardship fund is increased from the initial £200k provided in 2022/23 to £1m in 2023/24. This fund will provide targeted support to those most affected by the cost-of-living crisis.

5.7. Whilst the cap on rents is welcomed from a tenant’s perspective, there is no cap applied in respect of inflationary impacts on expenditure incurred by the HRA and the 7% increase (11.1% for properties managed under PFI contracts) results in c£2.0m less rental income in 2023/24 and c£78m over the life of the 30-year business plan, which will mean £78m less to invest into the estate over that time.

5.8. The graph below sets out the impact over the life of the business plan of the proposed 7% rent increase for all properties, except PFI properties, where the standard increase of CPI +1% is proposed. This is shown alongside the impact of the other options considered as part of the original Government consultation i.e. 3%, 5%, 7% and 11.1% for all properties. At the end of 30 years the deficit with a 7% increase for all properties and 11.1% increase for PFI properties is c£19m, but if rents for every property were increased by 11.1% the position after 30 years shows a £123m improvement to a c.£104m surplus.



5.9. The chart above shows how sensitive the HRA is to relatively small changes, particularly over the 30-year plan. Whilst the change in rent policy does reduce the rental income by c£2m in 2023/24 the longer-term implications are far more significant. This is due to the cumulative effect of the losses over the 30 years. It is still not known what the rent policy will be for future years, particularly 2024/25 if inflation remains high, but further work is required to be done in order to increase income generation or reduce expenditure to ensure a balanced position in the longer term.

6. Management of Housing Stock and Property Numbers

- 6.1. The Council continues to own and manage just under c15,000 properties within the HRA under various arrangements. These include in-house management of c12,000 properties, three PFI schemes that include c2,600 properties, and one management arrangement with Peaks and Plains for 11 properties. There is currently an arrangement with an RP to manage c170 properties in West Gorton, but this contract ends as at 31st March 2023 and the management of this stock will transfer to the City Council.
- 6.2. In the 2022/23 financial year Right to Buy Sales (RTB) have increased following the pandemic, and sales of around 230 properties are forecast in the current year. The number of sales has reduced in recent months and due to the ongoing cost of living crisis and increased interest rates it is forecast that the number of sales will reduce back to pre-pandemic levels. The budget currently assumes 1.25% for the next five years of the Business Plan, before dropping back to 1% for the remaining years of the plan. This will reduce the level of rent income achieved and the number of sales will continue to be closely monitored. The current business plan does not assume that these assets are replaced within the HRA, and as such the stock is forecast to diminish over time unless a strategy of replacement is adopted. Based on current assumptions there will be c11,300 properties at the end of 30 years, if the stock lost through Right to Buys continues at the trend rate and are not replaced.
- 6.3. As referenced at 4.1 above, void properties are higher than the 1% forecast as part of the original business plan. There has been an improvement on the voids position which have reduced from the December figure of 182 to 161, with 70 of these currently being refurbished. Due to the ongoing work the number of voids continues to reduce, and this is having a positive impact on relet time and void rent loss. For budgeting purposes, it has been assumed it will be at c.1%.
- 6.4. Bad Debts – A provision of 1% per annum based on rental income has been built into the business plan. This is a small increase on the 0.9% forecast for 2022-23. Given the likely pressure that tenants will be under because of the cost-of-living crisis this will need to be kept under review.
- 6.5. In 2022/23 MCC introduced the innovative HRA Support fund, allocating £200k to help council tenants to meet the increased demands imposed by higher inflation, energy and grocery costs during the cost-of-living crisis. Manchester was one of the only councils to introduce such a scheme and as at, December 2022 c.£100k has been allocated to support local residents.
- 6.6. As the cost-of-living crisis continues to significantly impact many of our communities, particularly those on the lowest incomes and most often in social rented properties, the council as part of the new Anti-Poverty Strategy is proposing to increase the support fund to £1m in 2023/24 so that the much-needed financial assistance is available to those most in need.
- 6.7. The increased support will be available from April 2023 and will provide further help for residents with increased costs of rent and heating charges. The fund is available to all HRA tenants including the council managed stock, and the

three PFI arrangements. To aid residents in accessing the funds the current application process for accessing the support fund is being reviewed in order to ensure that funds can be directed more swiftly to residents.

Other Income

6.8. Other income is forecast to be c.£1.974m in 2023/24 and it is assumed that these budgets increase in line with CPI, for 2023/24 8.5% inflation is assumed, which is a slight reduction on current rates of CPI. The other income budgets are made up as follows:

- Non-Dwelling Rents and Other Income includes:
 - Rental income from garage rents, shops, offices, ground rents and telecoms masts - **£393k**
 - Other Income and Contributions – Contributions towards ground maintenance and solar panel income. This includes a one-off receipt of £0.883m in respect of transferring Elizabeth Yarwood Court from the HRA to the City Council general fund. - **£1.158m**
- Recharge to Homelessness **£233k** – rental income in relation to HRA properties used by Homelessness
- Income from Leaseholders (e.g., contribution to heating, cleaning, and repairs to communal areas) - **£112k**
- Investment Income - **£78k** in respect of interest due on balances

Private Finance Initiative Schemes

6.9. The PFI schemes are funded through a combination of PFI credits provided by the Government, and rental income for the PFI properties. Whilst the Government PFI credits are fixed and do not increase each year and so do not reflect any ongoing increases in costs. The PFI contracts are not capped and each of the PFI contracts will increase in line with contractual inflationary increases - for budget purposes the increase is forecast to be 10%. It is therefore recommended that rents for properties managed under a PFI contract are increased by 11.1%, in line with Government guidance. This also reflects the levels of expenditure on the maintenance of these properties under the terms of the contracts.

6.10. PFI schemes are funded through a combination of Government grants and rental income from PFI properties, the indicative budget at Appendix 1 shows that total PFI contractor costs in 2023/24 are c£36.3m, and this is £1.6m higher because of the inflationary increase as part of the contract. The PFI grant support is c£23.3m and this remains constant for the duration of the PFI scheme. The proposed 11.1% rent increase on PFI properties will realise c.£1.1m increased rental income.

Communal Heating

6.11. In general, and over time, it is the intention that heating charges are set to reflect the actual cost of gas consumed. However, there are reasons why in practice this is difficult to achieve:

- Charges are set based on anticipated prices for the following year and consumption from the previous year
- Some of the heating systems are not efficient in operation, although work is ongoing to improve these.

- 6.12. Communal heating gas is sourced as part of the City Council gas contract, and this was renewed in April 2022. At the time of 2022/23 budget setting an increase of c80% was forecast. In recognition of the uncertainty in gas prices and to provide some protection to residents the 2022/23 costs for district heating schemes were capped at a maximum increase of 20%, this was aligned to the forecast increase in the Ofgem price cap at that time.
- 6.13. Since the 2022/23 budget was set there has been worldwide turmoil in the energy markets mainly due to the war in Ukraine and this is seen exponential increases in wholesale gas prices. In January 2022 at the time of setting the current years HRA budget, the Ofgem price cap was £1,277, this is in effect the maximum any household can pay for energy costs based in typical usage. Following the Russian invasion of Ukraine in February 2022 and the resulting turmoil in energy markets the Ofgem price cap increased by 54% to a cap of £1,971 in April 2022 and continued to increase in subsequent reviews.
- 6.14. Despite the significant increase in wholesale gas prices, the price of tenants heating charges has only been subject to the original 20% increase that was approved as part of the 22/23 budget process and there has been no review or change to tenant's heating prices during the current financial year. On average tenants are currently paying c£7.36 per week or £368 per year for heat. This has resulted in a significant under recovery of gas costs through heating charges from residents, and this is forecast to be c.£2.176m in the current financial year. This is unlike most other households who will have been subjected to regular increases in line with the Ofgem price increases In August 2022 the Government introduced the Energy Price Guarantee whilst this is lower than the Ofgem Price Cap and restricts the amount per unit that any households can pay to c£2,500, (based on average usage) this is still almost double the January 2022 price cap. Ofgem are due to issue details of the April price cap on 27 February 2023, although Government have already announced that the Energy price guarantee will increase from the current £2,500 to £3,000 – this is lower than the Ofgem cap and is set to provide the additional support to households in the current turbulent markets.
- 6.15. Due to the uncertainty in wholesale gas prices, and the continued increase in consumer gas prices throughout 2022, the price caps have had to be increased on a quarterly basis to provide a level of protection to all households, and as at December 2022 the Ofgem price cap was £4,279, this is an in-year increase of 335%.
- 6.16. Due to the high increases and to provide some level of protection to both suppliers and customers and to enable prices to be changed quicker, rather than every 6 months it was announced in August 2022 that the price cap is to be reviewed quarterly rather than every 6 months. In addition to the price cap and as part of trying to support households with the significant increases in energy costs the government have also introduced a number of schemes designed to support households with the large increase in energy costs, and they include:
- Energy Bill support scheme – this provides households with £400 non repayable discount on their energy bills and is credited to electricity accounts over 6 months Oct – March, if customers are paying by traditional pre-payment meters, then they will receive discount vouchers

