



# **Resources and Governance Scrutiny Committee**

Date: Tuesday, 7 March 2023

Time: 2.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

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

## **Access to the 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.

## **Filming and broadcast of the meeting**

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## **Membership of the Resources and Governance Scrutiny Committee**

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**Councillors** - Simcock (Chair), Andrews, Davies, Good, Kirkpatrick, Lanchbury, B Priest, Rowles and Wheeler

## Supplementary Agenda

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- 6. Update from the Revenues and Benefits Unit** 3 - 56  
Report of the Deputy Chief Executive and City Treasurer.
- This report provides an update on the activity of the Revenues and Benefits Unit as set out in the June 2022 Scrutiny Report, including final details of recently completed Covid schemes and ongoing cost of living schemes delivered by the service.
- 7. Refreshed Community Asset Transfer Policy Update** 57 - 86  
Report of the Deputy Chief Executive and City Treasurer.
- This report sets out the key points of the review of the policy and approach requested by the Statutory Deputy Leader, as Executive Member for the Operational Estate, and proposes a revised Community Asset Transfer Policy.
- 9. Progress Update on the Major Contracts Oversight Board** 87 - 102  
Report of the Head of Integrated Commissioning and Procurement.
- This report provides an overview of the work of the Major Contracts Review Board and the development of the Delivery Model Assessment Policy which will set out the issues to be considered in deciding on the approach to future major contracts.

## Further Information

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

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This supplementary agenda was issued on **Wednesday, 1 March 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester, M60 2LA

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee – 7 March 2023

**Subject:** Update from the Revenues and Benefits Unit

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

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### **Summary**

This report provides an update on the activity of the Revenues and Benefits Unit as set out in the June 2022 Scrutiny Report, including final details of recently completed Covid schemes and ongoing cost of living schemes delivered by the service. The report covers:

- Benefits administration, including Council Tax Support and the management of the Welfare Provision Scheme and other discretionary schemes;
- The financial support provided by the Household Support Fund scheme;
- The financial support provided by the Energy Grant Scheme;
- The financial support provided by the Council Tax Support Fund;
- The financial support provided by the Energy Bills Support Scheme Alternative Funding programme;
- The financial support provided by the Alternative Fuel Payment Alternative Funding scheme;
- Performance in the collection of council tax and how we balance collection, whilst working in an ethical way and supporting those residents on a low income; and
- Performance in the collection of business rates. The financial support provided to businesses through various Business Rates Reliefs and grants. The report will provide data for the 2021/22 financial year and available data to show activity between 1 April and 31 December of the 2022/23 financial year.

### **Recommendations**

The Committee is recommended to consider and comment on the information in the report.

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### **Wards Affected:**

The services provided by the Revenues and Benefits Unit are provided across all wards in the city. The wards with higher deprivation have higher levels of residents in receipt means tested benefits and discretionary awards.

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

The Council's transformation work and response to covid restrictions has meant that the service has worked hard to avoid unnecessary travel by looking to provide services online, by phone or in the local area where possible.

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

The report provides an update on Revenues and Benefits activity and performance impacting Manchester residents and businesses. Consideration of equality, diversity and inclusion issues for Manchester residents and businesses have been taken into account in the development and delivery of the schemes covered in the report.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The policies that support the work of the Unit are in the spirit and in accordance with policies to maximise financial well-being and ensure that the economy is supported to recover post-covid.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	The report provides details on our covid discretionary grant schemes that have been developed to support the city's economic recovery and support good employers that are committed to the employment of Manchester residents and the provision of the living wage.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	This report provides details of how we provide support to residents on a low income as well as our approach to recovery, which is fair and consistent and allows residents to manage other household bills.
A liveable and low carbon city: a destination of choice to live, visit, work	The report provides details on our covid discretionary grant schemes that have been developed to support the city's economic recovery
A connected city: world class infrastructure and connectivity to drive growth	The report provides details on our covid discretionary grant schemes that have been developed to support the city's economic recovery

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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**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.

Enforcement Agency Code of Practice 2021/22  
[https://www.manchester.gov.uk/downloads/download/5938/enforcement\\_agency\\_code\\_of\\_practice\\_council\\_tax\\_201415](https://www.manchester.gov.uk/downloads/download/5938/enforcement_agency_code_of_practice_council_tax_201415)

Welfare provision scheme policy | Manchester City Council

Discretionary Housing Payments policy | Manchester City Council

Update Report from Revenues and Benefits  
 Resources and Governance Scrutiny Committee – 21 June 2022  
<https://democracy.manchester.gov.uk/documents/b13489/Supplementary%20Agenda%2021st-Jun-2022%2014.00%20Resources%20and%20Governance%20Scrutiny%20Committee.pdf?T=9>

## **1.0 Introduction**

1.1 This report provides an update on the activity of the Revenues and Benefits Unit as set out in the June 2022 Scrutiny Report, including final details of recently completed Covid schemes and ongoing cost of living schemes delivered by the service.

1.2 The report will also cover the activity of the Unit as part of the Council's wider role in the administration of support to residents and businesses.

### **1.3 Support to residents**

1.3.1 The Council looks to ensure that any funding that is available, either from local or government funds, has the best impact for our residents and on our communities, supporting the Council's policies and the Our Manchester Strategy.

1.3.2 When considering support, the national context is considered, especially in relation to the wider welfare benefits regime. Whilst the Council is unable to mitigate for all changes to the welfare reform system there are important contextual factors which impact on the level of demand for discretionary support. The Government response to the cost-of-living pressures provides a range of nationally and locally delivered government funded schemes; while increasing inflation and financial pressures indicate a continuing and substantial need for welfare support.

1.3.3 The report provides details of the discretionary support that is provided. This includes the business-as-usual schemes and the additional Covid and cost of living related schemes.

### **1.4 Council Tax**

1.4.1 The council tax that is collected is extremely important and enables the Council to deliver essential services.

1.4.2 The pandemic had a huge impact on residents' ability to pay Council Tax. The 2021/22 in-year collection rate was 89.81%, which was 0.34% lower than 2020/21's rate of 90.15%, and 2.92% lower than 2019/20's collection rate of 92.73%. Residents are still suffering the effects in 2022/23 and although it is recovering, the collection rate has not yet reached 2019/20 levels, meaning reduced levels of revenue for the city.

1.4.3 The Council's Revenues Service is aware of our responsibility to be proportionate and reasonable in the collection of council tax that is owed and where possible works to engage with residents to deliver and sustain payment arrangements. The report details the approach to the collection of money owed and how vulnerable and low-income households are supported.

### **1.5 Support to businesses**

- 1.5.1 As with council tax, the money collected in business rates has a direct impact on the Council's budget. Unless funded by the government any discretionary reliefs and grants are met by the council and ultimately by council taxpayers in the city.
- 1.5.2 Businesses' ability to pay the business rates liability has been hugely impacted by the pandemic. Despite all the grants and reliefs that have been awarded over the last 17 months, the business rates collection rate for 2021/22 was 94.79%, up 6.88% on 2020/21's rate of 87.91%, but down 2.79% on 2019/20's collection rate of 97.58%. There has been some recovery during 2021/22 and the collection rate for 2022/23 is ahead of the 2019/20 figure (pre-pandemic)
- 1.5.3 Unlike council tax, the government provided some support for the Council to mitigate some of the reduction in Business Rates income in 2021/22 and 2022/23.

## 1.6 **Scope**

1.6.1 This report does not provide details of the extensive financial and other support that is provided to residents by all areas of the Council. This was covered in a separate report that went to Economy Scrutiny and the Executive in September 2021.

1.6.2 This report is split into the following areas:

- Introduction to the Unit
- Additional support to residents provided during the pandemic
- Additional cost of living support provided in 2022/23
- MCC welfare support schemes, including Council Tax support, the Welfare Provision Scheme and other discretionary schemes
- Performance in the administration of Benefits including Council Tax Support
- Support to businesses
- Summary of covid related schemes now ended and what is in place for 2022/23
- Performance in the collection of council tax and how we balance collection, whilst working in an ethical way and supporting those residents on a low income
- Performance in the collection of business rates.

1.6.3 The report will provide data for the 2021/22 financial year and year to date data for the 2022/23 financial year.

## 2.0 **Background**

### 2.1 **Introduction to the Unit**

- 2.1.2 The Revenues and Benefits Unit delivers two large service areas: billing, collection and recovery of money due to the Council and the assessment and payment of several areas of benefits and financial support paid to residents.
- 2.1.3 The Revenues Service is responsible for the collection of all council tax, business rates, benefit overpayments, miscellaneous income and adult social care debt as the result of a financial assessment for care.
- 2.1.4 The Benefits Service assesses entitlement and makes payments for Housing Benefit, Council Tax Support, the Welfare Provision Scheme, Adult Social Care charges and several areas of discretionary support, as required to support the Council's priorities.

## **2.2 The impact of Covid and the Cost-of-Living crisis on our activity**

- 2.2.1 As the impact of Covid on residents and service delivery has receded the impact of the Cost-of-Living crisis has grown.
- 2.2.2 The service picked up significant, additional work as a result of the pandemic, including the development of grant schemes and other support across many areas, including welfare support, council tax and business rates.
- 2.2.3 New and ongoing additional work demands have presented as a result of the Governments and Council's response to the Cost-of-Living crisis.
- 2.2.4 Successful delivery of these schemes has been achieved by careful planning and resource management and the flexibility, commitment and professionalism of our colleagues, but there has been a significant impact on delivery of our usual services due to the diversion of resources to administer the grant and welfare schemes.
- 2.2.5 For some services, the Council acts as an agent and partner of the government, for example the administration of Housing Benefit or administering reliefs and grants. As a result, the rate of immediate change and fast-moving government policy decisions have had an impact on the work that we had to do. In many cases this has resulted in colleagues working across service areas and picking up new work areas.
- 2.2.6 Further detail on these areas is included in the following sections linked to functional areas.

## **3.0 Additional and discretionary Support provided by the Council 2022/23**

- 3.1 The following sections detail some of the discretionary support provided by the Council and administered by the Revenues and Benefits Unit. Some of these are new schemes in response to covid and some are business as usual. In addition to this, some are covered by government grants and others are wholly funded by the Council.

### **3.2 Free School Meals – Alternative Support**



3.2.1 During 2021/22 government directed schemes providing funding of £15 for each eligible child were delivered by the Council. In 2022/23 the Council used a proportion of Household Support Fund grants to ensure that pupils in school nursery classes and 6th forms received support in addition to children eligible for Free School Meals. Vouchers were provided via schools and other key groups following an approach developed by Children's Services. The following amounts were paid out:

- Easter 2022 - £1.1m
- May half-term 2022 - £0.62m
- Summer 2021 - £1.65m
- Autumn half-term 2021 - £0.62m
- Christmas 2022 - £1.2m
- February half-term 2023 - £0.6m

### 3.3 Holiday Activity Fund

3.3.1 £190k of Household Support Fund 3 has been allocated to fund Holiday Activity Fund (HAF) schemes during the autumn and spring half-terms. Separate HAF funding is provided by Government for the main school holidays.

### 3.4 Discretionary Housing Payments

#### 3.4.1 Local Housing Allowance rates

In April 2020, as a result of covid, the government increased the Local Housing Allowance (LHA) rates on which Housing Benefit is based. The rates were adjusted to meet the 30th percentile of the rented properties in the LHA area. The LHA rates have not been increased since and will remain at the April 2020 level in April 2023 meaning that the value of the 2020 increases will continue to reduce if further uprating of LHA rates is not applied in future years. This has an impact on ongoing demand for DHP.

The table below shows the current rates for the two areas we use in Manchester. Most people in the city fall within the Manchester Central area.

<b>Central</b>	<b>Shared</b>	<b>One Bed</b>	<b>Two Bed</b>	<b>Three Bed</b>	<b>Four Bed</b>
April 2020	£75.50	£138.08	£149.59	£166.85	£218.63
<b>Southern</b>	<b>Shared</b>	<b>One Bed</b>	<b>Two Bed</b>	<b>Three Bed</b>	<b>Four Bed</b>
April 2020	£82.82	£120.82	£149.59	£172.60	£253.15

#### 3.4.2 Managing demand for Discretionary Housing Payments

To be eligible for consideration for DHP assistance a resident must already qualify for Housing Benefit or Universal Credit (Housing Element). DHP

payments are typically made in the form of short-term awards to ease transitions and to give residents time to seek resolution of their difficulties. Support includes easing the impact of the household benefit cap; mitigating the application of size criteria in the social rented sector; and assistance for residents in short-term homelessness accommodation to address rent arrears that may otherwise constrain move on options. Each application is considered on the circumstances of the case.

**2021/22** - DWP DHP funding of £1,969,859 was received for the year with the Council providing an additional £1m of funds.

£2,910,661 was paid out with decisions made on 4,106 cases resulting in 2,380 awards. 265 of the 4,106 applications referenced Covid19 as a contributing factor for the DHP request and 77% were paid.

**2022/23** - The DWP provided Discretionary Housing Payments funding of £1,367,767. In August 2022 they announced their allocation of £2 million DHP funding that they did not allocate at the start of the year. Manchester's additional allocation of this pot was £28,348, taking our total DHP allocation to £1,396,135. The allocation for 2022/23 represents a 30% reduction in DWP funding compared to 2021/22. An additional £1 million funding has been provided by the Council. At 1 February 2023 we have paid and committed £1,783,752.28.

To ensure the most effective use of DHP in 2022/23 we have stepped away from clearing outstanding arrears and moved to pay DHP at a level that prevents a further increase in rent arrears. This action is designed to ensure that tenancies are protected while lessening the pressure on the budget and maximising the number of eligible households supported.

The full DWP allocation was spent by 19 October. We do not expect to spend the full allocation from the council. Based on current estimates we expect the total DHP spend to be £1.9 million. Continuing Cost-of-Living pressures suggest that demand for DHP may increase during 2023/24.

### 3.5 **Discretionary Council Tax Payment Scheme (DCTP)**

#### 3.5.1 **2022/23 - Discretionary Council Tax Payments**

At 1 February 2023, £338,923 has been paid out to support 479 care-leaver cases and £41,243 paid in support of 193 other Discretionary Council Tax Payment applications. These have been considered on the individual merits of each case in accordance with the Council's policy.

A total of 289 cases affected by the 2-child limit have been awarded a total of £89,855.

All DCTP is funded by the Council.

### 3.6 **Welfare Provision Scheme**

- 3.6.1 **2021/22** - Demand for support from the core WPS reflects the continuing impact of Covid and the cost-of-living pressures on residents and the number of households moving from temporary homelessness accommodation into general needs housing where WPS support is provided.
- 3.6.2 The core WPS budget of £600,000 was topped up in response to the level of demand, with an additional £216,000 of Council contingency funding drawn down to cover the additional spend.
- 3.6.3 Spend against reported application reasons up to 31 March 2022 is shown below:

<b>Reason for Application</b>	<b>Number Approved</b>	<b>Value of Awards</b>
Moving Home / Resettlement	1,663	£707,331
Other Reason	1,267	£87,023
Carers Emergency Fund	609	£76,260
Disaster	269	£21,117
Travel	13	£470
<b>Total</b>	<b>3,821</b>	<b>£892,200</b>

- 3.6.4 **2022/23** - Demand for support from the core WPS remains high. This reflects rising cost of living pressures and the number of households moving from temporary homelessness accommodation into general needs housing where WPS support is provided.
- 3.6.5 Spend against reported application reasons up to 31 January 2023 is shown below:

<b>Reason for Application</b>	<b>Number Approved</b>	<b>Value of Awards</b>
Moving Home / Resettlement	1,459	£ 631,835
Other Reason	20 2,961	£230,994
Carers Emergency Fund	746	£ 84,538
Disaster	564	£ 49,763
Travel	29	£ 1,778
<b>Total</b>	<b>4,769</b>	<b>£ 998,908</b>

- 3.6.6 Due to the current demand and projected levels of spend, a further £400,000 has been allocated to the £600,000 core Welfare Provision Scheme budget. A further £100,000 was allocated from Household Support Fund 3 (details at section 3.8.2.2) which was spent within six weeks due to the high demand for cash and fuel support. A further £112,070 was paid out by 31 January 2023 and additional funding has been provided from either the DHP underspend or from the COMF grant.

### 3.7 **Support for Carers**

- 3.7.1 **2021/22** - The £100,000 budget in 2021/22 was funded by the Council. This element of the wider WPS service was developed for 2021/22 in consultation

with Carers Manchester Contact Point (CMCP), Manchester Carers' Forum and Carers' Commissioning. Access to this budget is now directed through the CMCP and Carers Team. In 2020/21 £76,260 was paid to 609 Carers' Emergency Fund cases.

3.7.2 **2022/23** The £100,000 budget was retained for 2022/23. As at 31 January 2023, a total of £ 84,538 has been paid to 746 cases.

### 3.8 **Food Poverty**

3.8.1 **2023/24** - £100,000 is available for distribution to all wards in the city to alleviate food poverty. This will be managed through the Neighbourhood Teams.

### 3.9 **Household Support Fund**

3.9.1 **2021/22** - The Government first announced the Household Support Fund scheme in September 2021 running for a six-month period from October 2021 to end of March 2022. Manchester City Council received £6.453m to support residents. No new burdens funding was provided. The full Fund was allocated and taken up.

3.9.2 **2022/3** - Further government funding for Phases 2 and 3 of the Household Support has been received. The funding covered six-month blocks from April 2022 to March 2023. Each phase provides £6.453m to administer and allocate to help households who are not eligible for other kinds of help or who need further support.

3.9.3 Government guidance for Household Support Fund 2 required that at least one-third of the total funding must be spent on families with children and one-third spent on pension age households. The expectation was that the Household Support Fund should be used to support households who need it most to receive vital support to meet essential household costs; in particular with food, clothing, energy and water bills.