that need to be redeemed at the post office. This scheme is available to district heating customers, and in instances when it is not available the Government has set up the Energy Bill Support Scheme Alternative Fund.

- The Energy Price guarantee is intended to protect customers from increases by capping the amount that can be charged, it currently stands at £2,500 per annum based on typical usage. The £2,500 cap is to be increased to £3,000 from April 2023 and will last until the end of March 2024. The £3,000 cap includes both gas and electric costs and is the equivalent of £57 per week.
- Winter Fuel payments – pensioners have received an extra one off £300 pensioner cost of living payment, this was paid as an automatic top up to the winter fuel payment.

- 6.17. There are currently around 2,250 residents on district heating schemes, and they pay for all-inclusive heat either through their rent or through point of sales top up, in addition to the heat charges they will also have electricity bills to pay. As referred to above in the current financial year there has been a shortfall in heating costs of c£2.1m, and in order to ensure no cost subsidy in 2023/24 the costs of heating would need to be increased by c300% for each household. Whilst there is no ideal time to introduce such large increases in costs to tenants, it is also not sustainable to continue subsidising tenants heating costs on going, therefore it is proposed that heating charges are increased by an initial average of £6.04 per week to an average of £13.40 in April 2023. It is proposed that heating charges are then reviewed on a quarterly basis with the aim of balancing the needs of reducing any subsidy to tenants heating bills, but also seeking to reduce the deficit on the HRA. Whilst there continues to be uncertainty, wholesale gas prices have been falling in recent months and the proposed move to quarterly review of prices will allow any price changes to reflect the most up to date position on gas costs.
- 6.18. Whilst it is acknowledged that the proposed increase is not ideal at any time, not least when other costs are also rising, it is important to recognise that the proposed increases will still leave a deficit on the costs of gas of £1.155m in the HRA in 2023/24 financial year. This will need to be reviewed on a quarterly basis against the costs of gas, and the potential changes to residents' heating charges.
- 6.19. The proposed charges outlined in Appendix 2 have been calculated using an initial 75% increase with effect from April and this results in an average heating charge of £13.40 per week, or £670 per year and this will be reviewed on a quarterly basis with a view to ensuring that heating charges are aligned to the costs of gas.
- 6.20. In recognition of the increase in both rents and heating charges the support fund available to support tenants most in need has been increased to £1m for 2023/24. Details of how this will be administered are currently being developed, but the scheme will be in place by April to support those most in need.
- 6.21. As part of the Councils Zero Carbon commitment work is continuing to source additional external funding for works, and there continues to be a programme

of capital investment that looks to both improve energy efficiency of homes and reduce carbon. As part of the ongoing investment in energy efficiency measures and to help reduce carbon there is £2m programmed next year to install new boilers or heat pumps, and this will help take over 300 households of the existing district schemes.

Debt Financing and Borrowing Costs

- 6.22. As part of the introduction of self-financing in 2012, the exercise included a calculation which determined the affordable level of debt for each HRA and a national reallocation of debt was made. As part of the reallocation Manchester received c.£294m leaving a debt balance of c£121m. The 2023/24 opening HRA capital financing requirement is anticipated to remain unchanged at £121.26m, and this is funded through a combination of market loans and internal funding using reserves. Using internal funds means there are no additional interest costs, and the debt does not increase. If the reserves fall below the level of internally funded debt, then new borrowing will be required, and interest charges will increase. The longer-term viability of the HRA is linked to balancing the need for additional borrowing which will incur interest and the priority needs to invest. Future scheme appraisals will need to ensure that the increased costs of borrowing are factored into the project costs where relevant.
- 6.23. Following the removal of Councils' HRA debt caps, there is no upper limit to the absolute level of debt that can be held, the only restriction being that the HRA business plan must demonstrate that any debt can be serviced without the HRA going into deficit. The HRA debt has remained unchanged since the introduction of self-financing and the business plan assumes this continues into future years, therefore the interest charged to the HRA is only subject to change through interest rate changes.
- 6.24. The HRA is making provision only for the interest repayments in relation to the outstanding debt. Consideration will need to be given to refinancing the debts as and when the debts become repayable. This will be considered as part of the treasury management strategy.

Capital Investment

- 6.25. The current approved programme of capital expenditure for the financial years 2023/24- 2025/26 is for approximately £137.4m of spend, of which c.£12.5m will be funded from grants and c. £7.7m from capital receipts. The profile of spend and funding is shown in the table below:

	2022/23	2023/24	2024/25	2025/26	Total
	£'m				
Forecast spend	32.4	49.4	44.0	11.6	137.4
<i>Funded by:</i>					
Grants	5.5	7.0	0	0	12.5
Capital Receipts	0.8	6.9	0	0	7.7
RCCO	26.1	35.5	44.0	11.6	117.2

- 6.26. Work is ongoing to review the capital programme to ensure that the programme is both deliverable and affordable whilst aligning with Council

priorities. The approved programme does include some schemes that will support the Council in becoming carbon neutral by 2038. The main priorities for 2023/24 include:

- Decent Homes Standards
- Fire Safety
- Damp and Mould
- Decarbonisation

6.27. The costs of reaching zero carbon in all of the housing stock is considerable. Original estimates were that a deep retrofit would cost £25k per unit but this could now be nearer £30k with the recent increases in construction costs. The programme to reach zero carbon needs to be delivered in manageable phases and proposals are being worked up which look at:

- Cease fitting gas boilers in 2023/24
- Retrofitting properties as they become void
- Aligning works with decent homes and asset management works where possible.
- Developing a programme to retrofit a fixed amount of properties per annum to achieve economies of scale and to make sufficient progress on the zero carbon ambitions.

6.28. The Council has bid for £11.6m of Social Housing Decarbonisation Fund grant, with successful bids expected to be announced before the end of the financial year. If successful, a programme of works will be mobilised to combine low carbon investment alongside other capital works.

6.29. Officers are developing the asset management plan and this will inform the future capital programme and investment plan for our housing stock. This will need to address important issues including ensuring decent homes standards are achieved and maintained, and carbon reduction and fuel poverty are addressed. Resident engagement is a key part of developing this programme.

6.30. From 2026/27, a working assumption of a £23m per annum capital programme has been included, which increases annually in line with CPI. Prioritisation of projects will be essential, as investment demand is likely to be significantly higher.

6.31. The HRA capital budget already allows for the costs and implications of the following new build programmes: -

- Silk Street (69 properties) (2023-24)
- Collyhurst (130 properties) (2024-25 and 2025-26)

6.32. The 30-year business plan factors in the income and costs associated with these new properties entering the portfolio once completed.