### 3.10 **Household Support Fund 2**

3.10.1 The Council administered the Household Support Fund 2 scheme in three key parts to support Manchester residents:

#### **Support to families with children who are eligible for Free School Meals**

3.10.2 £2.2m of the fund (34%) is directed to this group. This consists of

- £15 payment for each eligible child based upon school census data and distributed in late May and a further payment of £40 distributed in the summer.
- The Free School Meal eligibility criteria is used as a proxy measure to identify need and the schools voucher payment mechanism is used as the fastest method of issuing support. The vouchers were distributed via

Manchester schools. A reciprocal arrangement applies across Greater Manchester Authorities for children attending schools outside of their local authority area.

### **A universal offer to recipients of Council Tax Support and other key groups**

3.10.3 A one-off cash grant was paid to all households in receipt of Council Tax Support (CTS). CTS was used as a broad universal indicator of need and responsibility for household costs. This was issued by BACS payments where bank details are held, or as Post Office vouchers. This consists of:

- A grant of £160 per pension age household in receipt of Council Tax Support (c.£2.15m or 33% of the fund).
- A grant of £50 per working age household in receipt in Council Tax Support (c£1.7m or 26% of the fund).
- A grant of £50 to care leavers and severely mentally impaired (SMI) residents who receive discounts or exemptions from Council tax (c£120k or 2% of the fund).

### **Third sector support offer**

3.10.4 The Council set aside a further £300k for distribution via Citizens Advice Manchester and Macc.

3.10.5 The full HSF2 fund was allocated and taken up.

## **3.11 Household Support Fund 3**

3.11.1 The Council is administering £6.453m of HSF 3 across the following elements to support Manchester residents. The scheme runs to 31 March 2023.

### **Support to families with children who are eligible for Free School Meals**

3.11.2 £2.59m of the fund (40%) is directed to this group. This consists of:

- A £15 weekly payment for each eligible child for the autumn and spring half-terms and the Christmas holidays, based upon school census data. The funding was distributed using the same methodology as HSF2.
- £190k to provide a Holiday Activity Fund (HAF) scheme during the autumn and spring half-terms. Separate HAF funding is provided by the government for the main school holidays.

### **Support to Care Leavers**

- £10 per week given to all Care Leavers living in their own tenancies between October to March

### **Support offered directly to the following household groups**

3.11.3 Funding of £2.92m (45%) was allocated on the following basis:

- a) Households receiving Housing Benefit where no other DWP welfare benefit is in payment, who did not qualify for a government £650 Cost of Living payment
- b) All households of 5 or more people which are in receipt of Council Tax Support
- c) Households where at least one member is in receipt of a disability benefit and where the household size is less than five members, including at least one dependent
- d) Households where the Council Tax Support claimant or partner is above the age to qualify for Pension Credit, but does not receive Pension Credit due to their income, where their weekly income is less than £10 above their Applicable Amount (the minimum weekly amount government says a person needs to cover their living costs) and their household size is less than five members
- e) Households where the Council Tax Support claimant or partner started to receive Pension Credit after the qualifying period 26 April 2022 to 25 May 2022 for the first Cost-of Living payment of £326 and therefore did not qualify for this payment
- f) Households where the Council Tax Support claimant or partner started to receive Pension Credit after the qualifying period 26 August 2022 to 25 September 2022 for the second Cost-of Living payment of £324 and therefore did not qualify for this payment
- g) Households who have fuel costs but who cannot access the £400 of energy support from the Energy Bill Support Scheme or the equivalence package confirmed on 29 July. This has now been superseded by the new government scheme and only two payments were made very early on in the scheme.
- h) Households who received a nil award of Universal Credit (UC) or were not claiming it during the qualifying period 26 April 2022 to 25 May 2022 for the first Cost-of Living payment of £326 but who received an award of UC shortly after the qualifying period ended and remain on Universal Credit
- i) Households who received a nil award of Universal Credit or were not claiming it during the qualifying period 26 August 2022 to 25 September 2022 for the second Cost-of Living payment of £324 but who received an award of UC shortly after the qualifying period ended and remain on Universal Credit
- j) People who would be entitled to but are not claiming any qualifying benefits and therefore have not received any Cost-of-Living payments

3.11.4 Payments are made directly to the resident's bank account where data is held within the Council's Housing Benefit / Council Tax systems. For all other cases those residents identified have been contacted by letter, and/or SMS; and/or email to invite an application.

3.11.5 More details on cohorts a) to j) are included at Appendix 1.

### **Third sector support offer**

3.11.6 The Council set aside £500k to work with advice agencies and the third sector in the city. This includes support for the Manchester Food partnership. It also

incorporates funding for Care and Repair for the provision of insulation for hot water tanks and fitting draft excluders, for example.

- Engaging with Citizens Advice Manchester (CAM) and Manchester Community Central (MACC) offers additional assurance that harder to reach communities receive support.
- CAM recently launched their Mobile Advice Unit, increasing their reach and capacity to engage at neighbourhood level
- MACC work with a wide range of voluntary groups across the city

### **Welfare Provision Scheme**

3.11.7 £100k was directed to the Council's Welfare Provision Scheme increasing the service's capacity to meet growing requests for support for energy and wider household costs.

### **HSF3 Review in January 2023**

3.11.8 Demand and spend against HSF3 was reviewed in January 2023. This led to a number of adjustments to ensure that presenting need was supported to the fullest possible extent.

- Cost of living payments to internal Foster Carers of £300, expected to cost £150k in total.
- Payments to households who missed out on the Universal Credit cost Living autumn payments, estimated at £369k
- Support provided through advice agencies and the third sector adjusted from £500k to £410k

3.11.9 The additional £519k required has been made available through:

- £300k which was identified to support people to remain in their accommodation and reduce homelessness. This is now covered through the increased Homelessness prevention grant.
- £219k released through lower than anticipated applications for Discretionary Housing Payments

3.11.10 The above changes were approved at February 2023 Executive.

3.11.11 Total reported spend as at 28 February 2023 including the changes agreed at February 2023 Executive are shown in the table below:

Cohort	Award Value	Total spend to date
Free School Meals / Holiday Activity Fund	Various	£2,590,000
Care Leavers	£260	£74,000
Cohort A HB & no other DWP bens (could be on CTS)	£650	£42,250
Cohort B CTS 5 or more in HH	£400	£1,179,340
Cohort C CTS < 5 members, deps present, disability inc	£220	£721,600
Cohort D CTS < 5 member, Elderly STD, not on PC, EI < £10	£150	£313,650
Cohort E PC: missed 1st COL payment	£326	£14,344
Cohort F PC: missed 2nd COL payment	£324	£9,072
Cohort G Hholds who could not get £400 payment	£400	£800
Cohort H UC: missed 1st COL payment	£326	£149,308
Cohort I UC: missed 2nd COL payment	£324	£19,116
Cohort J Entitled but not claiming qualifying benefit	£650	£0
Third Sector Support	£400	£410,000
Welfare Provision	Various	£222,000
Foster Carers	£300	£121,000
Total		£5,910,544

#### 4.0 Help with energy bills and the cost of living

4.1 The Government provided a £37 billion package of support which included the Energy Bills Support Scheme. This includes the following.

4.1.1 All domestic energy customers in Great Britain will receive a £400 grant to help with the cost of their energy bills through the Energy Bill Support Scheme. This will be automatically added to customers' energy accounts over six months from October 2022 and will not need to be paid back. The Council is not involved in this scheme.

4.1.2 Households liable for Council Tax in Bands A-D in England will also receive a £150 Council Tax Rebate, also known as the Energy Grant, to help with the rising cost of bills. Local authorities also have a discretionary fund to make further payments of up to £150. This is administered by councils and full detail of Manchester's discretionary scheme is available in Appendix Three.

4.1.2.1 The Council delivered the core scheme element of the Energy Grant between April 2022 and 30 November 2022 (extended from 31 October 2022 by government towards the end of the scheme).

4.1.2.2 This scheme required payment of £150 to every household meeting the following criteria:



- They occupy a property valued in council tax bands A – D on 1 April 2022. This includes property that is valued in band E but has an alternative valuation of band D as a result of the disabled band reduction scheme
- The property is someone's sole or main residence
- The property is a chargeable dwelling, or in exemption classes N (solely for full time students, but not a hall of residence), S (where the liable person is under 18), U (where the liable person is severely mentally impaired), or W (where the liable person is a dependant relative who is over 65 or permanently disabled and living in a separately banded unit within a single property such as a self-contained annexe)
- Only one payment of £150 can be made to each eligible household and the scheme is fully funded by the Government.

4.1.2.3 The £32.448m funding was allocated by Government based on the Council Taxbase Form for Bands A-D returned to government in October 2021. £32.024m or 98.7% of the funding was paid to 213,496 households under the core scheme. This was paid out as follows.

- Where the Council holds a live Direct Debit instruction a direct payment was made into the liable person's bank account. £17.651m was paid to 117,676 households.
- £12.468m was paid to 83,121 households by Post Office Voucher.
- £1.905m was paid to 12,699 households in the form of a credit to the Council Tax account.

4.1.2.4 The government allocated a discretionary grant of £1.626m to the Council. This was delivered between June 2022 and 30 November 2022. £1.624m was paid to 10,832 households, representing 99.9% of the grant. This was paid as follows:

- Where the Council holds a live Direct Debit instruction a direct payment was made into the liable person's bank account. £0.510m was paid to 3,403 households.
- £1.098m was paid out to 7,322 households by Post Office Voucher.
- £16k was paid to 107 households in the form of a credit to the Council Tax account.

4.1.3 In addition the Government announced the following:

- All pensioner households will receive an extra £300 to help them cover the rising cost of energy in November or December 2022. This payment will go as a top up to the over 8 million pensioner households who receive the Winter Fuel Payment. For most pensioner households, this will be paid by direct debit, is not taxable and does not affect eligibility for other benefits. The government will make these payments directly to households across the UK.
- 2.2 million low-income households currently receive a £140 warm homes rebate on their energy bills. From 2022, proposed changes will see the

scheme be worth £475 million a year with nearly 3 million households receiving a £150 rebate.

- The Winter Fuel Payment Scheme provides payments of £200 for households with someone of State Pension Age, or £300 for Households with someone aged 80 or over. This increases the baseline payment from £100 to £200.
- Cold Weather Payments of £25 extra a week are paid to poorer households when the temperature is zero or below. This is an established scheme and not an additional level of support.

#### **4.2 £650 Cost of Living payment for those on benefits**

- 4.2.1 More than 8 million households on means tested benefits will receive a payment of £650. This includes all households who receive Universal Credit, Income-based Jobseekers Allowance, Income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit, Pension Credit. Department of Work and Pensions will make the payment in two lump sums – the first in Autumn 2022. Payments from HMRC for those on Tax Credits only will follow shortly after each to ensure there are no duplicate payments. The government will make these payments directly to households across the UK.

#### **4.3 £150 Disability Cost of Living Payment**

- 4.3.1 People with disabilities will receive an extra £150 to help with the particular extra costs they face. Six million people who receive Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Scottish Disability Benefits, Armed Forces Independence Payment, Constant Attendance Allowance and War Pension Mobility Supplement will receive the support as a one-off payment in September 2022. These payments will be exempt from tax, will not count towards the benefit cap, and will not have any impact on existing benefit awards. The government will make these payments directly to households across the UK.

### **5.0 Energy Bills Support Scheme Alternative Funding**

- 5.1 The Energy Bills Support Scheme Alternative Funding (EBSSAF) programme is a one-off £400 non-repayable payment to eligible households who have not received the main EBSS payment automatically (section 4.1.1) to help with their energy bills between 1 October 2022 and 31 March 2023 but are still facing increased energy costs (the EBSS scheme is being delivered through domestic electricity suppliers in six instalments from October 2022 to March 2023).
- 5.2 The final guidance was received week beginning 20 February. The Council is due to receive £2.3m which will cover 80% of Government's estimated eligible households and represents 5,751 £400 payments. Any over / under spend at the end of the scheme will be accounted for in the reconciliation process. Individuals will need to apply for the EBSSAF via a Gov.UK portal. This is the

only means of applying. The resident must also provide bank account details to receive payment. No other payment option is offered.

- 5.3 The Council is responsible for distributing support payments to eligible applicants. No household will be eligible for both the EBSS payment and an EBSSAF payment and no discretionary element applies within EBSSAF.
- 5.4 Eligible households include those in residential care homes who are not fully funded by the council; those with a commercial landlord or intermediary, such as park home residents; and those in temporary / supported accommodation.
- 5.5 Payments should be made to eligible applicants within 30 working days of receiving the application via the government portal with all payments made by 30 June 2023.
- 5.6 The Revenues and Benefits Unit are working with colleagues across Finance, Internal Audit, Communications, Customer Services Organisation and ICT to put the required systems and resources in place to deliver EBSSAF between March and June 2023.

## **6.0 Alternative Fuel Payment Alternative Funding**

- 6.1 The Government has also recently announced the Alternative Fuel Payment Alternative Funding (AFPAF) scheme. This is intended to pay £200 to households who use alternative fuels to heat their home and can't be paid by their electricity supplier.
- 6.2 The guidance has now been received, with a launch date of 27 February 2023. Government have advised that the same timescales and same broad processes will apply for AFPAF as with EBSSAF and work is also underway to deliver this scheme.

## **7.0 Benefits administration**

### **7.1 Caseload**

- 7.1.1 The transfer of cases to Universal Credit continues. DWP current advice is that this process will complete in 2024. The Council only receives new Housing Benefit claims from residents of pension age and people in temporary or supported accommodation.
- 7.1.2 It should be noted that although residents claim housing costs as part of their UC claim, any discretionary support for rent costs is still directed to the Council administered Discretionary Housing Payment scheme.
- 7.1.3 Between December 2021 and January 2023, the average monthly reductions were:
  - HB working age caseload 0.95%;
  - HB pension age caseload 0.18%; and

- CTS caseload 0.45%.

7.1.4 The pandemic saw the Council Tax Support (CTS) caseload rise from its lowest reported level of 50,609 on 1 April 2020 to a peak of 53,387 at 1 September 2020. At 31 December 2022 the CTS caseload is 48,184.

7.1.5 The government response to cost-of-living pressures mean that it is difficult to offer a definitive assessment of the future demand on HB and CTS. It is reasonable to expect that the HB caseload will continue to reduce while fluctuations in the CTS caseload may occur during 2023/24.

7.1.6 The following table shows the caseload from December 2021 to December 2022 across Housing Benefit and CTS. It may be helpful to note that not all residents in receipt of HB or UC have council tax liability and so numbers of CTS cases do not correlate to HB here, or UC figures elsewhere in the report.

	31 Dec 21	31 Mar 22	30 Jun 22	30 Sep 22	31 Dec 22
<b>Total Caseload HB / CTS</b>	<b>56,386</b>	<b>55,628</b>	<b>55,060</b>	<b>54,782</b>	<b>54,201</b>
<b>HB live claims</b>	<b>34,104</b>	<b>33,507</b>	<b>32,700</b>	<b>32,102</b>	<b>31,659</b>
Social Housing	28,425	28,105	27,542	27,157	26,864
Private	5,679	5,402	5,158	4,945	4,795
Under 60 and working	3,647	3,397	3,141	2,941	2,822
<b>CTS live claims</b>	<b>50,263</b>	<b>49,195</b>	<b>49,067</b>	<b>48,809</b>	<b>48,184</b>
Claiming Universal Credit	17,618	17,530	17,890	18,232	18,180

## 7.2 Speed of processing

7.2.1 Despite the pandemic and cost-of-living pressures Benefits Operations have maintained good average speed of processing outcomes helping to ensure that residents received timely financial support:

HB & CTS	2021/22		2022/23		
	Q3	Q4	Q1	Q2	Q3
New claim - avg days	15.86	18.90	20.14	20.37	20.61
Changes - avg days	8.26	5.91	10.78	10.42	9.88

## 8.0 Council Tax Support

8.1 Council Tax Support (CTS) is a local means tested support scheme funded by the Council that provides financial support to residents towards their council tax liability.

8.2 The Council's scheme provides means tested support to working age residents of up to 82.5% of the council tax that is due. Government has

determined that pensioners must still be assessed for means tested support towards their council tax based on 100% of the council tax that is due, resulting in a more generous scheme for residents of pension age.

- 8.3 In Manchester the scheme is broadly split with one third pensioners and two thirds working age residents. This is across both claimant numbers and amount paid.
- 8.4 The table at appendix two provides this data split by council tax band by claimant numbers
- 8.5 Residents' benefits will be changing all the time as their circumstances change, this includes coming on and off benefits. Examples of other changes include address changes, family composition, income details and work status. The levels of transience within the caseload and the number of people going on and off benefits, along with the high levels of deprivation in the city make the administration of Council Tax Support and the collection of council tax challenging and complex. The Council has worked hard to make the process of claiming CTS as simple as possible. This includes linking into the DWP UC claim process and using claim details.
- 8.6 Council Tax Support costs the Council around £35m per year and any increase in council tax charged results in the same percentage increase in the costs of the scheme. There is a commitment made as part of the 2023/24 budget process to review the levels of support provided with a view to increasing the maximum level of support to 85% for 2023/24.

## **9.0 Support to Businesses during the Pandemic**

### **9.1 Covid Business support administered by the Council**

- 9.1.1 In addition to the wider support provided by the government to businesses affected by the pandemic, which included business loans and furlough and the self-employed income scheme, the Council has administered several schemes on behalf of government.
- 9.1.2 These have included business rates relief (reducing the amount of business rates that are due) and a series of grants; some prescribed and funded by government and others where the council was given an amount of money and was expected to determine criteria based on local economic priorities.
- 9.1.3 Any business rates relief is treated as a reduction to the amount of business rates payable rather than a cash grant to the business. If the account then goes into credit a refund is paid.

### **9.2 2020/21 Financial year**

#### **9.2.1 Expanded Retail Discount**

In response to Covid, the Government introduced the Expanded Retail Discount to support the leisure and hospitality sectors by giving them 100% Business Rates Relief. For 2021/22 this was awarded at 100% for the first three months followed by 66% for the remaining nine months. For 2022/23 this was further reduced to 50% for the full year. All reliefs awarded under this scheme are fully funded by the Government.