Operational Housing Costs

6.33. The decision to bring Northwards managed housing back into the Council was approved by the Executive in September 2020, with the business case forecasting annual savings of £2.4m. To date annual savings of c£1.6m have

been achieved through a combination of staff savings and savings in accommodation costs following the cessation of the lease at Hexagon Tower.

- 6.34. Work is ongoing to review the existing delivery models, and this is expected to lead to further savings being identified. However, at this stage there are no further savings identified. The non-achievement of savings largely relates to savings options that have not been taken forward, such as closure of some neighbourhood offices and some identified savings that had already been assumed within the former Northwards budgets to offset pressures.
- 6.35. Following the integration of Northwards, the council has worked closely with residents, partners and elected members to develop the new vision for the housing service, which incorporates the profound changes through the imminent Social Housing Act, Building Safety Act, Consumer Regulations and the new Tenant Satisfaction Measures, which come into effect from April 2023, as well as the integration with the council.
- 6.36. The new Place Called Home vision focuses on three key priorities
- Resident led services, putting you at the heart of everything we do
 - High Quality housing services and home improvements for secure, warm, sustainable homes
 - Welcoming, safe and vibrant neighbourhoods
- 6.37. The new vision directly informs the ongoing development of the new target operating model for MCC Housing Services (formerly Northwards). The new operating model will focus on delivering to the priorities set out above and will be finalised during 2023/24.
- 6.38. The 2023/24 costs of operational housing are forecast to be c£14.8m and this is mainly in respect of staffing costs, with some budgets for accommodation costs and supplies and services budgets. The proposed budget includes an increase of £0.780m to allow for forecast pay award costs.

Repairs and Maintenance Contract

- 6.39. The repairs and maintenance contract was let with effect from March 2021. Following procurement and contract letting the budget was increased by £4.1m to c£11.1m, although this did include some initial one off start up and mobilisation costs. The contract is index linked and for 2022/23 was uplifted for CPI +1% which was 9.9% at that time. Similar indexation will see the contract costs increase to a budget of c£17.5m for 2023/24. Officers are currently in negotiation with the contractor on options to reduce the costs whilst not impacting on service delivery. From 2024/25 a 5% per annum reduction has been built into the budget for the repairs and maintenance service.
- 6.40. Whilst there is still work to do and performance is not universal, contract performance is improving. Overall, it is an improving picture in terms of service provision although this is not universal. Demand for the repairs services continues to be high, and like many housing providers have experienced a significant increase in damp and mould service requests. The average time to complete a repair is now 10.2 days against a target of 12.5 days and the number of appointments kept is now 95% (target 97%), the

compliance aspects of the contract (e.g. fire alarms, gas safety) are all performing to target.

Inflation Assumptions

- 6.41. The HRA budget includes inflation, most of which in the business plan is linked to the forecast consumer price index (CPI). Based on an assessment of forecasts available, CPI has been estimated to be at around c.8.5% in 2023/24, reducing to c5.25% in 2024/25. The business plan then assumes 2.75% in 2025/26 before reducing back to a 2% CPI rate for the remainder of the plan.

Garage Rents

- 6.42. Unlike housing rents there is no maximum increase cap on garage rents. It is proposed that 2023/24 garage rents are increased in line with the original rent formula or 11.1%. The impact of the increase is shown in the table below:

	Annual Charge 2022/23	Weekly Charge 2022/23	Proposed Annual Charge 2023/24	Proposed Weekly Charge 2023/24	Proposed Weekly Increase
Site Only	£104.28	£2.01	£115.86	£2.23	£0.22
Prefabricated	£225.08	£4.33	£250.06	£4.81	£0.48
Brick Built	£264.48	£5.09	£293.84	£5.65	£0.56

7. Reserves Forecast

- 7.1. The overall reserves position is forecast to be c£100m at the start of 2023/24, and around £63m is the general reserve. The table below shows the forecast reserves position over the next three financial years.

Reserve Description	2022/23 (Forecast)	2023/24	2024/25	2025/26
	£000	£000	£000	£000
General Reserves	63,124	40,316	14,560	13,009
Residual Liabilities Fund	24,000	24,000	24,000	24,000
PFI Reserve	10,000	10,000	10,000	10,000
Total Reserves	97,124	74,316	48,560	47,009

Insurance Reserve	2,500	2,500	2,500	2,500
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- 7.2. Based on the latest budget position the forecast reserves position as at the end of March 2023 (excluding the Insurance Reserve) will be c£97.1m. This reduces by c£50m over the next three financial years to around c.£47m by the close of 2025/26 and this is due to the c£103m of HRA resources earmarked to fund the planned capital investment over this period.
- 7.3. Both the residual liabilities fund and the PFI reserve were set up a number of years ago, and there have been no calls against either reserve, these will be reviewed in 2023/24 to see if any of the funding can now be released.

- 7.4. Current projections show that the overall reserves go into a negative position at around 2036/37 and are forecast to reach a deficit level of £17m at the end of the 30 years. Work is required to either reduce HRA costs or generate additional income in order to ensure that the HRA is sustainable throughout the life of the business plan.

8. Conclusion

- 8.1. This report sets out the proposed HRA budget. It seeks to recognise the difficulties faced by tenants in light of the current cost of living crisis, whilst seeking to balance the need to have a balanced HRA business plan.
- 8.2. The budget proposals will allow for continued service delivery and investment within the existing stock and development of new HRA stock within the confines of the available resources, although there are pressures around meeting the ambition of the climate agenda.

9. Key Polices and Considerations

(a) Equal Opportunities

The rents have been set in line with the Government's guideline rent.

(b) Risk Management

Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the Housing Revenue Account does not result in a debit balance. The proposed change in rents and identification of savings within this report, together with regular budget monitoring will assist in managing this risk over the short term. Work will continue to ensure that the HRA remains viable in the longer term.

(c) Legal Considerations

The City Solicitor has reviewed this report and is satisfied that any legal considerations have been incorporated within the body of the report.

10. Appendices

Appendix 1 - Housing Revenue Account Budget 2023/24 – 2025/26
Appendix 2 - Proposed Heating Tariffs

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Appendix 1 - Housing Revenue Account Budget 2023/24 – 2025/26

	2022/23 (Forecast)	2023/24	2024/25	2025/26	See Para.
	£000	£000	£000	£000	
Income					
Housing Rents	(62,836)	(67,556)	(72,181)	(74,753)	5.8
Heating Income	(681)	(1,736)	(2,292)	(2,338)	6.11
PFI Credit	(23,374)	(23,374)	(23,374)	(23,373)	6.9
Other Income	(1,022)	(1,974)	(1,083)	(1,073)	6.9
Funding from General HRA Reserve	(14,940)	(22,808)	(25,756)	(1,551)	7.1

Total Income	(102,853)	(117,448)	(124,686)	(103,088)	
Expenditure					
Operational Housing - Management	14,055	14,835	15,272	15,453	6.33
Operational Housing - R&M	16,567	16,784	15,842	14,933	6.39
PFI Contractor Payments	32,591	36,301	36,944	36,525	6.9
Communal Heating	3,196	2,890	2,292	2,338	6.11
Supervision and Management	5,568	5,776	5,877	5,940	
Contribution to Bad Debts	569	679	726	752	6.4

Hardship Fund	150	1,000	0	0	5.6
Depreciation	22,000	25,580	26,650	27,163	
Other Expenditure	1,327	981	1,036	1,070	
RCCO	4,100	9,920	17,350	(4,163)	6.25
Interest Payable and similar charges	2,730	2,702	2,695	3,031	6.22
Total Expenditure	102,853	117,448	124,684	103,042	
Total Reserves (exc Insurance):					

Opening Balance	(112,064)	(97,124)	(74,316)	(48,560)	7.1
Funding (from)/to Revenue	14,940	22,808	25,756	1,551	
Closing Balance	(97,124)	(74,316)	(48,560)	(47,009)	