Businesses eligible for the Expanded Retail Discount included the following:

- Shops;
- Restaurants, cafés, bars or pubs;
- Cinemas or live music venues;
- Assembly or leisure properties - for example, a sports club, a gym or a spa; and
- Hospitality properties - for example, a hotel, a guest house or self-catering accommodation.

The reliefs awarded were as follows:

2020/21 - £148.882m, awarded to 4,981 businesses (18.3% of the city's businesses).

2021/22 - £76.57 million, awarded to 3,715 businesses

To December 2022/23 - £25.15 million, awarded to 2,424 businesses

The reduction in the amount of relief awarded is due to the reducing percentage paid as set out above and the introduction of an upper limit paid based on the value of business rates a company was liable for on all of its premises which was introduced for 2021/22 and reduced for 2022/23.

### 9.1.2 Nursery relief

The government also provided a specific discount to childcare providers. The Nursery Relief provided full relief from the business rates that were due to be paid for the financial year. As with the above, the amount paid was reimbursed by government.

To qualify a nursery had to be liable for business rates and:

- included on Ofsted's Early Years Register; and
- be a provider of care and education for children up to 5 years old (early years foundation stage).

In 2020/21, 81 nurseries received this relief worth £0.896m. A further £0.632 million was awarded in 2021/22.

## 9.2 Covid-19 Additional Relief Fund (CARF)

- 9.2.1 £23.9 million was made available to support those businesses affected by the pandemic but who were ineligible for the existing support schemes linked to business rates. The scheme was designed to support businesses who have not been able to submit an appeal to the Valuation Office Agency to reduce their business rates because of the pandemic following a change in the rules

by the Government. The relief was available to reduce chargeable amounts in respect of the 2021/22 financial year only. Therefore it was only payable to businesses that had a business rates liability during this period.

9.2.2 The following property types are not eligible as they are covered by other schemes:

- shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- those used for assembly and leisure
- hotels, guest and boarding premises and self-catering accommodation

9.2.3 There has been low interest in the CARF scheme both nationally and locally. The council undertook a significant promotional campaign aimed at all those considered eligible, including two bespoke letters, an insert in annual bills, working alongside the Work and Skills Team and use of digital channels to encourage take up.

9.2.4 The funding was paid in the following tranches:

- 100% relief to businesses who applied and were approved for CARF during the application windows, or who did not apply but were eligible for support from remaining funds.
- A maximum of £5,000 per business from remaining funds for businesses who did not apply, or
- A fixed percentage of 30.58% to businesses from remaining funds for businesses who did not apply.

9.2.5 The final awards are being processed and this will be completed by 31 March 2023. The table below shows the number of businesses that have benefited, and the total amounts awarded.

<b>Award type</b>	<b>Number of properties</b>	<b>Value</b>
100% CARF for 21/22	2,023	£16,447,077.34
Maximum £5k awards	939	£4,395,000.00
30.58% awards	3,087	£3,010,237.44
<b>Totals</b>	<b>6,049</b>	<b>£23,852,314.78</b>

Total CARF allocation	£23,993,116.00
Less awards so far	£23,852,314.78
Total remaining	£140,801.22
Projected CARF spent	£23,993,113.00*

\*assumes we will not be able to award all of the remaining funds due to liability changes that will take place before 31 March 2023.

9.2.6 The council has worked hard to make sure the available funding has reached businesses.

## **10.0 Business Grants determined by government**

### **10.1 Background**

10.1.1 In addition to relief from business rates payable, the government has also provided for a range of cash grants administered by billing authorities where it has prescribed and determined the amount of, and eligibility for, the grants. These grants were paid from March 2020 with the final scheme ending on 31 March 2022.

10.1.2 The grant periods and amounts were a direct response to the country moving through the various Covid restrictions, lockdowns and impact of the Omicron variant. The intention was to provide direct support to those businesses where the government determined that they had to close completely or were significantly impacted by the restrictions. The grants were part of a wider package of business support that included furlough etc.

### **10.2 Payments for business grants determined by government**

10.2.1 The table below shows a breakdown of government allocations, awards to businesses and amounts to be returned across the support schemes from March 2020 to 31 March 2022. Of the £242.264m received from government for the Small Business Grant; Retail, Hospitality & Leisure Grant; various Local Restriction Support Grant (LRSG), Restart and Omicron grant, £198.816m has been allocated to businesses with £43.448m either returned, or due to be returned to government.

10.2.2 The Council does not have any discretion and can only use the funding to award based on the detailed criteria set by the government. Unspent money could not be used on other schemes. The government allocations were based on the property descriptions held by the Valuation Office Agency (Special Category Codes or SCAT codes). Broad assumptions were made on business activity over the pandemic based on these codes. These codes were, and remain, inaccurate in both description and property activity which explains why a significant amount of funding had to be returned to Central Government.

### **10.3 Payment summary against estimated funding**

10.3.1 The table below shows the values of the payments made.



Business Support Scheme	Govt Funding	Number of Payments	Allocation	Balance to return to Govt
	£000	count	£000	£000
Small Business Grant	115,600	6,464	64,640	9,730
Retail, Hospitality & Leisure Grant		2,026	41,230	
LRSO Closed (Tier 3)	502	370	335	78
LRSO Sector		64	89	
LRSO Closed Addendum (National Lockdown)	11,187	3,942	7,018	4,168
Christmas Support Payments	250	245	245	5
LRSO Closed version 2	4,791	1,432	3,011	572
LRSO Closed Addendum Tier 4		3,787	1,208	
LRSO Closed Addendum post January	34,359	7,920	21,687	12,672
Closed Bus Lockdown Payment	33,552	3,930	21,057	12,495
Restart Grant Strand 1: Non-essential Retail	35,935	1,224	4,147	3,382
Restart Grant Strand 2: Hosp, Accom, Leis, Pers Care & Gym		2,618	28,406	
Omicron Hospitality & Leisure Grant	6,090	1,413	5,744	347
Total SBG, RHL, LRSO, Restart & Omicron	242,264	35,435	198,816	43,448

*NB. The number of payments shown in the table above reflects the number of payments made by the Council not the number of businesses that received a grant. It may be possible a single business received several payments over the COVID 19 period.*

## **11.0 Discretionary business grants where the Council acted as Principal and had some discretion on eligibility.**

### **11.1 Discretionary business grant schemes**

11.1.1 In addition to the main business support grants, the Council has managed four discretionary schemes:

- Local Authority Discretionary Grant Fund;
- Local Restrictions Support Grant (Open) (LRSO Open);
- Additional Restrictions Grant (ARG); and
- Additional Restriction Grant (Omicron)

11.1.2 A grant was allocated for distribution by the council with any unspent grant to be returned to government and any excess awarded met by the Council. Only 0.046% of the funding has had to be returned - c£15k.

## 11.2 Discretionary schemes spend

11.2.1 The following table provides a summary of funding and spend across all areas of the discretionary grants.

Business Support Scheme	Govt Funding	Number of Payments	Allocation	Balance to return to Govt
	£000	count	£000	£000
Local Authority Discretionary Funding Grant	5,432	958	5,423	10
LRSO Open	7,864	1,918	7,861	3
ARG for businesses with RV	20,920	1,480	3,637	1
ARG for businesses with no RV		1,541	5,987	
ARG for Taxi drivers		3,164	1,240	
ARG for Childcare / Day-care		592	1,503	
ARG for Cultural / Entertainment		147	2,632	
ARG for Charity		110	867	
ARG for Business of Economic Importance		16	1,113	
ARG Restart RV		240	1,277	
ARG Restart Non RV		345	1,466	
ARG Emergency Business Support		282	1,196	
ARG Omicron		999	657	
Total LADFG, LRSO Open and ARG	35,215	11,450	35,199	15

*NB. The number of payments shown in the table above reflects the number of payments made by the Council not the number of businesses that received a grant. It may be possible a single business received several payments over the COVID 19 period.*

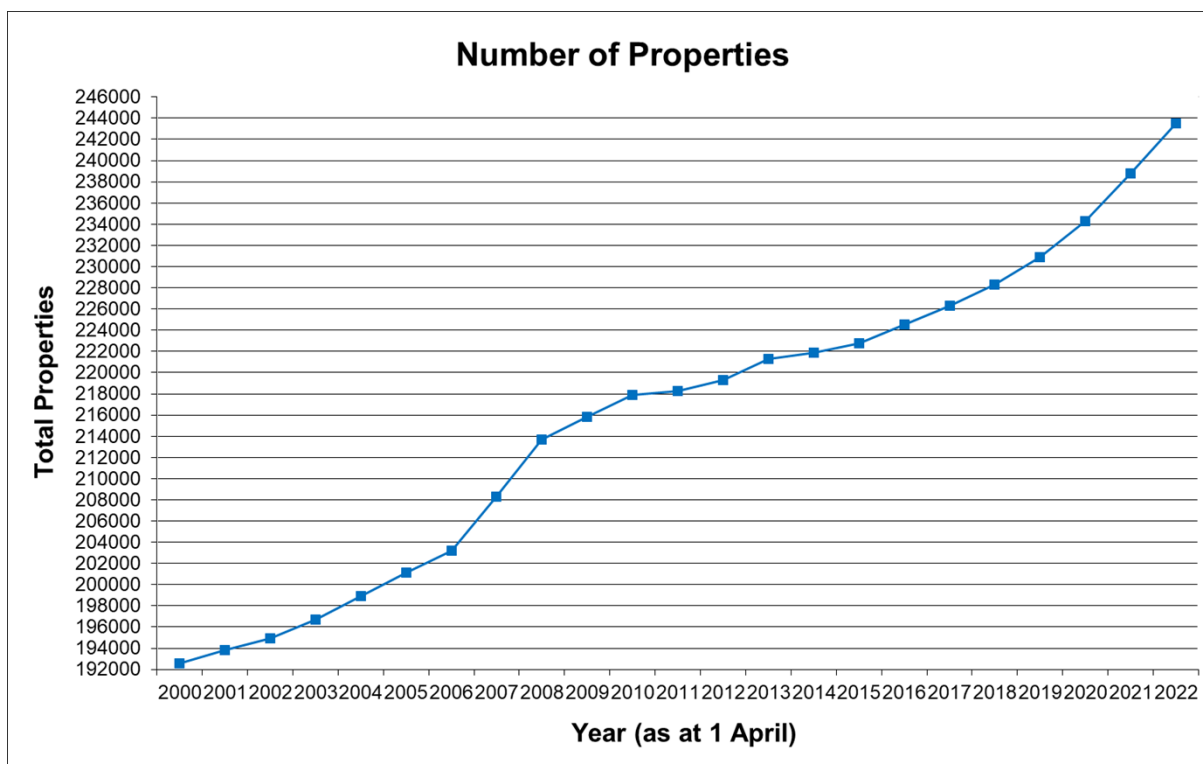
## 12.0 Performance in the collection of council tax and how we balance collection whilst working in an ethical way and supporting those residents on a low income

### 12.1 Background

12.1.1 Council tax is essentially a property tax which is levied on the broad capital value of domestic properties. The Valuation Office split all domestic properties into eight bands from A to H, with an amount charged linked to each band. Calculation of the amount payable follows a weighted calculation set by central government. Properties in Band A pay two thirds of the tax levied on Band D properties; those in Band H pay twice the tax levied on Band D.

### 12.2 Properties in the city

12.2.1 The number of properties within the city has been increasing annually and has increased from 192,588 in 2000, to 245,603 at the end of December 2022, a 27.5% increase.



12.2.2 56% of the properties in the city are in band A, with 95% being in bands A-D (inclusive) and less than 1% (1,380 properties) are in the top two bands of G and H.

12.2.3 A full breakdown of properties split into bands and across wards based on March 2022 data is shown as appendix two.

### 12.3 Council Tax Debit

12.3.1 The following table shows data across the last two financial years including the total number of banded properties, the associated debit, the amount of council tax support that was paid, the 2020/21 hardship award and the remaining balance to be collected.

	Banded properties	Council Tax to be collected	Council Tax Support paid	Balance to be collected
2019/20	234,284	£243,222,000	£38,933,000	£204,289,000
2020/21	238,807	£262,859,000	£49,141,000*	£213,718,000
2021/22	243,478	£281,417,000	£49,025,000*	£232,392,000
2022/23 (December)	245,602	£298,291,289	£48,910,585	£249,380,784

\*Includes £6.643 million in 2020/21 and £5.899 million in 21/22 (current snapshot rather than full year) of covid hardship payments.

## 12.4 Collection Performance

### 12.4.1 Background

Council tax collection is measured by the percentage of the collectible debit that is collected in the year that it relates to. Every year the Council sets a target for collection. In recent years the Council had seen an incremental improvement until the pandemic.

The level of deprivation and transience has an impact on collection rates, with significant activity associated with tracing and chasing residents that have moved property and have not provided a forwarding address.

The amount of arrears that collected from previous years is also measured. The ultimate collection rate is circa 96.5%, however this takes several years to achieve. This is because payment plans often extend longer than the financial year and we will stack debt into long term affordable arrangements so that council tax is not paid at the expense of other household bills.

When considering council tax debt, a holistic approach is taken to recovery, where possible collecting the current year plus an amount towards the arrears. Emphasis is placed on finding a sustainable payment arrangement based on wider household responsibilities (especially property costs and priority debt) with residents who engage with us. Whilst taking this approach recovery levels have improved.

This has been even more important over the last six months due to the increased cost of living and staff have been reminded that residents are facing significant financial pressures and that this should be taken into account when establishing sustainable arrangements.

Where the Council does not hold any intelligence on a household's financial status and they fail to engage, there is very little that a council is able to do to recover council tax that is owed other than go through an agreed legal process. We are currently working with an external partner to gather information about residents' ability to pay council tax which will help to identify those who are struggling, so that additional help can be offered if they engage with us. It also helps identify those who could be paying but are not, meaning a firmer line can be taken.

The next step, if a resident will not engage and has not responded to the multiple letters, the summons and the liability order and where we do not hold employer or benefit details, is to send the account to the enforcement agents for them to collect. Since May 2021, Enforcement Agents have collected £1.97 million in council tax owed to the Council.

Ultimately a resident can be made bankrupt (if they owe over £5,000) or committed to prison for failing to pay their council tax. This is very rare and is usually where the household has significant arrears and is failing to engage

with the council and or the magistrates' court. For bankruptcies, the resident would have to have significant equity (over £25,000 at least) before action was initiated).

#### 12.4.2 Collection rate and arrears collection from previous years

The following table shows the collection rates and arrears collection over recent years. Arrear's collection has increased significantly when compared to previous years. This is likely to be because of residents repaying Council Tax that was not paid in year during 2019/20 and 2020/21 when collection performance dropped because of the Covid-19 outbreak. No recovery action has been taken against residents in receipt of maximum Council Tax Support. This will have contributed to the lower collection rate compared to 2019/20.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 (to December)
<b>Collection rate</b>	93.01%	92.81%	92.73%	90.15%	89.8%	70.9%*
<b>Arrears collected</b>	£6.8m	£6.2m	£7.2m	£6.4m	£9.1m	£8.2m

\*This is 0.8% behind collection at the end of December 2021. However, collection in that year benefited from a £5.899 million input from the Council, equivalent to a 2.5% increase in the rate. In the absence of this injection, the current collection rate would be 1.7% better than last year.

#### 12.4.3 Exchanging information with HMRC

We are currently in the middle of the second trial using information supplied by HMRC on earnings and employers to encourage residents to contact us, including 92 residents earning over £40,000. We try and make contact by phone and email and all residents are written to, letting them know we have their employment details and will make an earnings attachment if they do not respond. This has proven to be very successful with far more residents responding than when reminders and summons are issued.

To date we have made 117 arrangements, 124 earnings attachments and 29 residents have paid in full. These cases are worth over £400k.

Negotiations are currently underway with the Cabinet Office and HMRC to roll this out nationally allowing us to integrate information about earnings and employers into our recovery processes.

### 12.5 Proportionate and reasonable collection methods

#### 12.5.1 Recovery data

Where possible and based on intelligence about the city over many years, we take a fair and proportionate approach to recovery of the council tax due, seeking to engage with residents and agree affordable payment plans.

The table below shows the annual data for the number of council tax accounts, along with the number of reminders and summons issued. It also shows the number of bankruptcies and the number of residents that were committed to prison for non-payment.

Although the number of properties has been rising year on year and the number of CTS claimants reducing, there has been a downward trend in the number of accounts receiving reminders and summons and these are well below the pre-covid levels of 2019/20.

Unfortunately, the nature of council tax debt and the importance of the money that is collected to the Council, means that we will always have recovery activity. However, the aim is that we engage with residents in the most effective way and build a relationship that avoids costs and escalation wherever possible. No summons have been issued to residents in receipt of maximum Council Tax Support.

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23 (December)</b>
<b>Properties</b>	228,296	230,896	234,284	238,807	243,478	245,603
<b>Reminders</b>	120,300	118,500	110,400	72,000	107,580	98,239
<b>Summons</b>	57,800	56,000	52,000	20,500	39,574	37,908
<b>Bankruptcies</b>	11	5	7	0	1	0
<b>Committals</b>	0	0	0	0	0	0

There are still limited court slots being made available for Liability Order hearings. This slows down our attempts to take recovery action, but all appropriate cases will have been to court by March 2023.

Over the last five years there have been 24 residents made bankrupt and none have been committed to prison for non-payment of Council Tax.

### **12.5.2 Extended payment arrangements and Direct Debit take up**

The Council offers a range of payment methods and instalments at no additional cost to the resident. Although the cheapest and most efficient way for the Council is collection by monthly direct debit, other payment arrangements including local payzone and post office payments where cash can still be used are available. Payment plans can also be set for the full twelve months rather than the standard ten-month arrangement on request.

Direct debit payments have been increasing year on year with many residents opting for a 12 monthly direct debit arrangement. This is partly because of the various sign-up channels being maximised via the Council's website, but also

because payment by direct debit is the automatic choice for many people moving into the city.

£149.6m (£135.2m in 2020/21) was collected by direct debit during 2021/22, an increase of 10.7% when compared with the year before. This is due to the increase in the council tax from April 2020, as well as more residents choosing to pay by this method. It should be noted that the amount collected by direct debit as a percentage of the total amount due reduced slightly, indicative of the impact of the coronavirus outbreak.

The table below shows the total council tax due and the amount and percentage collected by direct debit at the end of December:

<b>Q3</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Total Council Tax due to the Council	£190.6m	£207.4m	£216.3m	£236.1m	£258.2m
Amount collected by Direct Debit	£97.3m	£105.8m	£109.0m	£120.2m	£135.9m
% of total debt collected by DD	51.0%	51.0%	50.5%	50.9%	52.6%

There are 209,834 live council tax accounts with a balance to pay including residents in receipt of some CTS. The table below shows the number of people who have some council tax to pay and the number and percentage paying by direct debit at the end of December. Following a dip last year, the percentage of residents paying by direct debit is now higher than in March 2020.

<b>Q3</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Residents with something to pay	201,120	205,636	211,698	215,591	219,206
DDs	110,800	114,421	114,653	119,678	126,709
% Paying by DD	55.1%	55.6%	54.2%	55.5%	57.8%
% change in number of DDs	2.3%	3.3%	2.5%	2.4%	4.1%

### 12.5.3 Improving engagement

We are currently evaluating a number of products which seek to improve engagement with residents who are struggling with their Council Tax. These use new technology to reach out to non payers and encourage them to make contact with the Council using a variety of digital communication channels. These have proved successful in other councils at increasing contact from residents who are struggling to pay. Once contact is made, we are more able to work out a sustainable arrangement and signpost resident to other organisations who may be able to support them.

### 12.6 Enforcement agents (EAs)

### 12.6.1 Reducing referrals to enforcement agents

Over many years we have steadily reduced the number of cases being passed to enforcement agents from 54,000 accounts per year in 2009/10 to 18,000 in 2019/20. This has been achieved through several measures including:

- Vetting cases where residents have failed to engage to see what intelligence is held on our systems.
- Not referring those residents in receipt of maximum CTS that have a balance to pay.
- Improving the checks on those about to be passed to enforcement agents to identify a more effective and less severe recovery method, for example deduction from benefit or from salary.
- Introducing an additional warning letter before a case is sent to EAs, emphasising the costs that could be incurred and urging the resident to engage.
- Improving the intelligence that is held, including taking part in a trial with HMRC where we received employer details for nearly 1,600 residents with Council Tax arrears. These were used to contact the resident and encourage engagement or apply for an attachment of earnings. The trial will be repeated on a larger scale later this year.

No cases for 2020/21 debt were passed to the bailiff during the 2020/21 financial year, as a result of this total referrals to EAs was 23,000 during 2021/22 as residents with debts from 2020/21 who have not engaged with the Council have been passed on, along with those with debts from the current year. A further 16,000 cases require vetting as residents have failed to engage, which may mean that higher levels of cases are referred again during 2022/23.

As described above, we are working with an external partner to gather information to better inform us of a residents' ability to pay. This will further refine our bailiff sift where, in many cases, we have no information about a residents' ability to pay. This will help ensure that only more appropriate cases are passed to Enforcement Agents. We will also be able to assess whether someone may be entitled to Council Tax Support or a Single Person Discount but has not claimed it. These residents will be contacted to better assess their eligibility.

### 12.6.2 EA code of conduct

As well as all fees being covered by legislation, all enforcement agents contracted to the Council must adhere to a strict code of practice which covers:

- The professional standards they must adhere to;
- The procedures they must follow;
- Guidance on how quickly the money should be repaid; and
- When it is inappropriate to take action.



The code also always includes the requirement to operate a body worn camera when dealing with a resident and a robust set of vulnerability criteria that they must adhere to (appendix three).

### 12.6.3 Management of EA costs

Additional requirements were placed on the enforcement agents to minimise costs charged to residents and to monitor behaviour:

- EAs must write and phone at least seven times before an in-person visit is attempted, with costs restricted to £75.
- Where the debt is less than £150, cases are returned without an in-person visit (which would add £235 in costs to the resident's debt).
- There is extensive vulnerability criteria and guidance contained in the Enforcement Agent code of conduct which forms part of the contract with the Council. They are instructed to stop action and return cases to the Council where vulnerability is identified.

### 12.6.4 Impact of the pandemic on EA work

- All recovery action was suspended between March and September 2020. When it resumed, additional steps were built into the recovery process to minimise costs. This includes longer payment arrangements being offered by Council staff and enforcement agents.
- No 2020/2021 accounts were passed to EAs.
- The Debt Recovery Policy and Enforcement Agent Code of Practice were amended to specifically recognise the impact of the pandemic on residents in the city.
- EAs supported the Council by visiting businesses to encourage grant take up.

## 12.7 Discretionary Council Tax Payment scheme

12.7.1 The Council has a discretionary scheme to provide financial help to residents who face pressures additional to those on Universal Credit. Details were provided in sections 3.15 and 3.24.

## 12.8 Care Leavers' Discount

12.8.1 The Care Leavers' Discount is available to people under the age of 25 who have a Council Tax Liability and were in care at their 16th birthday. Care leavers qualify for a 100% discount if they live alone and a reduced level of help if they live with others. The Unit works closely with colleagues in Children's Services to ensure that discounts are captured. This will often include wider work including writing off costs etc where contact has been late.

12.8.2 The Council also agreed a reciprocal agreement across Greater Manchester local authorities so that all care leavers wherever they are living across GM can access the same level of support.

12.8.3 Other discretionary schemes including DHP and WPS reference care leavers and ex armed forces as special groups that may need tailored and additional support with council tax and discretionary support.

## 12.9 Working with partners - pilot with the Oasis Centre, Gorton

12.9.1 We continue to work closely with the Oasis Centre, providing direct access to our staff for their case workers. They see this access as invaluable in helping local residents deal with Council Tax and Benefit issues. Following the outcomes from the Poverty Truth Commission, we considered ways in which we could improve engagement with residents who may not normally contact us. As part of a pilot we have been looking at ways to improve targeted outreach work with those residents that we have struggled to engage with.

## 13.0 Performance in the administration collection of business rates

### 13.1 Business Rates in the city

13.1.1 There are 27,356 properties registered to pay business rates in the city. Business rates are charged on most non-domestic properties, including (not an exhaustive list):

- shops
- offices
- pubs
- warehouses
- factories
- holiday rental homes or guest houses
- car parking spaces
- advertising units

#### 13.1.2 How business rates are calculated

Business rates are calculated using a property's 'rateable value' (RV). The RV is a property's estimated rental value on the open market and is assessed by the Valuation Office Agency (VOA), an arm of central government. There are specialist valuation methods for premises such as pubs and larger, unique venues like football stadia, hospitals and airports. The government then decides on the business rates multiplier which is applied to the RV. The business rates multiplier is currently 51.2 pence (49.9 pence for small businesses) so a business with an RV of £100,000 will pay £51,200 in business rates this year.

The most recent business rates revaluation has just been completed. The previous one was in 2017 and the frequency of valuations will now increase to every three years.

The 2023 Revaluation has resulted in Rateable Values increasing by 6.85% nationally (including those properties on the Centra List) and 8.75% in Manchester based on VOA national data and that held locally when the

revaluation was announced in November 2022. The increase in Manchester is higher than the national average, partly due to:

- A higher proportion of business rates relate to office space. Office space in the city has seen an average increase of 26% compared to a national increase of 10%. This makes up 31% of the city's business rates base, compared to 21% in England; and
- RV decreases in the accommodation, leisure and retail sectors being dampened as the city has a lower holding than the national average at 30% compared to a national profile of 40%.

The outcomes of the revaluation are very recent and the data is still being analysed.

Businesses with an RV of less than £12,000 qualify for 100% Small Business Rates Relief (SBRR) and businesses with an RV of between £12,000 and £15,000 get a tapered amount of relief.

Since 2017, the ten Greater Manchester authorities, including Manchester, are part of the Greater Manchester 100% of Business Rates pilot. As 1% of business rates is transferred to the Greater Manchester Combined Authority (fire and rescue element) the Council retains 99% of the growth in business rates achieved over the business rates baseline.

Any business rates income in excess of Manchester's assessed funding need is still paid back to central government to be redistributed in the form of tariffs and top ups but the Council now retains all the growth it achieves in its business rates base.

## 13.2 Collection Performance

13.2.1 At the end of December 2022, £284.3 million of the current year's Business Rates had been collected, 80.89% of the total amount due. This compares favourably to the years of the pandemic (5.77% more than at December 2021 and 16.48% more than at December 2020) but is also 2.68% ahead of the figure at the end of December 2019.

## 14.0 Conclusions

14.1 The Revenues and Benefits Unit has performed well during a prolonged challenging period, responding to covid to deliver business as usual and undertaking significant new activity.

## 15.0 Recommendations

The Committee is recommended to consider and comment on the information in the report.

## 16.0 Appendices

Appendix 1 – Overview of HSF3 Support

Appendix 2 - The number of working age CTS recipients across the different council tax property bands and the amount that they had left to pay after maximum CTS and the £150 hardship payment 2021/22

Appendix 3 - Energy Grant Scheme (£150 payments)

Appendix 4 - Council Tax Support data by ward and claimant

Appendix 5 - Number of properties by ward and band (as at 31.03.2022)

Appendix 6 - Vulnerability criteria

Appendix 7 - ARG examples

Appendix 8 - Examples of the support available to residents in 2022/23

## Appendix 1

Overview of HSF3 Support							
		Cohort	Cases	Award per Household	Estimated take-up	Current Estimated cost	Original Estimated Spend
1		School Holiday Meals / Holiday Activity Fund	40,000	£15 p/w	100%	£2,590,000	£2,590,000
2		Care Leavers	413	£10p/w	100%	£107,380	£107,380
3	a	Housing Benefit only	97	£650	95%	£59,800	£68,250
	b	Council Tax Support (CTS): Household 5+	3,843	£400	95%	£1,460,400	£1,266,880
	c	CTS: Household <5 + disability + dependents	3,327	£220	98%	£731,940	£652,806
	d	CTS: Household <5 + income just too high for Pension Credit	2,223	£150	98%	£326,850	£300,780

	e	Pension Credit (PC): missed 1st Cost of Living (COL) payment	83	£326	95%	£25,705	£13,040
	f	PC: missed 2nd COL payment	40	£324	95%	£12,312	£6,480
4	g	Households who could not get £400 payment (off-grid)	0	£400	N/A	£0	£80,000
	h	Universal Credit (UC): missed 1st COL payment	1,322	£326	95%	£439,448	£352,797
	i	UC: missed 2nd COL payment (2 month's eligibility period)	1,200	£324	95%	£369,360	£181,440
	j	Entitled but not claiming qualifying benefit	10	£650	100%	£6,500	£32,500
5		Voluntary Sector	N/K	Up to £400 one-off	100%	£410,000	£500,000
6(a)		Welfare Provision Scheme (HSF3 levels)	N/K	Up to £100 one-off	100%	£100,000	£100,000
6(b)		Welfare Provision Scheme (Core WPS from 20/1/23)	N/K	Up to £100 one-off	100%	£331,550 (includes £100k from 6(a))	£100,000
7		Foster Carers	500	£300	100%	£150,000	N/A



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**Appendix 2 - The number of working age CTS recipients across the different council tax property bands and the amount that they had left to pay after maximum CTS and the £150 hardship payment 2021/22**

<b>Impact of CTS and £150 hardship payment</b>	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>	<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
Total no. of working age households in receipt of CTS	30,324	3,673	1,607	391	123	20	7	0
No. of working age households with 100% CTax charge in receipt of CTS	10,091	1,786	982	239	81	11	3	0
CTax to pay - 100% charge with maximum CTS and £150 award	£60.68	£95.79	£130.90	£166.02	£236.25	£306.48	£376.70	£482.04
No. of Working age households with 75% CTax charge in receipt of CTS	20,233	1,887	625	152	42	9	4	0
CTax to pay- 75%	£8.01	£34.34	£60.68	£87.02	£139.69	£192.36	£245.03	£324.03

charge with maximum CTS and £150 award								
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### **Appendix 3 - Energy Grant Scheme (£150 payments)**

On 4 February 2022, the government announced a package of measures, known as the Energy Bills Rebate, to help households with rising energy bills, worth £9.1 billion in 2022-23. The scheme, as presently described by government, includes:

- A £150 non-repayable grant for eligible households in England in council tax bands A – D, known as the Council Tax Rebate.
- £144 million of discretionary funding for billing authorities to support households who are in need but are not eligible for the £150 Council Tax Rebate, known as the Discretionary Fund.

#### **£150 Council Tax Rebate**

This core scheme pays £150 to every household that meets the following criteria:

- They occupy a property valued in council tax bands A – D on 1 April 2022. This includes property that is valued in band E but has an alternative valuation of band D as a result of the disabled band reduction scheme
- The property is someone's sole or main residence
- The property is a chargeable dwelling, or in exemption classes N (solely for full time students, but not a hall of residence), S (where the liable person is under 18), U (where the liable person is severally mentally impaired), or W (where the liable person is a dependant relative who is over 65 or permanently disabled and living in a separately banded unit within a single property such as a self-contained annexe)

Only one payment of £150 can be made to each eligible household and the scheme is fully funded by the Government. The table below provides a breakdown of the number of properties in each band in the city, along with the numbers of residents who pay by Direct Debit and the numbers in receipt of Council Tax Support.

Band	Direct Debit			No Direct Debit			Totals	
	CTS	No CTS	All	CTS	No CTS	All	Total	%
Band A	10,178	43,589	53,767	35,509	37,563	73,072	126,839	56.28%
Band B	1,997	21,355	23,352	3,986	11,432	15,418	38,770	17.20%
Band C	1,119	21,471	22,590	1,810	9,324	11,134	33,724	14.96%
Band D	307	10,540	10,847	482	5,353	5,835	16,682	7.40%
Band E	89	3,782	3,871	123	1,579	1,702	5,573	2.47%
Band F	18	1,799	1,817	28	863	891	2,708	1.20%
Band G	2	757	759	4	228	232	991	0.44%
Band H		49	49		17	17	66	0.03%
<b>Totals</b>	13,710	103,342	117,052	41,942	66,359	108,301	225,353	

Nearly 96% of eligible properties in Manchester are in Bands A to D.

### Method of payment

Where the Council holds a live Direct Debit instruction a direct payment is made into the liable person's bank account. A total of 113,073 Direct Debit payments were made in April and early May.

Where there is no Direct Debit instruction in place, the Council has issued a Post Office Voucher to the liable person. By 10 June 2022 a total of 94,968 vouchers had been issued and 40,367 cashed.

Pre-payment checks were undertaken to ensure that the payment details used match the liable person's details.

### The Discretionary Fund

This scheme is designed to help those who are not eligible under the core scheme but may still be facing hardship. This includes households living in property valued in bands E – H that are on income related benefits or those where the energy bills payers are not liable for council tax. The government has clarified that the discretionary fund can be used to make targeted top-up payments to the most vulnerable households in Bands A – D (for example, those on means tested benefits). The Council can determine locally how best to make use of this funding to provide payments to other households who are energy bill payers but not covered by the Council Tax Rebate. However, Government has set out the following criteria:

- Funding paid to Councils under the Discretionary Fund is to be passed on directly as grants to households that the billing authority chooses to support
- Payments made under the discretionary scheme do not have to be £150 exactly, the Council may use its discretion.
- Any unspent funding by 30 November 2022 will be required to be repaid to government and in the event of an overspend, no additional funding will be provided.
- Support from the Discretionary Fund does not have to be provided in relation to the position on 1 April 2022, but councils should take all reasonable steps to ensure they are not providing additional support to an individual from a household that has already received a payment under the Council Tax Rebate unless making targeted top-up payments for the most vulnerable households in Bands A – D.

The Council received £1,626,150 in funding for the Discretionary Fund.

### Delivery of the Discretionary Fund

The discretionary fund is being used to make awards of £150 to the following groups:

- Vulnerable residents on means tested benefits including -
- Households on CTS in Bands A, B, C, D (and disabled E) with 3 or more children.
- Households on CTS in Bands A,B,C,D (and disabled E) where the claimant/partner aged 80 or over
- Households on CTS in Bands E,F,G or H
- Households in Bands F, G, H where the disabled band reduction applies
- Households registered as SMI in Bands E – H
- Households where the liable person receives a Carer's Discount

Description of cohort	Est. cases	Est. spend
On CTS, in bands A-D, three or more children	4,162	£624,300
On CTS, in bands A-D, claimant or partner 80 or over	4,110	£616,500
On CTS in bands E-H	212	£31,800
Bands F,G or H with disabled band reduction	30	£4,500
Bands E to H with a carers discount	12	£1,800
Bands E to H with an SMI exemption	19	£2,850
	8,545	£1,281,700

The Council holds the data to identify these households and is issuing payments by Direct Debit where records are held or otherwise issuing a Post Office Voucher. These payments will be issued in mid to late June.

In addition the Council is administering an online application process with a budget of £340k to offer support to residents who cannot be directly identified through the use of available data.

- Residents in Houses of Multiple Occupation (HMOs) where the landlord is liable for the Council Tax, but the residents are liable for their energy bills.
- New residents in the city who have not received the £150 payment at a previous address, including those moving into their first home in bands A – D where they are in receipt of CTS. It is not possible to accurately estimate how many there will be in this category, but it is not expected to be many.
- Other residents in Bands E to H who make an application and are in receipt of an income-based benefit.
- Students - although halls of residence are specifically excluded, students will qualify if:
  - They have a joint tenancy and are liable for Council Tax (under the main scheme)
  - They live in an HMO but have direct responsibility for energy costs.