Appendix 2 - Proposed Heating Tariffs

		22/23 ACTUAL CHARGE		23/24 ESTIMATED CHARGE	
		Based on estimated 20% increase in gas prices from 21/22		Q1 75% Increase in charge	
		Excl VAT	%chg	Excl VAT	%chg
Victoria Square:					
	Type A	£6.63	21.1%	£11.60	75.0%
	Type B	£7.13	21.1%	£12.48	75.0%
	Type C	£7.67	21.1%	£13.42	75.0%
	Type D	£7.96	21.0%	£13.93	75.0%

Type E	£10.20	21.0%	£17.85	75.0%
Caretaker	£12.22	21.0%	£21.39	75.0%
Sheltered Housing :				
Northwards				
1 person flat	£6.96	36.6%	£12.18	75.0%
2 person flat	£8.45	36.7%	£14.79	75.0%
Warden	£8.45	36.7%	£14.79	75.0%

2/4 Blocks:					
	Northwards				
	2 Block Flat	£6.75	19.0%	£11.81	75.0%
	4 Block Flat	£6.75	19.0%	£11.81	75.0%
Other:					
	Sandyhill Court	£7.01	6.9%	£12.27	75.0%
	Broomfield	£6.75	20.0%	£11.81	75.0%

Grove Village PFI scheme:

Flat	1 Bed	£6.80	4.8%	£11.90	75.0%
House	2 Bed	£8.40	4.7%	£14.70	75.0%
House	3 Bed (small)	£10.62	4.8%	£18.59	75.0%
House	3 Bed (large)	£12.25	4.8%	£21.44	75.0%
House	4 Bed	£12.25	4.8%	£21.44	75.0%
Point of Sales pence per unit		5.25	4.8%	9.19	75.0%

<u>Point of Sales pence per unit of heat</u>					
Meco		8.76	14.8%	15.33	75.0%
Northwards Multis:					
	Multi storey	8.25	14.9%	14.44	75.0%
	Victoria Avenue	3.75	-29.1%	6.56	75.0%
Brunswick					
	Multi storey	13.22	35.5%	23.14	75.0%

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee - 7 February 2023
Executive - 15 February 2023

Subject: Changes to Council Tax charges for unfurnished, empty properties and second homes

Report of: Deputy Chief Executive and City Treasurer

Summary

The Government is planning to introduce further discretionary powers for Councils to:

- charge the 100% long term empty premium on empty and unfurnished homes after one year instead of two from 1 April 2024; and
- charge a higher rate of Council Tax for empty, furnished properties (including second homes) from 1 April 2024.

This report considers the impact of adopting this change.

Recommendations

The Resources and Governance Scrutiny Committee is requested to consider and comment upon the contents of the report.

The Executive is requested to:

1. approve the proposals contained in the report and
 2. note that the outcome of the ongoing consultation will be reported back to the Resources and Governance Scrutiny Committee and for final approval by the Executive at a future meeting.
-

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	n/a

A highly skilled city: world class and home-grown talent sustaining the city's economic success	n/a
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Where possible the proposals have been considered to ensure that they do not have a negative impact on the transition into work or maintaining employment
A liveable and low carbon city: a destination of choice to live, visit, work	The changes to Council Tax discounts will have an impact on the city's property market, as by charging for empty homes and premiums for long term empty homes it is aimed that properties will be let and occupied more promptly.
A connected city: world class infrastructure and connectivity to drive growth	n/a

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Based on current figures and assuming there are no changes to the number of empty properties and the length of time they have been empty, the two proposed changes could generate an increase in Council Tax revenue as follows:

- Introducing a 100% premium on empty, furnished properties (including second homes) – up to £4,611,438
- Charging the Long Term Empty premium after one year instead of two – up to £1,227,198. This may reduce as owners are encouraged to bring these properties back on to the market for rent or sale, but any reduction would be offset by an increase in the New Homes Bonus paid by central government.

Financial Consequences – Capital

None

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Background documents (available for public inspection):

Report to Finance Overview and Scrutiny Committee on 6 September 2012 and the Executive Committee 12 September 2012.

Report to Resources and Governance Scrutiny Committee on 7 February 2019 and the Executive Committee on 13 February 2019.

1. Introduction

- 1.1. This report outlines changes Central Government are planning to introduce to the amount of Council Tax that the Council can charge for unfurnished properties that have been empty for more than one year and empty, furnished properties (including second homes).

2. Background - Long Term Empty (LTE) and empty, furnished properties

- 2.1. In September 2012, the Council agreed to adopt the current system of discounts and exemptions for empty properties from 1 April 2013. Amongst other discounts, this introduced a 50% LTE premium to be charged on properties that have been empty and unfurnished for more than two years. This meant that the liable owner would pay 150% of the normal rate of Council Tax while the property remained empty and unfurnished.
- 2.2. The stated purpose of this change was to encourage owners to bring their properties back into use, increasing the supply of housing in Manchester. On the face of it this appears to have worked. In September 2012 there were 1,300 properties attracting the LTE premium, currently there are 535.
- 2.3. The Council also agreed to remove the 50% discount that was previously given to empty furnished properties (including second homes), meaning these properties paid full Council Tax from the moment they became empty. In its place the Council agreed to offer a 100% discount from Council Tax for one month to allow landlords to redecorate as necessary and let to new tenants.
- 2.4. In February 2019, the Council agreed to adopt the revised system offered by the Government where properties empty and unfurnished for over two years were charged a 100% premium, those empty between five and ten years were charged a 200% premium and those empty for more than ten years were charged a 300% premium, meaning they paid quadruple the normal rate of Council Tax.
- 2.5. The Council also agreed to remove the one-month discount when empty, furnished homes became empty.

3. New Government Proposals

- 3.1. The Levelling Up and Regeneration Bill currently going through Parliament will give Local Authorities the power to charge the 100% LTE Premium after one year instead of two from 1 April 2024. It also gives Local Authorities the powers to charge a 100% premium on empty, furnished properties (including second homes) from the date that they become empty.

3.2. Charging the 100% Long Term Empty Premium after one year

- 3.2.1. There are currently 733 properties in the city that have been empty and unfurnished for between one and two years.

- 3.2.2. The table below shows the expected income from the additional properties charged the LTE Premium after 1 year, broken down by Council Tax Band, at current year Council Tax rates and assuming 100% of the additional revenue is collected.

Council Tax Band	Number of properties	Council Tax liability
Band A	333	£415,713
Band B	67	£97,552
Band C	82	£136,448
Band D	106	£198,432
Band E	65	£148,720
Band F	36	£97,380
Band G	33	£102,993
Band H	8	£29,960
Total	733	£1,227,198

There is no guarantee that the Council will collect 100% of this revenue as a result of behavioural change and non-payment by owners, this is likely to reduce the actual increased income at the level outlined above.

- 3.2.3. If charging the LTE premium after one year rather than two encourages owners to bring these properties back into use, the Council will benefit from an increase in the New Homes Bonus. This is paid by the Government to incentivise new developments or bringing existing empty, unfurnished properties back in to use.
- 3.2.4. The financial reward for the Council is significant. For every long-term empty, unfurnished property brought back into use, the Council receives a sum equal to the Council Tax for that property for each of the next four years.
- 3.2.5. Empty, unfurnished properties owned by Registered Social Landlords (RSLs) would not be affected by the addition of this premium as they qualify for a separate 100% discount due to their charitable status. However, in some circumstances, RSLs give tenants overlapping tenancies when they move from one RSL property to another. Under these circumstances, tenants would

be left with an increased liability at one property or the other which would not be eligible for Council Tax Support.

3.2.6. It is proposed that the Council adopts these powers from 1 April 2024, the earliest date allowed by the legislation.

3.3. **Charging a 100% premium on empty, furnished properties**

3.3.1. It is not possible to precisely identify the financial impact of charging the 100% premium on all empty, furnished properties. This is because this category includes genuine second homes as well as furnished rental properties that are temporarily empty between tenancies.