### **Administration and New Burdens**

The administration of the scheme will be undertaken by staff from the Revenues and Benefits Unit along with up to ten temporary staff recruited to work within the Customer Service Organisation.

The Council will provide estimates of the new Burden's funding to Government, but this is something that is centrally calculated.

## Appendix 4 – Council Tax Support data by ward and claimant

Table 1: Working age CTS claimants by ward and band (as at 31.03.2022)

Ward	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Grand Total
Ancoats And Beswick	523	146	73	7	2			751
Ardwick	1174	164	73	6				1417
Baguley	1166	59	24	8	1	2		1260
Brooklands	776	138	32	15	2	2		965
Burnage	941	81	101	10	3			1136
Charlestown	1193	88	26	15	1			1323
Cheetham	1032	224	81	10				1347
Chorlton	176	58	47	13	1		1	296
Chorlton Park	664	66	76	17	14	2	1	840
Clayton And Openshaw	1451	139	36	8				1634
Crumpsall	793	195	96	25	3			1112
Deansgate	43	29	16	40	14	9	2	153
Didsbury East	112	58	81	14	2			267
Didsbury West	166	52	42	9	2	1		272
Fallowfield	663	66	18	7	5			759
Gorton And Abbey Hey	1558	122	9	1				1690
Harpurhey	1854	124	20	7				2005
Higher Blackley	1076	95	36	6	2			1215
Hulme	971	170	29	7	5			1182
Levenshulme	929	125	48	3	1	1		1107
Longsight	1172	190	60					1422
Miles Platting And N/Heath	1810	83	23	1				1917
Moss Side	1436	99	24	2				1561
Moston	975	116	25	4				1120
Northenden	843	132	30	9	3			1017
Old Moat	705	85	65	8	3			866
Piccadilly	54	33	40	30	11	1	1	170
Rusholme	698	79	69	6	1			853
Sharston	1174	86	25	8	8			1301
Whalley Range	781	134	61	25	4	1		1006
Withington	360	80	80	3	9	1		533
Woodhouse Park	1211	81	9	3		1		1305
<b>Grand Total</b>	<b>28480</b>	<b>3397</b>	<b>1475</b>	<b>327</b>	<b>97</b>	<b>21</b>	<b>5</b>	<b>33802</b>

**Table 2: Non-working age CTS claimants by ward and band (as at 31.03.2022)**

<b>Ward</b>	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>	<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Grand Total</b>
Ancoats And Beswick	347	54	7	5				413
Ardwick	467	75	11	3	1			557
Baguley	522	22	19	8	3	1		575
Brooklands	360	91	26	15	9	1		502
Burnage	417	70	81	2	1	1		572
Charlestown	549	49	18	8				624
Cheetham	420	71	16	2				509
Chorlton	121	64	83	11	5	1		285
Chorlton Park	355	45	65	37	13	3		518
Clayton And Openshaw	596	63	15	1				675
Crumpsall	317	84	35	22	3			461
Deansgate	25	2	6	3	1			37
Didsbury East	73	34	96	23	2	2		230
Didsbury West	104	67	37	19	3	3		233
Fallowfield	339	18	7		4	1		369
Gorton And Abbey Hey	608	47	11	1	1			668
Harpurhey	644	42	4					690
Higher Blackley	552	84	27	6	1			670
Hulme	327	39	4					370
Levenshulme	346	33	38	1				418
Longsight	486	101	22	1				610
Miles Platting And N/Heath	799	34	7	2	1			843
Moss Side	627	24	9					660
Moston	346	90	39	5				480
Northenden	391	75	34	15	4	3		522
Old Moat	291	46	34	7	1			379
Piccadilly	10	69	30	9	3			121
Rusholme	273	43	71	7	4			398
Sharston	485	95	26	13		1		620
Whalley Range	217	65	40	42	4			368
Withington	173	50	80	6	5			314
Woodhouse Park	663	25	7	2	2	2		701
<b>Grand Total</b>	<b>12250</b>	<b>1771</b>	<b>1005</b>	<b>276</b>	<b>71</b>	<b>19</b>	<b>0</b>	<b>15392</b>



**Appendix 5 - Number of properties by ward and band (as at 31.03.2022)**

	A	B	C	D	E	F	G	H	U	Grand Total
Ancoats And Beswick	2346	250 4	347 1	642	98	36	5	2	268	9372
Ancoats And Clayton			1							1
Ardwick	5836	200 9	827	46	6	4	8	2	228	8966
Baguley	5218	932	595	196	82	38	2	2	5	7070
Brooklands	3416	163 1	929	577	262	73	35		33	6956
Burnage	4192	835	167 8	159	57	4	1		3	6929
Charleston	5316	135 0	573	247	25	1	3		1	7516
Cheetham	4564	117 8	747	892	16		3	1	40	7441
Chorlton	1412	191 9	196 7	454	337	46	19	1	14	6169
Chorlton Park	3363	109 4	159 1	866	295	63	25	1	50	7348
Clayton And Openshaw	6546	120 9	489	47	9	4	2		280	8586
Crumpsall	3918	161 4	723	269	58	13	10	3	50	6658
Deansgate	2926	453	210 7	364 4	173 5	127 9	428	64	167 1	14307
Didsbury East	685	716	292 8	128 2	311	297	221	4	44	6488
Didsbury West	1777	141 1	172 4	132 8	761	665	339	18	32	8055
Fallowfield	3061	103 3	675	242	47	5	1	8	17	5089
Gorton And Abbey Hey	7423	125 6	273	38	14	1	3	1	106	9115
Harpurhey	7178	105 4	262	55	14	2	2	1	17	8585
Higher Blackley	5229	102 6	545	156	39	13	6	2	4	7020

Hulme	4451	244 5	198 5	123 2	532	35	26	5	92	10803
Levenshulme	5862	116 1	676	46	9	3	1		6	7764
Longsight	4922	149 7	381	11	6	2		1	5	6825
Miles Platting And N/Heath	7300	938	386	33	12	3	5	1	180	8858
Moss Side	6535	854	351	88	48	3			20	7899
Moston	4669	215 6	905	105	28	2	1	2	7	7875
Northenden	3412	141 1	114 2	344	172	101	13		3	6598
Old Moat	3385	103 6	108 4	559	155	37	4	3	15	6278
Piccadilly	850	117 6	242 8	372 4	785	250	37	2	975	10227
Rusholme	3415	115 5	100 5	268	52	66	5	6	62	6034
Sharston	4620	126 5	714	340	107	8		2	1	7057
Whalley Range	3976	132 3	859	737	106	19	16	3	148	7187
Withington	1971	144 9	198 9	299	262	72	7		15	6064
Woodhouse Park	5760	977	113	92	36	12	14	4	15	7023
<b>Grand Total</b>	<b>135534</b>	<b>42067</b>	<b>36123</b>	<b>19018</b>	<b>6476</b>	<b>3157</b>	<b>1242</b>	<b>139</b>	<b>4407</b>	<b>248163</b>

\*Band U properties are those that are in the planning pipeline but have not been completed yet. There is no Council Tax liability for these.

## Appendix 6 – Vulnerability criteria

Copied below is the most recent version of the vulnerability criteria contained in the EA code of practice:

Before the enforcement agency adds the enforcement fee, they must, using their professional judgement, explicitly consider whether the debtor falls into the following vulnerability categories.

Where the debtor:

1. Appears to have been severely impacted by Covid 19. This could include ongoing significant health conditions (long covid) or a significant drop in income that can be evidenced.
2. Appears to be severely mentally impaired or suffering severe mental confusion.
3. Has young children and severe social deprivation is evident.
4. Is disputing liability or claims to have paid, applied for a rebate, Council Tax Support (CTS), discount or any other relief not yet granted. Under these circumstances the enforcement agent should report this back to the Council.
5. Is heavily pregnant and there are no other adults available in the household.
6. Is in mourning due to recent bereavement (within one month).
7. Is having difficulty communicating due to profound deafness, blindness or language difficulties. In these cases, the Council would make arrangements for the appropriate support in terms of a signer or translation services etc.
8. Has severe long-term sickness or illness including being terminally ill.

This judgement must be based on telephone conversations, written responses, visits by company employees not acting as enforcement agents and visits by enforcement agents. A clear statement that the debtor's vulnerability has been considered must be recorded on the debtor's record before the enforcement fee is added. When an enforcement agent makes the first visit to the property and decides that the debtor is vulnerable, no enforcement fee should be added, and the account should be returned to the Council.

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## **Appendix 7 - ARG examples**

### **ARG with RV examples:**

#### **Cleaning company to the hospitality sector – with business rates liability**

A cleaning company that provides cleaning services to pubs, clubs, restaurants had been heavily impacted due to the restrictions within the hospitality sector.

The business was able to claim Additional Restrictions Grant funding of £11,622.57 for the period up to 31 March 2021 and a one-off £5,600 in Restart Additional Restrictions Grant to help them adjust to the gradual reopening of the sector they operated in.

#### **Linen hire company – with business rates liability**

A business that supplied linen hire and laundry services for events, restaurants, bars, caterers, gyms, beauticians and the accommodation sectors were severely impacted as the sector they supplied had to close. Their income reduced by 90% but they could not claim any help under the schemes for businesses that were forced to close due to local or national restrictions.

The business was able to obtain an Additional Restrictions Grant of £11,003.22 and a one-off Restart Additional Restrictions Grant of £5,600.

#### **Post Office in the city centre business – with business rates liability**

A post office in the city centre also incorporating a convenience store depended heavily on the day-time economy from commuters, tourists and other people visiting the city for hospitality or leisure purposes. Due to local and national restrictions the business was severely impacted as visits to the city centre reduced significantly and office workers moved to homeworking.

This business was not mandated to close and therefore could not claim help under grants that were for businesses that could not trade. However, they were able to claim Expanded Additional Restrictions Grant funding of £12,143 which included a one-off payment of £6,000. They were also entitled to a one-off Restart Additional Restrictions Grant of £2,800 to help them prepare for the lifting of restrictions in April 2021 and the gradual return of visitors to the city.

In total this business received £14,943 in support under the Additional Restrictions Grant scheme which was vital in its survival during restrictions.

#### **Coffee shop in a city centre station –with business rates liability**

A takeaway coffee unit beyond the ticket barriers at Victoria Station with access only granted to rail passengers were forced to close. This was a business decision based on the collapse of commuter trade within the station. They did not qualify for help under grants for businesses that could not trade. However, they were able to claim Expanded Additional Restrictions Grant funding of £12,143 which included a one-off

payment of £6,000. They were also entitled to a one-off Restart Additional Restrictions Grant of £8,400 to help them prepare for the lifting of restrictions.

In total this business received £20,543 in support under the Additional Restrictions Grant scheme.

### **ARG without an RV examples:**

#### **Barbers in the city centre not liable for business rates**

A barber in the city centre could not claim Local Restrictions Support Grant or Restart Grants in the city centre because they were not registered for Business Rates due to the set-up of their premises.

Due to the lockdowns and restrictions the business had to close due to government guidelines and turnover had dropped by over 50% in 2020 compared to 2019. The business was able to claim Additional Restrictions Grant funding of £17,964.43 for the period up to 31 March 2021 and a one-off £8,400 in Restart Additional Restrictions Grant funding to help them open safely when restrictions eased in the personal care sector from April 2021.

#### **Beauty studio – ARG no business rates liability**

A beauty studio in Affleck's Palace could not claim Local Restrictions Support Grant or Restart Grants in the city centre because they were not registered for Business Rates due to the set-up of their premises.

Similar to other retail businesses they had no customers attending when local or national restrictions were in place and lost a significant part of their annual turnover. The business was able to obtain an Additional Restrictions Grant of £11,246.29 and a one-off Restart Additional Restrictions Grant of £5,600.

**Appendix 8 - Examples of the support available to residents in 2022/23**

(note this does not include awards made under HSF part 3 as guidance for this scheme has not yet been released)

Working age, single person in receipt of UC and CTS in band A property will receive

Energy Grant payment £150

Household Support fund part 2 £50

Energy bills support £400

Cost of living payment (awarded in 2 instalments) £650

Total £1,250

Working age couple in receipt of UC, CTS and Personal Independence Payments in a band A property

Energy Grant payment £150

Household Support fund part 2 £50

Energy bills support £400

Cost of living payment (awarded in 2 instalments) £650

Disability cost of living payment £150

Total £1,400

Working age couple on Working Tax Credit and CTS in a band B property with 3 children

Energy Grant payment £150

Discretionary Energy Grant payment £150

Household Support fund part 2 £50

Energy bills support £400

Cost of living payment (awarded in 2 instalments) £650

Total £1,400

Pension age couple in a band B property. In receipt of state retirement and occupational pensions

Energy Grant payment £150

Energy bills support £400

Pensioner cost of living payment £300

Total £850

Pension age single person in receipt of Guarantee Credit and CTS in a band E property

Energy Grant Discretionary Payment £150

Energy Bills Support £400

Cost of Living Payment (awarded in 2 instalments) £650

Pensioner cost of Living payment £300

Total £1,500

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**Manchester City Council  
Report for Resolution**

**Report to:** Resources and Governance Scrutiny Committee – 7 March 2023  
The Executive – 22 March 2023

**Subject:** Refresh of the Community Asset Transfer Policy

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

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### Summary

Executive last adopted a revised Voluntary and Community Sector Property Policy in December 2013. An update on these arrangements was reported to Communities and Equalities Scrutiny Committee in October 2018, including feedback from community organisations on the arrangements. Officers have been asked by the Statutory Deputy Leader, as Executive Member for the Operational Estate, to review the policy and approach. The report sets out the key points of the review and proposes a revised Community Asset Transfer Policy.

### Recommendations

The Resources and Governance Scrutiny Committee is recommended to endorse the proposals to the Executive.

The Executive is recommended to:

- (1) To consider and comment on the information in the report; and
  - (2) To adopt the revised Community Asset Transfer Policy contained at Appendix 3
- 

### Wards Affected:

All

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

<p>The revised Community Asset Transfer Policy requires applicants to demonstrate that their proposal contributes towards the Council's corporate objectives, community priorities and the priorities of the Council's strategic partners, including supporting the zero-carbon target for the city. The application process includes a review of how Community Asset Transfer proposals support this objective.</p>
--

<p><b>Equality, Diversity and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>
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<p>The revised Community Asset Transfer Policy requires applicants to provide open access to all residents, regardless of age, disability, gender, race, religion or belief,</p>
--

and sexual orientation, and the application process includes an Equality Impact Assessment to ensure any potential impacts on equality, diversity and inclusion are identified and managed.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Community Asset Transfer policy can directly contribute to the Our Manchester Strategy by supporting the strength and diversity of the Voluntary and Community Sector in Manchester.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Community Asset Transfer policy can directly contribute to the Our Manchester Strategy by supporting the delivery of VCS services that support all our residents to learn, progress, upskill and retrain so they can access the city's current and future employment opportunities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The Community Asset Transfer policy can directly contribute to the Our Manchester Strategy by supporting the delivery of VCS services that maintain Manchester's vibrancy and ensure that all our communities are included in the life of the city, regardless of their age, ethnicity, gender, disability, sexuality, faith or socioeconomic background.
A liveable and low carbon city: a destination of choice to live, visit, work	The Community Asset Transfer policy can directly contribute to the Our Manchester Strategy by supporting the delivery of VCS services that contribute to our zero-carbon ambition by 2038 at the latest, via green growth, sustainable design, low-carbon energy, retrofitting buildings, green infrastructure, and increasing climate resilience.
A connected city: world class infrastructure and connectivity to drive growth	The Community Asset Transfer policy can directly contribute to the Our Manchester Strategy by supporting the delivery of VCS services that create sustainable, safe, resilient and cohesive neighbourhoods, with good-quality green spaces, and accessible culture and sporting facilities.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

There are no specific revenue impacts arising from the adoption of the revised Community Asset Transfer policy or process. Individual cases of Community Asset

Transfer may have implications for revenue, for example where community organisations take on, or return, responsibilities for running costs. These will be dealt with through existing revenue management processes.

### **Financial Consequences – Capital**

There are no specific capital impacts arising from the adoption of the revised Community Asset Transfer policy or process. Individual cases of Community Asset Transfer may have implications for capital. These will be dealt with through existing capital management processes.

### **Contact Officers:**

Name: Richard Munns  
Position: Head of Estates and Facilities  
Telephone: 0161 234 7226  
E-mail: richard.munns@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.

Community Asset Transfers, Communities and Equalities Scrutiny Committee – 11 October 2018.

## 1.0 Introduction

- 1.1 Community Asset Transfer (CAT) involves the leasing of Council land or buildings to a Voluntary and Community Sector (VCS) organisation, usually at less than market value for local social, economic or environmental benefit.
- 1.2 CAT presents local communities with the opportunity to breathe new life into surplus public buildings, to preserve valuable community resources or develop exciting new services for local communities. It is not without risks however, and should be pursued in a planned, supported way to ensure a successful transfer of responsibilities and long-lasting benefits.
- 1.3 Executive last adopted a revised Voluntary and Community Sector Property Policy in December 2013. An update on these arrangements was reported to Communities and Equalities Scrutiny Committee in October 2018, including feedback from community organisations on the arrangements. Officers have been asked by the Statutory Deputy Leader, as Executive Member for the Operational Estate, to review the policy and approach. The report sets out the key points of the review and proposes a revised Community Asset Transfer Policy.