3.3.2. There are 2,846 properties that have been classed as empty and furnished for twelve months with no change to the liable person and it is reasonable to class these as genuine second homes. The table below shows the breakdown by Council Tax Band of these properties and the value of applying the 100% premium to those properties based on the current year Council Tax levels.

Council Tax Band	Number of properties	Council Tax liability
Band A	1,276	£1,592,945
Band B	448	£652,489
Band C	479	£797,305
Band D	355	£664,769
Band E	154	£352,459
Band F	87	£235,320
Band G	36	£112,354
Band H	11	£41,196
Total	2,846	£4,448,837

3.3.3. There are a further 2,525 properties that have been empty for less than 12 months and it is reasonable to assume that these are rental properties between tenants. Previous research has shown that these properties are empty for an average of 15 days between tenancies and the table below shows a breakdown of these properties by Council Tax Band and the expected revenue from introducing the 100% premium.

Council Tax Band	Number of properties	Council Tax liability
Band A	876	£44,823
Band B	506	£30,206

Band C	568	£38,751
Band D	387	£29,703
Band E	110	£10,318
Band F	57	£6,319
Band G	17	£2,174
Band H	2	£307
Total	2,525	£162,601

- 3.3.4. It must not be assumed that the additional £4,611,438 will all come to the Council as behavioural change by landlords and owners and non-payment will reduce the actual increase in revenue collected by the Council as a result of these changes.
- 3.3.5. The legislation allows the Council to increase the charge by up to 100%. This means a stepped increase could be possible.
- 3.3.6. In addition to the income that this change could generate there is currently a lack of move on accommodation for those who are currently supported in Temporary Accommodation. Approximately 3,000 households are in Temporary Accommodation and a key strand of the Council's Medium Term Financial Plan is to increase the supply of affordable housing in the City to reduce the numbers in Homelessness Temporary Accommodation and the financial impact that this is having.
- 3.3.7. It is proposed that the Council adopts the power to increase the charge on empty, furnished properties, but defers a final decision to use it until the current consultation exercise is complete and there is a better understanding of the effect of the changes and how the new powers may impact on the Council's wider housing strategy

4. Other exemptions

- 4.1. There are a range of other empty property exemptions from Council Tax available, the most common of which is where a property is wholly occupied by students. The number of these fluctuates through the year and peak at around 15,400 in June each year. A full list of other exemptions is contained in appendix 1.

5. Consultation

- 5.1. There is no statutory requirement on the Council to consult on this matter. However, we are keen to seek views/feedback on these proposed changes and following best practice, it is proposed to include any recommendations

made by this committee to amend any empty property discounts as part of the wider budget consultation exercise.

- 5.2. The results and appraisal of the consultation responses along with the final proposals will be brought back for comment by the Resources and Governance Scrutiny Committee and for final approval by the Executive at a future meeting.

6. Equality Impact Assessments

- 6.1. The requirements of Section 149 of the Equality Act state that public bodies must have due regard to the need to:
- i. Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act.
 - ii. Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
 - iii. Foster good relations between people who share a protected characteristic and people who do not share it.
- 6.2. Those affected by the proposed introduction of higher levels of Council Tax payable on properties that have been empty and unfurnished for more than one year or empty and furnished will be determined by liability for Council Tax either as an owner or a tenant of an empty property. Liability is not affected by any aspects of someone's personal identity. It may be that one of the protected groups is overrepresented in the group affected, but even if this was the case, there would be no way of knowing as we are not allowed to hold information that is not required for the administration and collection of Council Tax. There is no evidence to indicate that any one of the protected groups is over-represented in the cohort.

7. Recommendations

- 7.1. The Resources and Governance Scrutiny Committee is requested to consider and comment upon the contents of the report.

The Executive is requested to:

1. approve the proposals contained in the report and
2. note that the outcome of the ongoing consultation will be reported back to the Resources and Governance Scrutiny Committee and for final approval by the Executive at a future meeting.

8. Appendices

- 8.1. Appendix 1 – Empty Property Exemptions

Appendix 1 - Empty property exemptions

The following table shows details of all other exemption codes pertaining to unoccupied properties and the numbers of each type in the city at 1 October 2022.

Exemption class	Description	Period	Numbers
B	Unoccupied, owned by charity	No time limit	464
D	Due to person being in prison	No time limit	30
E	Person gone to live in care home	No time limit	128
F	Council Taxpayer deceased	No time limit	1,112
G	Occupation prohibited by law	No time limit	226
H	Dwelling held for minister of religion	No time limit	11
I	Person living elsewhere to receive personal care	No time limit	37
J	Person living elsewhere to provide personal care	No time limit	5
K	Dwelling left empty by a student	No time limit	1
L	Mortgagee in possession (Repossessed property)	No time limit	16
Q	Left empty by bankrupt person Where liability rests with trustee	No time limit	7
R	Caravan pitches or boat moorings not in use	No time limit	16
T	Unoccupied annex to an occupied dwelling that cannot be let separately	No time limit	5

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**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 7 February 2023

Subject: Overview Report

Report of: Governance and Scrutiny Support Unit

Summary

This report provides the following information:

- Recommendations Monitor
- Key Decisions
- Work Programme
- Items for Information

Recommendation

The Committee is invited to discuss and note the information provided and agree the work programme.

Wards Affected: All

Contact Officer:

Name: Charlotte Lynch
Position: Governance and Scrutiny Team Leader
Telephone: 0161 219 2119
E-mail: charlotte.lynch@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.

None

1. Monitoring Previous Recommendations

This section of the report contains recommendations made by the Committee and responses to them indicating whether the recommendation will be implemented, and if it will be, how this will be done.

Items highlighted in grey have been actioned and will be removed from future reports.

Date	Item	Recommendation	Action	Contact Officer
There are no outstanding recommendations				

2. Key Decisions

The Council is required to publish details of key decisions that will be taken at least 28 days before the decision is due to be taken. Details of key decisions that are due to be taken are published on a monthly basis in the Register of Key Decisions.

A key decision, as defined in the Council's Constitution is an executive decision, which is likely:

- To result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates, or
- To be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the city.

The Council Constitution defines 'significant' as being expenditure or savings (including the loss of income or capital receipts) in excess of £500k, providing that is not more than 10% of the gross operating expenditure for any budget heading in the in the Council's Revenue Budget Book, and subject to other defined exceptions.

An extract of the most recent Register of Key Decisions, published on **30 January 2023**, containing details of the decisions under the Committee's remit is included below. This is to keep members informed of what decisions are being taken and, where appropriate, include in the work programme of the Committee.

Subject / Decision	Decision Maker	Decision Due Date	Consultation	Background documents	Officer Contact
Corporate Core					
Manchester City Centre Triangle (2021/01/14A) The approval of capital expenditure for the construction of a scheme to connect travel hubs in the	City Treasurer (Deputy Chief Executive)	Not before 31st Aug 2022		Checkpoint 4 Business Case	Steve Robinson, Director of Operations (Highways) steve.robinson@manchester.gov.uk

city centre					
<p>Contract for Provision of ICT and Digital resources to Manchester City Council (2022/01/31A)</p> <p>The appointment ICT and Digital resources to Manchester City Council.</p>	City Treasurer (Deputy Chief Executive)	Not before 28th Feb 2022		Report & Recommendation	Joanna Thorne joanna.thorne@manchester.gov.uk
<p>Write off of EoN Reality loan (2022/03/01B)</p> <p>Under the delegation agreed at February 2022's Executive, write off of existing £1.1m loan to EoN Reality Ltd and outstanding interest, following confirmation that the company has been liquidated.</p>	City Treasurer (Deputy Chief Executive)	Not before 1st Apr 2022		Companies House – liquidation progress report	Tim Seagrave T.Seagrave@manchester.gov.uk
<p>Framework Agreement for Senior Permanent and Interim Executive Search (2022/06/09A)</p> <p>The appointment of Agencies to deliver Permanent and Interim Senior Recruitment Services.</p>	City Treasurer (Deputy Chief Executive)	Not before 9th Jul 2022		Report & Recommendation	Mike Worsley mike.worsley@manchester.gov.uk

<p>Framework Agreement for the Provision of Commercial Office Furniture and Furniture Services (2022/08/04A)</p> <p>The appointment of Provider to deliver Commercial Office Furniture and Furniture Services.</p>	<p>City Treasurer (Deputy Chief Executive)</p>	<p>Not before 4th Sep 2022</p>		<p>Report and recommendations</p>	<p>Mike Worsley mike.worsley@manchester.gov.uk</p>
<p>Award of Electricity Supply contracts from existing Framework Agreements (2022/08/22A)</p> <p>To award a contract for the supply of Electricity from the Council's existing HH (large sites) and NHH (smaller sites) frameworks via direct award to the incumbent suppliers.</p>	<p>City Treasurer (Deputy Chief Executive)</p>	<p>Before 30 Sep 2022</p>		<p>Award Report</p>	<p>Walter Dooley w.dooley@manchester.gov.uk, Peter Schofield peter.schofielod@manchester.gov.uk</p>
<p>Framework Agreement for the Provision of Specialist and Hard to Fill Agency Roles (2022/08/26B)</p> <p>The appointment of Agencies to provide Specialist and Hard to Fill Agency Roles</p>	<p>City Treasurer (Deputy Chief Executive)</p>	<p>Not before 26th Sep 2022</p>		<p>Report and recommendations</p>	<p>Mike Worsley mike.worsley@manchester.gov.uk</p>

<p>Framework for the provision of GM Online Library Service (2022/10/27B)</p> <p>The appointment of Provider(s) for GM Online Library Service</p>	Strategic Director (Neighbourhoods)	Not before 27th Nov 2022		Report & Recommendation	
<p>Adoption of Manchester Anti-Poverty Strategy (2022/11/08A)</p> <p>To adopt the new Anti-Poverty Strategy for Manchester</p>	Executive	18 Jan 2023		Draft Anti-Poverty Strategy plus accompanying report and any annexes	Peter Norris p.norris@manchester.gov.uk
<p>Council Tax 2022/23 Balance (2022/11/11B)</p> <p>To agree the estimated council tax surplus or deficit for 2022/23</p>	City Treasurer (Deputy Chief Executive)	Not before 3rd Jan 2023		Council Tax Balance report	Neil Doherty neil.doherty1@manchester.gov.uk
<p>Business Rates 2022/23 balance (2022/11/11C)</p> <p>To agree the estimated business rates surplus or deficit for 2022/23</p>	City Treasurer (Deputy Chief Executive)	Not before 3rd Jan 2023		Business Rates Balance report	Neil Doherty neil.doherty1@manchester.gov.uk
<p>Council Tax Base 2023/24 (2022/11/11D)</p>	City Treasurer (Deputy Chief	Not before 3rd Jan 2023		Council Tax Base report	Neil Doherty neil.doherty1@manchester.gov.

To set the 2023/24 Council Tax Base	Executive)				uk
Business Rates Base 2023/24 (2022/11/11E) To set the 2023/24 Business Rates Base	City Treasurer (Deputy Chief Executive)	Not before 3rd Jan 2023		Business Rates Base report	Neil Doherty neil.doherty1@manchester.gov.uk
TC1135 - Provision and supply of a System to Enforce Moving Traffic Offences, including maintenance (2022/11/23B) The appointment of Provider for supply of a System to Enforce Moving Traffic Offences, including maintenance.	City Treasurer (Deputy Chief Executive)	Not before 23rd Dec 2022		Report & Recommendation	
Electricity contract for street lighting (2022/12/02A) To enter into a new electricity contract for the supply of electricity for street lighting.	City Treasurer (Deputy Chief Executive)	Not before 2nd Jan 2023		Report and recommendation	Peter Schofield peter.schofielod@manchester.gov.uk
Adopting new powers to increase the Council Tax	Executive	15 Feb 2023		Report to Executive	Charles Metcalfe c.metcalfe@manchester.gov.uk

<p>on some empty properties (2023/01/09A)</p> <p>To consider whether or not to charge double Council Tax on empty furnished properties (including second homes) and empty, unfurnished properties that have been empty for between 1 and 2 years from 1 April 2024 onwards.</p>					
Development and Growth					
<p>Strategic land and buildings acquisition 2019/06/03C</p> <p>The approval of capital expenditure for the purpose of the strategic acquisition of land and buildings to support the Eastlands Regeneration Framework</p>	<p>City Treasurer (Deputy Chief Executive)</p>	<p>Not before 1st Dec 2022</p>		<p>Checkpoint 4 Business Case & Briefing Note</p>	<p>Richard Cohen r.cohen@manchester.gov.uk</p>
<p>Disposal of site of former Chorlton Leisure Centre for residential development (21/05/13A)</p> <p>Approval to the terms for the leasehold disposal of</p>	<p>Strategic Director - (Growth and Development)</p>	<p>Not before 13th Jun 2021</p>		<p>Report to the Strategic Director of Growth and Development</p>	<p>Mike Robertson m.robertson@manchester.gov.uk</p>

the site of the former Chorlton Leisure Centre for residential development.					
<p>Restructure of existing multiple ground leases at Manchester Science Park into a new overriding single head lease (2021/07/16A)</p> <p>Restructure of existing multiple ground leases at Manchester Science Park into a new overriding single head lease.</p>	Strategic Director - (Growth and Development)	Not before 16th Aug 2021		Report and recommendations	Mike Robertson m.robertson@manchester.gov.uk
<p>Strategic approach to developments of social homes via a city-wide New Build Local Lettings Policy (LLP) (2021/08/10A)</p> <p>Executive adopts the New Build LLP for immediate implementation.</p>	Executive	16 Nov 2022		Report and recommendations	Martin Oldfield m.oldfield@manchester.gov.uk
<p>Land at Downley Drive, New Islington/Ancoats (2022/02/18B)</p> <p>Land disposal by way of lease for residential development at Downley</p>	Strategic Director - (Growth and Development)	Not before 18th Mar 2022		Report and recommendations	

Drive, New Islington/Ancoats.					
<p>Disposal of the former Gala Bingo, Rowlandsway, Manchester, M22 5RS (2022/05/19A)</p> <p>Approval to the terms for the leasehold disposal of the former Gala Bingo, Rowlandsway, Manchester, M22 5RS.</p>	Strategic Director - (Growth and Development)	Not before 19th Jun 2022		Report to the Strategic Director of Growth and Development	Joe Martin, Development Surveyor joe.martin@manchester.gov.uk
<p>This City - new scheme development (2022/06/17B)</p> <p>To give capital expenditure approval to build a mixed development of market and accessible rent properties, initially through the Council before transferring to a Council-owned company during the build.</p>	City Treasurer (Deputy Chief Executive)	Not before 17th Jul 2022		Report and recommendation	Alan Caddick, Interim Director of Housing and Residential Growth Alan.Caddick@manchester.gov.uk
<p>Housing Affordability Fund Budget (2022/06/28B)</p> <p>The approval of capital expenditure for affordable</p>	City Treasurer (Deputy Chief Executive)	Not before 28th Jul 2022		Checkpoint 4 Business Case	Yvette Ryle, Project Manager Yvette.ryle@manchester.gov.uk

housing via a dedicated HAF budget.					
<p>Large Scale Renewable Energy Project (2022/07/13B)</p> <p>To purchase a large scale solar farm, associated storage and maintenance arrangements.</p>	Executive	18 Jan 2023		Executive Report	Leader
<p>Lower Campfield and Upper Campfield - granting of new ground leases (2022/09/07A)</p> <p>Approval to the granting of new ground leases to allow the repair and refurbishment of both buildings by the lessee.</p>	Chief Executive	Not before 6th Oct 2022		Report to the Chief Executive and Strategic Director of Growth and Development	David Norbury david.norbury@manchester.gov.uk
<p>This City: Contractor and Design Team Fees (2022/08/10A)</p> <p>To approve capital expenditure for the delivery of This City: Norther Quarter (Postal Street) in order to appoint a contractor under a Pre-Construction Services</p>	City Treasurer (Deputy Chief Executive)	Not before 10th Sep 2022		Checkpoint 4 Business Case	Sarah Narici sarah.narici@manchester.gov.uk