## 2.0 Background

- 2.1 Manchester has a diverse, talented, thriving VCS that achieves significant impacts for the City's residents. The City's diversity is largely reflected in the VCS, both in terms of its characteristic make-up, as well as the sizes and types of organisations that make up the sector. The sector plays many important roles in helping to deliver the aims of the Our Manchester Strategy.
- 2.2 The 2021 Manchester State of the VCSE Sector report identified that in Manchester:
  - There are over 3,800 VCSE organisations in the city (up from around 3,390 in 2017)
  - The total income of the sector in 2019-20 was around £500 million, down from £540 million in 2017
  - The VCSE workforce includes over 162,000 volunteers (an increase from about 111,00 in 2017) giving over 480,000 hours each week (278,000 in 2017). This is valued at £242 million per annum, which is down from the £252 million valuation in 2017
  - 85% of organisations are bringing at least one source of non-public funds into the City (89% in 2017)
  - 66% of organisations are 'micro' (annual income of under £10k; same as in 2017), often providing support to specific communities of identity and / or geography.
- 2.3 MCC supports the VCS in a variety of ways, and one of these is through the use of its land and property assets. Community Asset Transfer, introduced in the Localism Act 2011, involves the leasing of Council land or buildings to a VCS organisation, usually at less than market value for local social, economic or environmental benefit.

- 2.4 There are currently 26 completed Community Asset Transfers in place, with a further 18 that are in the process of legal completion, in negotiation or in development. The relevant properties and organisations are shown in Appendix 1.
- 2.5 MCC employ a dedicated Community Asset Transfer Project Manager, hosted in the Corporate Estates and Facilities Service, to support VCS organisations through the Community Asset Transfer Process. The Council also provides grant funding programmes to the VCS, including the Neighbourhood Investment Fund, co-ordinated through the Neighbourhoods Service. Further advice and support to VCS organisations is provided through Manchester Community Central, the Council's community support partner, who provide voluntary and community groups with an extensive range of resources, information and tools designed to meet current and future development needs.
- 2.6 Generally, under the current arrangements, requests from VCS organisations to use Council properties come into two ways. These are either: a VCS organisation contacts the Council speculatively, asking for any surplus properties they can use to deliver services; or, a VCS organisation contacts the Council about a specific property they are aware or believe is owned by MCC, usually through local networks and connections.
- 2.7 In either case, the enquiry is managed by the CAT Project Manager, who identifies any suitable properties or assesses the specific property relating to the enquiry. Where a property is surplus to operational requirements, the CAT Project Manager will work with the Development Team to ascertain if there are other calls on the surplus property, for example for commercial letting or development to deliver housing. If the property in question is not earmarked for development, the CAT Project Manager will work with the interested VCS organisation to develop a business case for Community Asset Transfer.
- 2.8 The current Policy is attached at Appendix 2.

### **3.0 Policy Review**

- 3.1 Officers have reviewed the existing documented policy, and current practice for Community Asset Transfers. This has including engaging with Council teams and services who have close working relationships with the VCS, and close involvement with community assets. Officers have collected comments and feedback from the Neighbourhood Teams, Parks Service, City Policy VCS Support Team, Legal Services, Estates and Facilities Management, and the Development Team. Part of this work also involved reflecting on the review of feedback from the report to Communities and Equalities Scrutiny Committee in October 2018; and also from the developing work on strategic asset management planning.
- 3.2 The key areas of feedback on potential policy and process improvements are described in the following paragraphs.

- 3.3 A recurring theme from stakeholders was that MCC should seek to increase the number of “open” processes, by which opportunities for community use are pro-actively identified and advertised to a range of community organisations, rather than waiting for groups to contact officers about specific buildings.
- 3.4 Relating to the above point, feedback included that MCC should publish a list of available assets on the corporate website.
- 3.5 Feedback was that the process feels too slow, and tighter control of timescales could speed the process up (accepting that these must be flexible where there are complex cases).
- 3.6 There was clear feedback that MCC don't have a well-publicised policy or clearly written VCS transfer process – this would increase transparency. The process and documents should all be online, there should be a CAT section of the Council's website.
- 3.7 The review feedback included that there should be more clarity on ‘the front end’ of the process - how assets become available for VCS use, and how this fits strategically with other priorities. There is currently an ad-hoc approach to availability based on when and how an asset becomes surplus, and the review highlighted that officers should strengthen the links to strategic asset management planning and assess suitability for VCS use alongside other priorities – e.g. use of land for housing or other development.
- 3.8 Other feedback included that MCC should develop a more managed process to review CATs during their life. For example, at regular intervals: is community benefit still being achieved as agreed during the application process?; does the VCS group remain suitably resourced?; is the Business Plan being achieved?; is the asset being maintained?
- 3.9 Feedback indicated the policy should be clearer about threshold for longer leases, and look in more detail at other options, for example short term leases that provide VCS organisations with time to create a stable longer term business case.
- 3.10 Feedback also included that the policy should be clearer about use of MCC funds to bring buildings up to viable condition or fund upfront development / feasibility work.
- 3.11 A revised Community Asset Transfer Policy and Process have been developed in response to this feedback, specifically to: be clear and open about policy and process; be more proactive by developing and advertising opportunities; following an open process as standard, with any opportunities advertised widely; fit with the Councils approach to Strategic Asset Management; be quicker; address issues with the current policy about leases length, terms and funding.
- 3.12 The revised policy is attached at Appendix 3. The revised process is attached at Appendix 4.

- 3.13 The intended outcomes of this policy are the successful and sustainable transfer of assets to VCS organisations to deliver community benefit in Manchester; supporting and strengthening the capacity of VCS organisations; delivering a fair and transparent process; providing clear roles and responsibilities for all parties; reduced running costs and maintenance liabilities to MCC; and to raise awareness of the need to comply with relevant Legislation to ensure a legally compliant CAT.

#### **4.0 Next Steps**

- 4.1 Subject to comments on this report, officers will: finalise the policy document, including completing a review of VAT implications; implement the necessary changes to the Council website, and finalise the associated forms and documents that support the CAT process; develop a communications plan to promote the policy; and implement the new policy and process.
- 4.2 Adopting a more detailed policy and process will support a clearer understanding of the approach to Community Asset Transfers across all stakeholders and will support more regular reviews of the approach to ensure it aligns with the Council's approach to place-based working.

#### **5.0 Recommendations**

- 5.1 The Resources and Governance Scrutiny Committee is recommended to endorse the proposals to the Executive.
- 5.2 The Executive is recommended to:
- (1) consider and comment on the information in the report; and
  - (2) adopt the revised Community Asset Transfer Policy contained at Appendix 3.

#### **6.0 Appendices**

Appendix 1 – Current Community Asset Transfers

Appendix 2 - VCS Property Policy as approved by Council Executive

18.12.2013

Appendix 3 - Community Asset Transfer Policy – January 2023

Appendix 4 - Community Asset Transfer Application Process – January 2023

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**Appendix 1 – Current Community Asset Transfers****Completed Community Asset Transfers**

Site Name	Ward	CAT Details
Hulme Hall	Hulme	Mothers Against Violence
Tree Of Life Centre	Baguley	Tree of Life
345 Burnage Lane	Burnage	N-Gage
Skateboard Park, London Road	Ardwick	Projekts Ltd
Former Northenden District Library	Northenden	Northenden Players
Slade Lane Neighbourhood Centre	Longsight	Myriad Foundation
Fletcher Moss Old Parsonage	Didsbury West	Didsbury Parsonage Trust
Longsight Youth Centre	Ardwick	Manchester Vineyard
Hulme Community Garden Centre	Hulme	Hulme Community Garden Centre
The Place at Platt Lane	Fallowfield	Friends of Fallowfield Library
Manley Park Play Centre	Whalley Range	Communities on Solid Ground.
Manchester Gay and Lesbian Centre	Hulme	The Proud Trust Limited
Withington Leisure Centre	Old Moat	Love Withington Baths
Community Centre, Justin Close	Ardwick	The Wai Yin Chinese Society
John Gilmore Centre	Clayton & Openshaw	Ardwick Lads Boxing Club.
Chorlton Park Sure Start and Childrens Centre	Chorlton Park	Emmeline's Pantry
Pakistani Community Centre	Ardwick	GM Pakistani Association
Rushford Park Football Changing Room	Longsight	Manchester Youth Academy
Cringle Park Bowling Pavilion	Levenshulme	Levenshulme Amateur Boxing Club
Blackley Cemetery Glenbrook Chapel	Higher Blackley	Christian Restoration Manchester
Platt Fields Park Boathouse	Fallowfield	Envirolution, Coffee Cranks/Bike Hub
Victoria Baths	Ardwick	The Victoria Baths Trust
Barrington Street Centre	Clayton & Openshaw	The Beacon Centre CIO
Crossley Street Centre	Gorton & Abbey Hey	Manchester Congolese Organisation
Simpson Memorial Hall	Moston	Simpson Memorial Association
Bradley Fold Allotment Gardens	Didsbury West	Didsbury Gardens Society

**Community Asset Transfers in Development, Negotiation or Legals**

Site Name	Ward	CAT Details
1 - 3 Morrowfield Avenue	Cheetham	Cheetham Hill Advice Centre
115 Briscoe Lane	Miles Platting & Newton Heath	Yes Manchester
Claremont Community Resource Centre	Hulme	The African Caribbean Care Group (ACCG)
Burnage Community Centre	Burnage	Burnage Good Neighbours
Broadhurst Park Sure Start	Moston	4CT
Cornbrook House	Ardwick	Coverdale and Newbank Residents Association
Ladybarn Community Centre	Withington	4CT and Trustees of Ladybarn Community Association.
Stirling Centre	Miles Platting & Newton Heath	4CT
Levenshulme District Library	Levenshulme	Levenshulme Old Library Group
Didsbury Park Childrens Centre	Didsbury East	Didsbury Good Neighbours
The Link at Armitage	Ardwick	Armitage School and the West Gorton Community group
Platt Fields Park Bowls Pavilion	Fallowfield	Manchester Urban Diggers
Gorton Community Centre	Gorton & Abbey Hey	Healthy Me Healthy Communities
306a Yew Tree Road	Old Moat	OMYOP
Sporting Edge Community Sports Centre	Clayton & Openshaw	4CT
Cringle Park Play Centre	Levenshulme	Manchester Steiner Kindergarten
Heathfield Hall	Miles Platting & Newton Heath	4CT
Cheetham Youth Action	Cheetham	Wai Yin Chinese Society

**Appendix 2 - VCS Property Policy as approved by Council Executive**  
**18.12.2013**

1. Grant full repairing and insuring leases. Where the occupying group is operating on a not-for-profit basis and provides a wider benefit to the community the occupation shall be on the basis of the payment of a peppercorn rent only subject to a valuation signed by the Head of Development which confirms this is a market value on a restricted basis. However, in the interests of transparency and equity, those organisations providing commissioned activities for the Council or partner bodies should continue to pay rental, albeit on a restricted valuation basis reflecting ongoing community use. It should be noted that full repairing and insuring terms would mean that a group would be responsible for all repair, maintenance, running and insurance costs for the building/space they occupy.
2. In addition to granting full repairing and insuring leases as detailed in paragraph 1 above, the Head of Development may also approve leases on a restricted valuation basis (i.e. a valuation reflecting use restricted to community activities) to Registered Providers operating in true partnership with the local community on a not-for-profit basis and where community activities will be generated throughout the lease period as a result of the proposed letting. In such circumstances the Registered Provider will be required to establish a project-specific Board of Management to oversee the operation of the asset and the activities within it which shall incorporate at least 51% community representation to ensure local interests are represented.
3. The community benefit will be measured by considering how the proposed use of the asset, to be specified in a business case approved by the Head of Development, will contribute towards priorities identified by council services.
4. That the City Council's role as a VCS funder and its function as a landlord, are wholly separate and must not be merged.
5. That any future support by services to particular VCS activity in Council premises must be through formal prioritised and approved project funding as required for VCS activities in non-council premises.
6. That all VCS occupancies of council premises must be on a formal lease/licence on full repairing and insuring terms and that any group unwilling or unable to enter into or regularise such an arrangement may lose its tenure.
7. That any lease or occupation granted under the VCS Lettings policy is subject to regular review to confirm that the tenant is complying with the terms of the lease and that the asset continues to be used for community benefit on a not-for-profit basis. The reviews will also

ensure that, where appropriate and in accordance with the terms of the Lease, the tenant is undertaking regular disclosure and barring service (DBS) checks and continues to implement safeguarding policies to ensure the safety of children and vulnerable adults.

8. That all existing VCS occupations which do not conform to this policy to be converted at the first opportunity legally available under their current tenure.
9. That where any occupations do not allow immediate updating any present irregularities in conditions of occupancy or management practise with an impact on VAT issues must be resolved as a matter of urgency in consultation the VAT Section of Corporate Services and local members as appropriate.
10. That charges for sessional use of council space be formalised on a premise by premise basis by services in consultation with the VAT Section of Corporate Services.

## Appendix 3

### Manchester City Council

#### Community Asset Transfer Policy – January 2023

##### 1.0 Background

Community Asset Transfer (CAT) presents community organisations with the opportunity to breathe new life into surplus public buildings, to preserve valuable community resources or develop exciting new services for local communities. It is not without risks however, and should be pursued in a legally safe, planned and supported way to ensure a successful transfer of responsibilities and long lasting benefits.

The purpose of this policy is to provide residents with a clear understanding of the Council's approach to CAT and demonstrate that it is an open, fair, transparent and consistent process.

Within the Localism Act 2011 CAT involves the transfer of ownership and/or the management of land or buildings from the Council to a community-based organisation or group (such as a charity or community interest organisation). CAT is not a legal requirement, but a voluntary process at the discretion of the Council.

CAT involves the transfer (usually by way of a lease) of Council land or buildings to a Voluntary and Community Sector Organisation (VCSO) or group, potentially at less than market value to reflect the local social, economic or environmental benefit that will be achieved through the CAT.

Groups wishing to undertake a CAT will need to demonstrate:

- how the community and local people will benefit from the transfer;
- that there is community support for the transfer, and
- that they can access sufficient funds to cover repairs, maintenance and on-going operational costs.

The Our Manchester Strategy 2016–2025 sets out the long-term vision for Manchester's future. It details the priorities that the whole city – our public, private, voluntary and community organisations and our residents – will work on together to put Manchester in the top-flight of world cities by 2025.

The priorities in the Our Manchester Strategy are creating: a thriving and sustainable city; a highly skilled city; a progressive and equitable city; a liveable and zero-carbon city and a connected city.

The Community Asset Transfer policy can directly contribute to the Our Manchester Strategy by supporting the delivery of services that:

- Maintain Manchester's vibrancy and ensure that all our communities are included in the life of the city, regardless of their age, ethnicity, gender, disability, sexuality, faith or socioeconomic background.
- Support all our residents to learn, progress, upskill and retrain so they can access the city's current and future employment opportunities
- Support an equal and inclusive city, where everyone can thrive at all stages of their life, and quickly and easily reach support to get back on track when needed.
- Improve physical and mental-health outcomes

- Create sustainable, safe, resilient and cohesive neighbourhoods, with good-quality green spaces, and accessible culture and sporting facilities
- Contribute to our zero-carbon ambition by 2038 at the latest, via green growth, sustainable design, low-carbon energy, retrofitting buildings, green infrastructure, and increasing climate resilience
- Improve access to digital technology and strong digital skills

Well managed CAT's can help support strong and resilient communities, create a thriving network of local enterprise, provide services that the Council may not be able or best placed to deliver and create opportunities for innovation and new approaches to service delivery.

The policy provides a framework within which transfers are considered rather than a prescriptive rule book as it is recognised that every community asset transfer proposal is different and will need to be considered on its own merits and particular circumstances. This policy sets out that framework for elected members, council officers and local communities to provide a consistent approach to dealing with both projects that can be supported and those applications which are unsuccessful.

## 2.0 Definitions

**Community Asset** - The Council defines a Community Asset as a building and/or land from which a community based activity or service is capable of being delivered

**Community Asset Transfer (CAT)** is the transfer of ownership and/or management of land or buildings from the Council to a community organisation or group under a CAT agreement (most often a Lease)

**Community Asset Transfer Agreement (CATA)** is the Agreement under which a CAT is made

**Voluntary and Community Sector Organisation (VCSO)** – an organisation that is independent of national or local government bodies, often with a majority of volunteer/unpaid staff. The VCSO will provide services of a public nature for the good of the community to promote social, environmental or cultural objectives. They are not run for financial gain. Examples include (but are not limited to) charities, community groups, community interest companies, friendly societies, social clubs, many sports clubs, churches and other faith groups, and voluntary organisations.

**“Not-for-profit organisation”** is a broad term for independent organisations whose purpose is something other than to make private profit for directors, members or shareholders, and who re-invest any surpluses to further the ‘good’ they create for the community.

An **incorporated group** is a legal entity in its own right, distinct from its members, and it can enter into contracts, buy or lease property, and employ people in its own right.

## 3.0 Legal Context

This policy and any CAT must comply with legislation that relates to the disposal of land or buildings by the Council.

For example, the issue of disposals at less than the best consideration reasonably obtainable; Secretary of State / statutory consents to disposals; Subsidy e.g. (assistance from public resources on a selective basis that can distort competition among organisations engaging in economic activity) and the implications applying will all need to be considered in regard to any potential disposal.

The Council will need to assess the full market value of any CAT asset, and which may involve the taking of independent advice in such regard, so that any decision about transfer at 'less than Best Consideration' for the asset is transparent and issues such as government consents and Subsidy can be considered.

Similarly, proposals to transfer Public Open Space/School Land and / or Playing Fields will also need to be considered in the light of statutory provisions applying and any objections must be considered by the Council in deciding whether or not to progress with the proposed transfer along with issues such as whether Secretary of State consent would be required for any disposal.

Land or buildings that are held by the 'Council in trust' will not be considered for a Community Asset Transfer unless the Council's Trustees are prepared to approve of the disposal. Such a disposal will need to follow statutory requirements regarding advertisement of the disposal and any objections considered by the Trustees. In certain circumstances, such as when land or buildings were gifted to the Council, or are held by the Council in trust for a specified purpose (for example for use as a public recreation ground), these proposed disposals may need to be referred to the Charity Commission for their approval under relevant statutory provisions applying.

In some circumstances the transfer of land or a building may have wider implications and result in the requirement for Council staff to transfer to the community organisation under Transfer of Undertakings (Protection of Employment) (TUPE) provisions. Usually this will not be the case, but if the land/ building is going to continue to be used for the same purpose it may apply. This is particularly likely to apply to premises which have a specific purpose such as recreation. In such circumstances Council staff may have rights under TUPE regulations. This will require the community organisation to employ any staff affected on the same terms and conditions as they currently have. This can be a burden on community organisations, particularly the requirement to provide pension protection that is the same as, or broadly comparable to, or better than the pension provision while employed by the Council. This issue requires careful consideration and staff in the Council's Human Resources service will be able to advise if TUPE applies and its implications.

#### **4.0 The Community Asset Transfer Policy**

##### **4.1 Policy Purpose and Outcomes**

We want to encourage communities to make the best use of assets and have the best chance of securing long term sustainability through sharing the occupation and use of buildings as well as ensuring that the assets continue to be used by, and benefit, the widest section of the local community as possible.

This policy provides community bodies with an opportunity to apply for a CAT of certain Council owned assets and which, depending on individual circumstances, could include a lease at a subsidised rate (for

example at a peppercorn rent) which would be subject to assessment as set out in this policy and compliance with relevant legislation etc. that relates to the disposal of the relevant asset.

This policy covers all CAT enquiries for any Council owned assets (land and/or buildings).

The Council will provide organisations interested in a CAT with guidance, to ensure they have a clear understanding of the Council's approach and a fair, transparent and consistent process for such transactions.

The intended outcomes of this policy are:

- Successful and sustainable transfer of assets to VCISO's to deliver community benefit in Manchester
- Supporting and strengthening the capacity of VCISO's
- Fair and transparent process
- Clear roles and responsibilities for all parties
- Reduced running costs and maintenance liabilities to MCC
- Raise awareness of the need to comply with relevant Legislation etc. to ensure a statutory compliant and legal CAT

#### **4.2 Properties and Purposes Available for CAT**

The Council holds property assets for a range of purposes. Not all property assets are appropriate for CAT. Some assets are required to support the delivery of Council services; others provide an income to the Council; some support Council priorities such as the delivery of affordable housing or economic regeneration. The Council must also balance the needs of the community and its commitment to CAT against its need to generate capital receipts in order to invest in essential capital projects or for other Council purposes. This CAT Policy is intended to support the provision of public services by VCISO's.

Property assets usually considered suitable for CAT are:

- Assets that the Council has identified as suitable for CAT through its Strategic Asset Management Plan (SAMP) - where a community organisation enquires about a specific asset which has yet to be assessed as part of the SAMP, it will be assessed at the soonest available opportunity
- Assets must be in the ownership of the Council and not subject to any existing agreements for occupation of the whole asset by third parties
- Under utilised parts of premises maybe considered for CAT

The Council will not consider applications for CAT in the following circumstances:

- Assets which are identified for a different purpose or disposal under the SAMP
- Assets that are part of the Operational Estate and that are required for delivery of Council Services (save where part of the asset maybe deemed suitable)
- Surplus assets where the Council is exploring an operational use for Council or partner services
- Assets which are held in the investment portfolio



- Transfers to organisations to be used purely as a vehicle for commercial ventures. This does not include, for example, charitable organisations with trading arms, where profits are reinvested in communities
- Transfers to individuals
- Transfers that contravene Subsidy or Procurement or any other statutory provisions or regulations or rules
- Assets which may be used solely for religious or political purposes/activities

There are also some assets that may be considered unsuitable for transfer because of restrictions applying to them (for example, assets gifted to the Council for educational purposes). Some restrictions can be varied or released but it can take time, cost and resource and such matters will be factored into any consideration given to the disposal of a property asset as a CAT.

All assets available for CAT will be recorded as such on the Council's property management system, and a register of CAT opportunities will be held on the Council's website.

#### **4.3 Who can apply for a CAT**

The Council will consider applications for CAT of qualifying assets from VCSO's that are:

- Based and operating within the City of Manchester
- Deliver services that generate social, economic or environmental benefits which directly benefit Manchester residents
- Incorporated, or are willing to become incorporated as part of the CAT process
- Not-for-profit organisations

There are various types of incorporated bodies which may complete a transfer. Examples include Community Interest Companies, Charitable Incorporated Organisations, and Co-operative societies. VCSO's must determine the best type of incorporation for them, as this may vary from organisation to organisation. The Council will review the form of incorporation and constitution of VCSO's during the CAT application process to determine their fit with this policy.

VCSO's will be expected to demonstrate, through the application process, that they:

- Generate social, economic or environmental benefits which directly benefit the people of Manchester
- Can evidence a clear community or social demand for the CAT
- Are willing to share information with the Council and participate in regular reviews to ensure the CAT remains aligned with the terms on which it was agreed
- Have a well-prepared and robust business case that demonstrates the ability to fund ongoing repairs, maintenance and other operational costs.
- Can access sufficient capital funding where a CAT involves development projects or the responsibilities for capital maintenance
- Have robust systems of governance and appropriate organisational policies
- Have the capacity to manage the asset and have directors or committee members who have the necessary experience and skills.

- Contribute towards the Council's corporate objectives, community priorities and the priorities of the Council's strategic partners.
- Do not duplicate or negatively impact on services or facilities already provided in the local community.
- Provide open access to all residents, regardless of age, disability, gender, race, religion or belief, and sexual orientation.

Before entering into any CAT the Council will need to satisfy itself that the financial standing of the organisation is satisfactory, this will include (but is not limited to) a review of financial statements, review of owned assets and bank accounts, audited accounts, review of current and intended business activities, review of the VCS proposals / offers to secure sufficient funds to cover repairs, maintenance and on-going operational costs and the review of any other CATs acquired by the organisation including linked organisations or its group.

#### 4.4 Forms and Length of CAT Agreement

Community use of Council assets can take place under different forms of agreement. These include:

- Licence to occupy (right to use the property asset for defined uses but not a grant of exclusive rights).
- Short term lease (less than 7 years with no protected right to renew lease);
- Long term lease (usually 25 years, although could be up to a maximum of 39 years in specific circumstances, and with no protected right to renew the lease other than in exceptional circumstances).

The appropriate form of CAT agreement will be agreed during the application process. The length of the occupation / term however may vary from project to project. For assets that require substantial investment the Council may consider the grant of a longer lease than one, say, of a small area of land which is being leased to a local community where little or no capital investment is required. The length of any lease term will be based, amongst other things, on the needs that are clearly outlined within the business case and the capacity of the organisation to manage the asset.

Agreement / Length	Criteria
Licence to occupy	<p>This can be a useful intermediate stage for:</p> <ul style="list-style-type: none"> <li>• A recently formed organisation</li> <li>• Where exclusive possession of an asset is not a requirement</li> <li>• An organisation that may not have the technical expertise to manage property and/or may not yet have the financial ability to invest in the premises.</li> <li>• An innovative service with an unproven business case</li> <li>• A meanwhile use for an asset where there are longer term proposals</li> </ul> <p>This form of agreement is usually appropriate, for example, for a VCISO that wish to support the maintenance of land such as parks and open spaces.</p>

	The length of the agreement will usually be up to 1-3 years.
Short term lease	<p>A short term lease may be appropriate where:</p> <ul style="list-style-type: none"> <li>• The business case is deemed viable but there are some concerns over the long term sustainability (e.g. time limited grant funding)</li> <li>• Where exclusive possession of an asset is a requirement</li> <li>• The business case does not demonstrate the ability to access suitable capital funding to secure the long term capital maintenance of the asset</li> <li>• There are issues around demonstrating a disposal at 'best consideration' and where a short term lease may allow a proposal to progress</li> <li>• It is for a meanwhile use for an asset where there are longer term proposals.</li> </ul>
Long term lease	<p>Where the application process and business case meets all the required criteria a long term lease will be considered with a standard maximum lease length of 25 years (although this may vary from case to case).</p> <p>Longer leases will usually only be considered where the VCSO is making a significant capital contribution to the asset or is bidding for and is able to secure funding where the funder requires a longer lease period. Where this is the case, the Council may include break clauses in the lease where funding is not secured or works are not carried out within a reasonable time frame. A longer lease could be up to a maximum of 39 years.</p> <p>In exceptional circumstances, and subject to a risk and benefit analysis, a longer lease may be considered. Any VCSO requirement for a longer term lease will need to be balanced at all times with ensuring that the asset remains available for the benefit of the community or is required for the delivery of other Council objectives.</p>

#### 4.5 Standard Terms of CAT Agreements

The Council has a standard lease template for use for CAT's. The Council will however adopt a flexible approach to the lease terms if the circumstances of a particular CAT so require, but will always aim to ensure that there is a balance between what the community organisation reasonably requires and what the Council requires in order to ensure that the property asset remains available for the benefit of the community as was intended (including, for example, the maintenance, repair and insurance of the property).

Typical lease terms are set out below.

- Standard lease provisions will include full repairing and insuring obligations.
- The lease to be contracted out of the Landlord and Tenant Act 1954, which means there is no automatic right to renew the lease.
- Mutual break clauses or a Council only break clause may be included as appropriate. This will be considered on a case by case basis and the drafting of any 'break clause' may need to address

funders concerns - for example a 'break clause' may not be triggered until project life of the funding has expired.

- Underletting of part will only be permitted with the Council's prior consent by way of short-term leases contracted out of the 1954 Landlord and Tenant Act, providing such underletting is mentioned in the supporting business plan and the user compliments that of the purpose of the CAT and will continue to do so. The granting of licences and room hire agreements that do not confer any security of tenure or property rights will usually be permitted.
- Assignment of part is not permitted. There will be a prohibition on assignment and underletting of the whole. In certain circumstances, though, assignment of the whole may be permitted but only with the Council's prior consent, which may be withheld and at the Council's absolute discretion, but any permitted assignment would only be permitted to a relevant successor body.
- A Legal Charge (mortgage) on the property asset is not permitted without the Council's prior consent and which will be at the Council's absolute discretion.
- Restriction on title on all leases registrable at the Land Registry to ensure that the Council is aware and consents to any proposed mortgages, assignments or under-lettings.
- User provisions will be restrictive and clearly defined to ensure the property asset is used for the particular community use it was intended. A right to review the rent payable at appropriate intervals (for example on a 5 yearly review basis). However, user provisions may also permit ancillary commercial uses in recognition of the fact that community assets cost money to run and commercial activity is often required to subsidise premises running costs to make premises sustainable for community use. Such commercial activity will only be permitted though where it is ancillary to and clearly defined in the lease with any surpluses from commercial activity or rental paid by a third party reinvested in the asset and services delivered within.
- Where assets sit in a wider public facility, such as a park, or is part of a larger building, lease terms may place certain restrictions on access and activities.
- Standard forfeiture provisions to enable to the Council to terminate the lease (for example for non-payment of rent, breach of covenants and insolvency). Forfeiture for insolvency will need to be considered in each case and may need to be tailored, for example, by providing funders with 'step in' rights to accommodate particular funding requirements.

Any lease or occupation granted under the CAT Policy will be subject to regular review to confirm that the tenant is complying with the terms of the lease and that the asset continues to be used for community benefit on a not-for-profit basis.

#### **4.6 Maintenance and Operating Obligations**

On completion of the CAT Agreement, the VCSO will usually take on responsibility for managing and repairing and maintaining, insuring the property asset and other on going operational costs. The VCSO should demonstrate through the application process that they can access sufficient funds to cover repairs, maintenance, insurance and on-going operational costs. Some responsibilities, for example compliance with Health and safety legislations, may require additional technical advice, and VCSO should demonstrate through the application process how they will address such issues.

By way of example only and not by limitation:

- maintenance liabilities may include maintaining in good order: Electrical, mechanical and plumbing installations, such as lighting and heating/cooling systems; lifts; building safety systems including fire detection and alarm systems and emergency lighting; structural and fabric elements including the roof, windows, doors and cladding; kitchens and bathroom; decoration and floor coverings; external areas such as hard and soft landscaping; security systems including CCTV, alarms or roller shutters.
- Operational costs may include: planned and preventative maintenance contracts; repairs; cleaning and waste management; utilities; business rates; insurance; grounds maintenance, window cleaning and pest control; office costs such as telephony, ICT and printing.
- Other responsibilities may include complying with regulations for health and safety, and management of fire risk, asbestos, legionella, and electrical and gas safety.

#### 4.7 Rent

Subject to compliance with legal requirements and assessments, including land and property valuations, CAT properties may be leased at less than market rental. Although some projects may make financial surpluses this may not result in a rental being payable as long as there are robust and clear provisions in place to the effect that any surpluses are reinvested into the project and/or for community benefit, and lease provisions will be tailored for the particular circumstances;

The amount of rental (if any) payable under leases granted through the CAT process will be assessed on the business case.

Criteria used will, by way of example, include:

- Any rent payable by the Council under an existing lease of leasehold premises – only in exceptional circumstances will the rent payable under the CAT be less than the current rental payable or a pro rata proportion thereof in the case of a CAT of part of an asset.
- Any capital or revenue investment the VCSO is making into the asset
- The extent / level of services provided and the social, economic or environmental benefit of the same.
- The extent to which the transfer supports the Our Manchester strategy and the Council's corporate objectives
- The extent to which the use of the asset benefits the wider community.
- The extent to which the asset is made available for other groups to use.
- How well the asset is managed and maintained.
- If the use of the asset varies, with the Council's prior approval and in which respect the Council will have an absolute discretion whether to give that approval or not, from the original business case to include commercial uses (other than commercial uses which are strictly ancillary to the main CAT use) and where any profit is reinvested in community uses, the Council shall have the discretion to review the rent up to the market rental asset depending upon the degree of commerciality.

Any rent at the commencement of the Lease and any rent payable where the use of the asset is varied as detailed above, it shall be subject to 5 yearly reviews.

#### **4.8 Use of MCC Funding**

The starting point of any CAT will be that the property is transferred in its current condition. Where the condition of a property identified as available for CAT is considered to be a barrier to a successful transfer, the Council may, but at its absolute discretion, propose funding works to improve the condition of the property. However, if the cost of works is substantial, this will trigger a re-evaluation of the asset through the Strategic Asset Management Plan to compare the cost and benefit of transferring the asset (with works costs) compared to other options. Any funding proposed in this way will follow the usual governance routes for approval – for example the Capital Gateway Process for stand alone projects or the Estates and Asset Board for provision within the Councils Annual Capital Maintenance Programme (AMP).

The Council may, in the same way, consider a grant or loan to the VCSO for the purposes of funding works to the property and also investing funds to reduce energy use and carbon emissions from a property prior to or during the transfer process.

All funding proposals will need to be considered in the light of the Council's constitution and any statutory and other provisions applying. Depending on the particular circumstances, and how the funding is to be provided, and the terms and conditions applying, the Council may require the VCSO to enter into a formal agreements/deeds to record and detail those terms and conditions.

The Council will work with each VCSO through the application process to be clear about the condition of the property asset in question and will share historic information about running costs where these are available.

The VCSO will be expected to cover their own legal fees associated with completing a CAT.

#### **5.0 The Application Process**

The purpose of the application process is to:

- ensure an open, consistent and transparent process;
- ensure robust assessment of the suitability of CAT proposals; and
- ensure appropriate governance around the use of Council assets.

The application process is attached at Appendix A and which may, from time to time and at the Council's discretion, be varied without notice.

Each application will be considered for eligible transfer on a case-by-case basis against the criteria outlined in this Policy.

All applications for new CAT's will be considered following the application process.

If an asset is already run by a community group, and the group is seeking to amend or renew their CAT agreement, the Council may negotiate with that group directly outside of the open application process.

In this situation, the Head of Estates and Facilities, or another appropriate officer, will agree this approach with the Executive Member with responsibility for the operational Estate.

Resources are available on the Council webpages to assist groups intending to make an application.

## **6.0 Decision Making**

The following decision making protocols will apply to this policy.

Decisions regarding which assets are available for a CAT will be made in line with the arrangements set out in the Council's SAMP.

Decisions regarding when to open applications for CATs and the administration of the application process will be made by the Head of Estates and Facilities, in consultation with the Executive Member with responsibility for the Operational Estate.

Decisions within the application process, such as the viability of business cases, will be made as set out in the CAT Application Process.

Any disposal of a property asset will be made in line with the Constitution of the Council and relevant statutory provisions and regulations applying from time to time.

Any decisions on capital investment into assets subject to a CAT will follow the usual governance routes for approval – for example the Capital Gateway Process for stand-alone projects or the Estates and Asset Board for provision within the Councils Annual Capital Maintenance Programme (AMP).

All funding proposals will need to be considered in the light of the Council's constitution and any statutory and other provisions applying.

## **7.0 Further Information and Support**

Further information and support on Community Asset Transfers is available from the following sources:

Manchester City Council Estates Team - <create contact address>

Manchester City Council Website – <create link>

Our Manchester - our\_manchester\_strategy\_forward\_to\_2025.pdf (mcc.local)

Manchester Community Central - Community Asset Transfer – are you sure? | Manchester Community Central

MyCommunity - Community assets and ownership - MyCommunity

National CLT Network: <http://www.communitylandtrusts.org.uk/>

Locality: [locality.org.uk](http://locality.org.uk) - Powerful Communities, Strong Economies report - Locality

Sport England - [www.sportengland.org/guidance-and-support/facilities-and-planning/community-assets-and-rights](http://www.sportengland.org/guidance-and-support/facilities-and-planning/community-assets-and-rights)

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## Appendix 4

### Manchester City Council

#### Community Asset Transfer Application Process – January 2023

##### 1.0 Background

This document sets out an overview of the process that applies to dealing with applications for Community Asset Transfers. The process supports the delivery of the Community Asset Transfer Policy.

##### 2.0 The Process

Applications for Community Asset Transfers will proceed through the following steps:

**Step 0 – pre-application stage**, where MCC assesses assets for suitability for CAT and publishes available assets on its website, and the application window for that asset.