Agreement to progress work on a mixed development of market and Manchester Living Rent properties until planning permission has been granted.					
Electric Vehicle Charging Strategy (2022/09/12A) The approval of the Draft Strategy and agreement to its publication.	Executive	14 Dec 2022		Report and recommendations	Phil Havenhand, Interim Head of Infrastructure & Environment Phil.Havenhand@manchester.gov.uk
Land Assembly - Back of Ancoats (2022/10/13A) To approve the acquisition of a strategic asset at the Back of Ancoats.	Strategic Director - (Growth and Development)	Not before 30th Nov 2022		Briefing Note	
Land at Kelbrook Road (2022/11/14A) Approval to dispose of land at Kelbrook Road for development	Strategic Director - (Growth and Development)	4 Jan 2023		Report to the Strategic Director – Growth & Development	Thomas Pyatt, Development Surveyor Tel: 0161 234 5469 thomas.pyatt@manchester.gov.uk
Manchester Active Travel Strategy and Investment Plan (2022/11/21A) To adopt the Manchester	Executive	18 Jan 2023		Report to Executive - Manchester Active Travel Strategy and Investment	Rob Scott robert.scott@manchester.gov.uk

Active Travel Strategy and Investment Plan				Plan	
<p>Back of Ancoats: Delivery of Mobility Hub (2022/11/23A)</p> <p>To approve capital expenditure to fund construction inflation cost pressures and amendments to design.</p>	City Treasurer (Deputy Chief Executive)	Not before 23rd Dec 2022		Checkpoint 4 Business Case	
<p>Public Sector Decarbonisation Scheme Phase 3 (2022/11/28A)</p> <p>Approval of capital expenditure for cost increases to the Public Sector Decarbonisation Scheme (PSDS) following RIBA2 designs identifying scope changes required, additional fees and inflationary pressures. These works are to improve energy efficiency and introduce heat decarbonisation measures across the estate.</p>	City Treasurer (Deputy Chief Executive)	Not before 28th Dec 2022		Revised Checkpoint 4	Richard Munns r.munns@manchester.gov.uk
Gorton District Centre Masterplan (2022/12/12A)	Executive	18 Jan 2023			Richard Cohen r.cohen@manchester.gov.uk

<p>To approve the masterplan for future development and investment within Gorton District Centre</p>					
<p>Leasehold disposal of Unit 5, Nuovo A, Great Ancoats Street (2022/12/13B)</p> <p>To approve a 15 year lease of Unit 5, Nuovo A.</p>	<p>Strategic Director - (Growth and Development)</p>	<p>Not before 11th Jan 2023</p>		<p>Briefing Note</p>	<p>Richard Cohen r.cohen@manchester.gov.uk</p>
<p>Local Authority Housing Fund to obtain and refurbish property for sustainable housing (2022/01/18A)</p> <p>To approve capital expenditure to obtain and refurbish property in order to provide sustainable housing for those unable to secure their own accommodation under the Afghan Citizen Resettlement Scheme (ACRS), Afghan Relocations and Assistance Policy (ARAP) (collectively</p>	<p>Executive</p>	<p>Not before 18th Feb 2023</p>		<p>Capital Strategy report</p>	<p>Martin Oldfield m.oldfield@manchester.gov.uk</p>

referred to as the Afghan Schemes), Ukraine Family Scheme, the Homes for Ukraine and the Ukraine Extension Scheme (collectively referred to as Ukraine schemes).					
Neighbourhoods					
Extension of the waste & street cleansing contract (2022/03/30B) To fund the increase in contract fee from 2023 for the remainder of the contract period - £7.95m.	Executive	1 Jun 2022		Waste Report to Environment & Climate Change Scrutiny Committee (10 March 2022)	Matthew Bennett matthew.bennett@manchester.gov.uk
Z-Arts Grant Agreement (2022/11/04A) To approve a three-year Z-Arts grant agreement with revenue support of £184,488 in 2023/4, 2024/5 and 2025/6	Strategic Director (Neighbourhoods)	Not before 4th Dec 2022		Z-Arts Overview Report	
Q20516 – Ashton Canal Bridge (2022/11/25B) The works are referred to	Strategic Director (Neighbourhoods), Deputy City	27 Feb 2023		Confidential Contract Report and Recommendations	Joshua Ward, Procurement Officer joshua.ward@manchester.gov.uk, Nikoo Nikousokhan, Project

<p>as: Victoria Northern Eastern Gateway Scheme Phase 3 – Ashton Canal Bridge. Scope of Works comprises the construction of a new bridge and access ramps over the Ashton Canal at New Islington</p>	<p>Treasurer</p>				<p>Manager nikoo.nikousokhan@manchester.gov.uk</p>
<p>Q20515 – Bridge Maintenance, Refurbishment and Replacement (2022/11/25C)</p> <p>Manchester City Council is proposing to employ a single-stage procurement process comprising of Quality, Price and Social Value elements as set out within this document.</p> <p>This ITT is composed of 4 separate lots, each of which will be awarded separately to the most economically advantageous tender for each lot. The lots are as follows:</p> <p>Lot 1: Rodger Street Union Bridge Maintenance</p>	<p>Strategic Director (Neighbourhoods), Deputy City Treasurer</p>	<p>27 Feb 2023</p>		<p>Confidential Contract Report and Recommendations</p>	<p>Joshua Ward, Procurement Officer joshua.ward@manchester.gov.uk, Paul Gee, Contracts Manager p.gee@manchester.gov.uk</p>

<p>Scheme Lot 2: Hoyle Street Parapet Replacement Scheme Lot 3: Boggart Bridge Retaining Wall Refurbishment Scheme Lot 4: Camelia Road Retaining Wall Replacement Scheme</p>					
<p>Q20509 - Victoria Northern Eastern Gateway Phase 2 (2022/11/29A)</p> <p>The works are to undertake improvement works along the Victoria North / Eastern Walking and Cycling Route, Phase 2 comprises of one location Rochdale Road / Thompson Street / Oldham Road, the scheme identified as Victoria North / Eastern Walking and Cycling Scheme Phase 2. The works will be undertaken in the following locations: • Area G Rochdale Road and Thompson Street Junction • Area G Thompson Street • Area G Oldham Road,</p>	Deputy City Treasurer	Not before 29th Dec 2022		Confidential Contract Report with Recommendations	Joshua Ward, Procurement Officer joshua.ward@manchester.gov.uk

Thompson Street and Sherratt Street Junction • Additional Route Signage					
<p>The rate for temporary accommodation properties (2022/12/13A)</p> <p>Increase the rate for properties in temporary accommodation due to market conditions.</p>	Strategic Director (Neighbourhoods)	Not before 13th Jan 2023		Commercially Sensitive	Nicola Rea nicola.rea@manchester.gov.uk
<p>Homelessness Lease Agreement (2023/01/24A)</p> <p>To enter into long term leases with private accommodation providers, to house homeless households.</p>	Director of Homelessness	Not before 24th Feb 2023		Commercially Sensitive	Rob McCartney, Assistant Director rob.mccartney@manchester.gov.uk

3. Resources and Governance Scrutiny Committee - Work Programme – February 2023

Tuesday, 7 February 2023, 2.00pm (Report deadline Friday 27 January 2023)

Item	Purpose	Executive Member	Strategic Director/Lead Officer	Comments
Corporate Core Budget Report 2023/24	To receive and consider the final 2023/24 budget proposals that will go onto February Budget Executive and Scrutiny and March Council.	Cllr Akbar (Finance and Resources)	Carol Culley Tom Wilkinson	
Changes to Council Tax discounts for empty properties	To receive a report on proposed changes to Council Tax discounts for empty properties.	Cllr Akbar (Finance and Resources)	Carol Culley Charles Metcalfe	
Overview Report	The monthly report includes the recommendations monitor, relevant key decisions, the Committee's work programme and any items for information.	N/A	Scrutiny Support	

Monday, 27 February 2023, 10.00am – **BUDGET** (Report deadline Thursday 16 February 2023)

Item	Purpose	Executive Member	Strategic Director/Lead Officer	Comments
The Council's Budget 2023/24	To receive an update on the Council's financial position following scrutiny of the draft budget proposals and Directorate budget plans by all Scrutiny Committees.	Cllr Akbar (Finance and Resources)	Carol Culley Tom Wilkinson	

Tuesday, 7 March 2023, 2.00pm (Report deadline Friday 24 February 2023)

Item	Purpose	Executive Member	Strategic Director/Lead Officer	Comments
Progress on Council Motions Over Last 12 Months	To receive an update on the progress made in respect of motions that have been passed before Manchester City Council since the last update in March 2022.	Cllr Craig (Leader) Cllr Rahman (Statutory Deputy Leader)	Fiona Ledden Mike Williamson	
Revenues and Benefits Update	To receive an update on collection of business rates and council tax, ethical collection and an update on Council Tax Scheme and resident support schemes with a focus on cost-of-living and the use of discretionary welfare funds.	Cllr Akbar (Finance and Resources)	Lee Owen	
Manchester's Parks Development Programme Update	To receive an update on the progress of Manchester's Parks Development Programme 2021-2025 and an overview of the financial position for parks.	Cllr Akbar (Finance and Resources) Cllr Igbon (Vibrant Neighbourhoods)	Carol Culley Neil Fairlamb	Extend invitation to the Chair of CESC.
Progress Update on the Major Contracts Oversight Board	To receive an update on the work of the Major Contracts Oversight Board since July 2022.	Cllr Akbar (Finance and Resources)	Carol Culley	
Overview Report	The monthly report includes the recommendations monitor, relevant key decisions, the Committee's work programme and any items for information.	N/A	Scrutiny Support	

Thursday, 25 May 2023, 10:00am (Report deadline Monday 15 May 2023)

Item	Purpose	Executive Member	Strategic Director/Lead Officer	Comments
Factory International Progress Update	To receive a progress report on Factory International ahead of the project's completion and opening.	Cllr Rahman (Statutory Deputy Leader)	Carol Culley Becca Heron Jared Allen Pat Bartoli	
Commercial Activity	To receive a report on the Council's commercial activity, including the impact of the Covid lockdown, cost of living, inflation and other factors on the Council's ability to maintain rental incomes from commercial properties with leaseholders.	Cllr Akbar (Finance and Resources)	Carol Culley	Deferred from Feb 2023 with Chair's agreement.
Work programming	To draft the committee's work programme for the 2023/24 municipal year.	N/A	Carol Culley Charlotte Lynch	
Overview Report	The monthly report includes the recommendations monitor, relevant key decisions, the Committee's work programme and any items for information.	N/A	Scrutiny Support	

Items to be Scheduled

(Items highlighted in grey indicate that these have been included in the work plan of one of the above meetings).

(New items added are highlighted in blue)

Item	Purpose	Executive Member	Strategic Director / Lead Officer	Comments
Contract Monitoring	Precise Details to be confirmed	Councillor Akbar	Carol Culley	
Review of investments being made by the Council into its Capital Strategy in terms of delivering future VFM post COVID19	Precise scope to be determined	Councillor Akbar	TBC	
GMCA Governance and Public Sector Reform	To receive an update on what is being delivered for the City through these arrangements	Councillor Craig	TBC	
Revenue and Benefits	Themed meeting to include activity around position of Business Rates and Council Tax and impact on residents and how to target support most effectively	TBC	TBC	
Annual Section 106 Monitoring	To receive a report on the Governance arrangements relating to Section 106.	Councillor White	Julie Roscoe/Des Jones	Report to be considered around Sept 2023

Our Town Hall Project Update	To receive an update on the progress of the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall (OTH) project	Councillor Rahman	Carol Culley Jared Allen Paul Candelent	Report to be considered in October 2023
Governance and Management of Complaints	TBC	Cllr Akbar	Carol Culley	Will be confirmed following Nov 2022 Audit Committee meeting.

Items for Information

RGSC/23/3 Elections Act 2022 - Information on the number of female polling station staff, to ensure cultural and social requirements can be met.

Requirements for the gender of poll clerks are not specified in regulations. Electors may wish to request a specific gender poll clerk to view their photographic identification; this request should be met if there is a female poll clerk available and Returning Officers may wish to consider their staffing arrangements for polling stations.

Ideally you will have a female member of staff at each polling station, but where this is not possible then you should think about how you can deploy other staff flexibly to meet the request, for example by utilising female polling station inspectors (PSIs) who have been delegated the authority to carry out these checks.

We are in the process of assigning staff to roles now, but this is an ever-changing situation until the day of poll. We can confirm that in the majority of cases (currently) we have a female member of staff within each station. We also have a number of female PSIs in place, so should we get to polling day, and we are aware of any stations where this could be an issue, we will ensure that we have a female PSI on hand to assist.

RGSC/23/4 Decarbonisation of the Operational Estate

Q: Has there been any learning from carbon reduction work at the Museum of Science and Industry?

A: Officers have contacted MOSI to discuss lessons learned from their works programme.

Q: What carbon reduction activity has been planned for Our Town Hall?

A: The OTH team recently updated Resources and Governance Scrutiny Committee (October 22). The team reported that Our Town Hall will significantly increase its energy efficiency through the refurbishment process. Carbon emissions per person will be reduced through increasing the efficiency of the building services and increasing the use of the building. The operational phase of the project is predicted to emit between 20,223 and 22,303 T CO₂e between 2024 and 2038. The carbon emissions per person are reduced between 17% and 24% when compared to pre-refurbishment CO₂ emissions, and the energy consumption per head is reduced by up to 43%. The construction phase of the project is forecast to emit 402 tonnes of CO₂. This number is significantly lower than a typical construction project of this scale, through the procurement of renewable electricity for the construction period and limiting the use of diesel powered equipment.

Q: Are there proposals to improve the green credentials of the Civic Quarter Heat Network?

A: The CQHN Team have confirmed that proposals are in development to adopt a fuel mix that contains a proportion of 'green gas' which will reduce the carbon emissions without impacting the operational performance of the engine. The volume of 'green gas' utilised will be dependent on its cost and availability of the fuel source

and the delivered benefit. A future stage of carbon reduction will be to consider the introduction of hydrogen to the fuel supply to the engine. This will be dependent on the availability, source and pricing of the hydrogen supply. The proportion of hydrogen that can be added to the fuel supply will be determined by the capabilities and tolerances of the CHP engine.

Q: How much of the reduction in emissions is due to decarbonisation of the National Grid?

A: The Energy Management Team have compared the Government published Greenhouse Gas Conversion Factors for 201/20 and 21/22. These show that the UK gas supply has decarbonised by c0.4% over the period, while the electricity supply has decarbonised by c16.9%.

Q: Is it possible to estimate how much money carbon reduction measures have saved the Council?

A: The Energy Management Team have compared utilities consumption for the 2019/20 and 2021/22 financial years, and estimated the costs avoided against current prices (these are additional costs that MCC would have incurred if consumption had not reduced). They estimate that:

- For electricity, MCC have avoided costs of c£2.48m due to reduced consumption.
- For gas, MCC have avoided costs of c£0.24m due to reduced consumption.