**Step 1 – Expression of Interest stage**, where VCSO's complete a short application form to express their interest in a transfer of an asset. All applications received by the application closing date are assessed by the Corporate Estates Team, in consultation with other Council services, to ensure that the applicant and the proposed use complies with the CAT Policy. At the end of this stage, successful applicants are asked to proceed to the next stage (Step 2 – Full Proposal).

**Step 2 – Full proposal**, where applicants are asked to develop a full proposal and business case for the transfer. The full proposal and business case will be assessed by a panel of officers, who will consult as appropriate. Proposals may be amended and further developed following feedback until the final closing date of this stage, where the final panel review and assessment will take place. At the end of this stage officers recommend a decision to the Executive Member with responsibility for the Operational Estate to nominate a preferred applicant for the transfer.

**Step 3 – Agree Terms and Transfer**, during this step, the Council will offer Heads of Terms to the successful applicant and which may propose the transfer at less than best consideration on the basis of the economic, social or environmental benefits that the proposed CAT will provide. All disposals will be made in line with the Constitution of the Council and may be subject to other consents and approvals (e.g. government consent). Final negotiations will be completed and where terms are agreed the CAT will, subject to formal approvals under the Council's constitution and any other consents / approvals that may be required, progress into the preparation and signing of legal documentation. At the end of this stage the CAT will be completed and the VCSO will then be responsible for all matters relating to the asset in accordance with the terms and conditions of the completed CAT, including the management of the asset.

**Step 4 – Monitoring**. There will continue to be on going periodic engagement with the Corporate Estates Team to ensure that the agreement is operating as intended and all terms and conditions are being observed and performed. The CAT documentation will provide for the Council to have access to the asset for such purposes.

Indicative timescales are:

- Step 1 - Expression of Interest stage – 4 weeks
- Step 2 – Full proposal – 8 weeks (subject to extension)
- Step 3 - Agree Terms and Transfer – 6-12 weeks

Further detail of these steps is provided below.

### **2.1 Step 0 – Pre-Application Stage**

MCC are adopting a Strategic Asset Management Plan (SAMP). As part of adopting the SAMP, MCC will review its' surplus assets to determine the most appropriate use of these assets to support the Councils' objectives. Where an asset is identified as suitable for CAT, this will be recorded as such on the Councils property management system, and a register of CAT opportunities will be published on the Councils website.

Where a Council asset becomes surplus to requirements in the future, it will be assessed through the SAMP process as above.

Where a VCSO enquires about a specific asset which has yet to be assessed as part of the Strategic Assessment Plan, it will be assessed at the earliest available opportunity and the VCSO notified accordingly of the Council's response to the VCSO's enquiry.

The Register of CAT opportunities will be published on the Council webpages (address tbc). The Register will show each asset available for CAT (the Unique Property Reference Number and address of the asset); a brief description of the asset; and the application window associated with that asset.

The Register will only show assets available at Step 0 –Pre-application Stage.

Where the register is updated with a new asset, this information will also be communicated through Manchester Community Central, the Councils community support partner. The Corporate Estates Team maintains contact details of VCSO that have expressed an interest in CATs previously and will email these organisations when the register is updated.

The Executive Member with responsibility for the Operational Estate, the appropriate Ward Members, and the appropriate Neighbourhood Team will also be notified that the asset has been listed on the Register of CAT opportunities.

The usual application window for assets will be 4 weeks from the date it is published.

### **2.2 Step 1 - Expression of Interest**

During the application window, VCSO's may complete and submit a short application form to express their interest in a CAT listed on the register of CAT opportunities.

A copy of the application form is held on the Council's webpages (add link).

The application form will (by way of example) request information about:

- The VCSO – contact details, type of organisation (e.g. is it incorporated; a not for profit organisation etc.), its aims, structure, funding and previous experience of managing assets (including the management of any assets similar to the subject asset), as well as any existing relationships with MCC.
- The proposed use of the asset – the services that will be provided, the nature of the expected benefits / good that those service will bring to the community and how they will promote social, environmental or cultural objective., the fit with the Our Manchester Strategy.
- Any existing evidence supporting the need for the services that will be provided in the relevant part of the city.

All applications received by the application closing date will assessed by the Corporate Estates Team, in consultation with other Council services and as may be appropriate, to ensure that the applicant and the proposed use complies with the CAT Policy.

The consultation with other Council Services will typically include: those relevant to the service/use of the asset being proposed; those relevant to any existing relationships noted in the application form; and the relevant Neighbourhood Team; and/or the relevant Parks Team where the asset is within a park.

Consultation with Ward Members at this stage will be through the Neighbourhood Team.

Applications that comply with the CAT Policy will be successful; applications that do not comply with the CAT policy will be unsuccessful. Officer assessments of the applications will be reviewed with the Executive Member with responsibility for the Operational Estate before a final decision is reached.

If no applications are successful, the asset will return to Step 0, and a new application window will open. Should an asset regularly achieve no applications or unviable applications, the Head of Estates and Facilities, in consultation with the Executive Member with responsibility for the Operational Estate, may remove the asset from the register to explore other opportunities.

At the end of this stage, successful applicants will be asked to proceed to the next stage.

Unsuccessful applicants will be notified, with details of the reason(s) for the decision, and added to the list of VCSO's that have expressed an interest in CATs to be contacted if other opportunities arise.

### **2.3 Step 2 – Full proposal**

Successful applicants from the previous step will be asked to develop a full proposal and business case for the proposed CAT.

A copy of the proposal and business case is available on the Councils webpages (add link).

The application form will collect information about:

- The VCSO – further details of the organization, including their systems of governance and appropriate organisational policies (e.g. EDI Policy, Zero Carbon Policy); their capacity and skills to manage the asset.
- The service to be provided from the asset – evidence of community consultation on the proposal; the needs analysis supporting the service; commitment to open access for the facility;

- The business case – demonstrating that the organisation has sufficient funding to manage the operation and undertake repair and maintenance of the asset, and setting out any requirements and funding associated with redeveloping or investing in the asset
- Terms of agreement for the CAT – confirming the basis of the terms of the legal agreement and acceptance of key terms and conditions, including necessary insurances.
- Risk assessment demonstrating the understanding of the risks of managing the asset.

There will be a mutually agreed submission date for the application form.

The Estates Team will share any available information about the condition and running costs of the asset to assist the VCSO to prepare their business case. Site visits can also be arranged during this period.

The full proposal and business case will typically be assessed by a panel of officers, including from the Corporate Estates Team; the Development Team (where relevant); the appropriate Neighbourhood Team; and/or the relevant Parks Team where the asset is within a park. The panel will consult with other council services, for example the Legal Service or Insurance Team, as appropriate.

Assessment of works will be carried out in conjunction with the AMP team and Capital Programmes Service and as otherwise may be appropriate.

After the initial review, the Council may, at their discretion, provide interim feedback (including requesting points of clarity or further information) to applicants and may, as part of that process, extend the application window for this stage by up to 6 weeks. The intention of this is so that VCSO's are given appropriate time and support to develop the best application possible leading to the higher chance of a successful application.

If an extension is applied, it will be applied equally to all applicants. Any revised applications at the end of the extension period will be reviewed by the panel as described above.

At the end of this stage officers will recommend a decision to the Executive Member with responsibility for the Operational Estate to either nominate an applicant, with associated Heads of Terms or not to proceed with any application.

Unsuccessful applicants will be notified, with details of the reason(s) for the decision, and added to the list of VCSO's that have expressed an interest in CATs to be contacted if other opportunities arise.

### **2.4 Step 3 – Agree Terms and Transfer**

The Council will offer Heads of Terms for the CAT to the successful applicant.

After a short period of negotiation, the Heads of Terms will be signed and following which the Council will put in motion the process(es) for the seeking of any appropriate approvals and consents to the proposed CAT.

If Heads of Terms are not mutually agreed within the short period of negotiation, the process will end there and the applicant notified accordingly.

Where this happens the Council reserves the right to work with any other applicant(s) who reached the preceding step of the process and to nominate them in place of the initially successful applicant.

Where Heads of Terms are mutually agreed, both parties will instruct their lawyers to complete the CAT documentation.

Both parties will work through the CAT handover checklist to prepare for the transfer of the asset.

On completion of the legal documents the asset will transfer to the VCSO who will then be responsible for all matters relating to the asset in accordance with the terms and conditions of the completed CAT documentation, including the management of the asset.

## **2.5 Monitoring**

There will continue to be on going periodic engagement with the Corporate Estates Team to ensure that the agreement is operating as intended and all terms and conditions of the CAT documentation and any associated agreements or deeds are being observed and performed. The CAT documentation will provide for the Council to have access to the asset for such purposes.

Monitoring arrangements will be set out in the CAT documents but will typically involve an annual visit by representatives of the Council to the asset to ensure:

- The service or project is still operating and delivering benefits as set out in the proposal;
- The business case remains viable;
- The asset is being used, insured, maintained, and is compliant with health and safety requirements as set out in the CAT documentation and all terms and conditions of the CAT documentation and any associated agreements or deeds are being observed and performed;
- The VCSO retains the capacity to manage the asset.

## **2.6 Governance**

This process will be administered as set out in the Community Asset Transfer Policy, and, along with the Community Asset Transfer Policy, may be amended from time to time and without notice by review of the Estates and Assets Board in consultation with the Executive member with responsibility for the Operational Estate.

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**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee – 7 March 2023

**Subject:** Progress Update on the Major Contracts Oversight Board

**Report of:** Head of Integrated Commissioning and Procurement

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**Summary**

This report provides an overview of the work of the Major Contracts Review Board and the development of the Delivery Model Assessment Policy which will set out the issues to be considered in deciding on the approach to future major contracts.

**Recommendations**

The Resources and Governance Scrutiny Committee is requested to note the work of the major Contracts Review Board and to provide comments on the content of the Delivery Model Assessment Policy prior to wider consultation and finalisation of the policy.

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**Wards Affected:** All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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N/A
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Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report outlines how the council will be given assurance that a wide range of services that are provided directly to citizens and indirectly to support the operation of the council will be delivered to appropriate levels of quality, cost and delivery.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The major contracts that provide services directly to citizens or that support various directorates to deliver services are included in the operation of the Major Contracts Review Board which is the subject of this report.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	As such, the report refers to how assurance over the delivery of these services, including the delivery of Social Value, is provided.
A liveable and low carbon city: a destination of choice to live, visit, work	This will include assurance that any relevant outcome of the Our Manchester Strategy is delivered.
A connected city: world class infrastructure and connectivity to drive growth	

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**Background documents (available for public inspection):** None



## 1. Introduction

- 1.1. The Major Contracts Review Board was established following discussion at the meeting of Resources and Governance Overview and Scrutiny Committee held in July 2022 which recommended the creation of a Major Contracts Oversight Board to include evaluate all major contracts. It was agreed that the Executive Member for Finance should attend with the potential to co-opt other Executive Members to attend where a contract falls within their portfolio.
- 1.2. This report provides an update on the work of the Board.

## 2. Purpose of the Board

- 2.1. The main aims of the board are to:
  - 2.1.1. **Review the Council's approach to delivery models and the approach to making a decision.** *Described in more detail below, this will define the matters to taken into account in deciding the approach to delivery models for services including being delivered 'in-house', through an arms-length body, through an external provider, or through a joint venture.*
  - 2.1.2. **Review the pipeline for major contracts and forward plan for extensions and re procurements.** *The board has been provided with an overview of the "Gold Contracts" and their management arrangements, expiry dates, potential for extension etc. This provides the opportunity to review performance and delivery and consider options for future delivery as contracts approach expiry.*
  - 2.1.3. **Oversee feasibility studies for future contract option appraisals.** *This will provide assurance that the approach developed for major contract decisions is applied as appropriate to future contracts.*
  - 2.1.4. **Ensure the Council's major contracts are performance managed and be updated on any performance and cost issues.** *Having an oversight of the pipeline and contract management arrangements for all major contracts, the board will have assurance that monitoring arrangements are sufficiently robust and be in a position to carry out analysis of performance as required.*
  - 2.1.5. **Evaluate major contracts for the supply of goods, services or works.** *The operation of the board is not fully mature and the parameters of this evaluation work are to be further developed. Parameters could include, for example, scope for savings, investment, VFM, effectiveness, social value, environmental issues etc.*
- 2.2. The full Terms of Reference are attached at Appendix One.
- 2.3. Discussions so far have taken place on delivery model options, performance monitoring for major contracts, the pipeline of major contracts and a paper is to be presented to the March meeting of the Board on the effects of inflation.

## 3. Definition of Major Contracts

- 3.1. The major contracts have been defined through use of criticality tool developed that identifies a contract status of Gold, Silver or Bronze according to a range of parameters including value, how quickly an alternative contract could be sourced if required, impact of contract failure, potential reputational risk to the council from contract failure, and potential information or safeguarding considerations.
- 3.2. The scope currently excludes capital contracts and contracts with other public service organisations, such as those with Manchester Foundation Trust. Some of the main contracts under this list include:
- Waste and Recycling Collection Services Contract (Biffa Municipal Ltd)
  - The collection, disposal and recycling of street cleansing and bulky waste (Redgate Holdings Ltd)
  - Leisure Services Contracts (Greenwich Leisure Limited (GLL); Sports and Leisure Management (SLM))
  - Small Format Advertising (JCDecaux UK Ltd)
  - Large format advertising (Ocean)
  - Housing Repairs and Maintenance Contract (Bouygues – formerly Equans)
  - Provision of Building Services (Mitie Security Ltd)
  - Energy Contracts (various – NPower, SSE, Drax Energy Solutions, Corona Energy)
  - Highways Gritting (Balfour Beatty Living Places)
  - Highways Surfacing of carriageways – two frameworks (Colas Limited; Kiely Bros Ltd; JPCS; Road Maintenance Services Limited) and (Tarmac, Bethell Group, J Hopkins)
  - Key ICT contracts (including with Civica UK, Capita, Liquid Logic, EE, 8x8, UK Fast – now owned by ANS Group, The Networking People, Telefonica and XMA)
  - Property Management and the Council's Investment Estate (Jacobs)
- 3.3. Further work is required to define the role of the board in relation to social care contracts.

#### **4. Major Contracts Review Board**

- 4.1. The first meeting of the board took place in November 2022 and work to date has been focussed on:
- The development of the Council's approach to major contract decisions. This is particularly relevant following the recent council motion and is covered later in the report.
  - Establish the major contracts list and pipeline for contract break and end dates. This will be a standing item at the board.
  - Seek assurance over the governance arrangements for major contracts. A report is due back on this at the next meeting.

- Work is underway to collate the contract terms for annual uplifts and inflation and to understand the impact of inflation for the contracts in 2023/24.
- Deep dives into specific contract arrangements including the Housing Operations Repairs and Maintenance Contract and the Provision of Property Management and Professional Services (Management of the council's investment estate).

## 5. Delivery Model Assessment

- 5.1. Work has been carried out to enable a clear policy framework to be provided to guide decision making on the appropriate delivery model options for major contracts. This work is of heightened profile following the adoption of the Council "insourcing first" motion that advocates guidance to policy teams that they begin with insourcing as the default option for services and the work reflects this priority.
- 5.2. A discussion paper that will be developed to form the council's policy is appended. This has been developed based on good practice from other local authorities, recently updated CIPFA guidance and guidance published by the Cabinet Office as well as the duty on the council to achieve "best value" and sets out how the council will consider the most appropriate delivery model for services whether they are existing services that need to be recommissioned, or brand-new commissions. Further work will be required to develop and finalise the policy and provide guidance for the assessments. However, the approach is being adopted now for all major contract decisions.
- 5.3. The paper is at a relatively early stage of development and was considered by the Board at the meeting of 23 February. It will now be subject to consultation with key stakeholders including Trade Union Colleagues.
- 5.4. The discussion paper advocates a 4-step approach as follows:
  - **Define the service and identify delivery model options.** This step clarifies the key components of the service, the capabilities and assets required to deliver the service (e.g. ICT systems that are needed, any regulatory roles, the workforce implications etc), and the potential delivery model options.
  - **Establish evaluation criteria for appraising delivery model options.** In addition to cost (see step 3) five standard criteria cover strategic fit, service delivery, risk, implementation considerations, and markets/suppliers. The project may consider further criteria if relevant.
  - **Whole-life cost estimation of model options.**
  - **Assessment of models against the evaluation criteria and cost.**
- 5.5. The assessment should involve objective consideration of the potential delivery model and be proportionate to the size and nature of the contract. This will by default include the feasibility of bringing the service back in house where applicable. The model will apply to larger, more critical contracts – categorised as 'gold contracts' and the policy will require officers to

demonstrate that an objective assessment has been undertaken following the approach that will be set out in the policy.

- 5.6. There is a recognition that relevant expertise – internal and, if required, external – should be sought where necessary. Internally this would include service expertise as well as Legal, HR, Finance and ICT.
- 5.7. Delivery model assessments should be conducted allowing sufficient time to undertake a robust assessment and recognise that the implementation of a change in delivery model will take considerable time to develop. One of the purposes of the Major Contracts Board is to review the pipeline to ensure this process starts early enough for the full range of delivery options to be considered.
- 5.8. The model approach will be subject to further development and refinement in the light of the consultation and of experience.

## **6. Recommendation**

- 6.1. The Resources and Governance Scrutiny Committee are requested to note the work of the major Contracts Review Board and to provide comments on the content of the Draft Delivery Model Assessment Discussion Paper (Appendix 2) prior to the policy being subject to wider consultation.

## **7. Appendices**

Appendix 1 - Major Contracts Board Terms of Reference

Appendix 2 - Draft Delivery Model Options Discussion Paper

## Appendix 1 - Major Contracts Board Terms of Reference

### 1. Background

At the meeting of Resources and Governance Overview and Scrutiny Committee held in July 2022, it was agreed that a Major Contracts Oversight Board be established, made up of relevant officers and including the Exec Member for Finance.

The purpose of this Board is to:

- Review the Council’s approach to insourcing and the approach to making a decision
- Review the pipeline for major contracts and forward plan for extensions and re procurements
- Oversee feasibility studies for future contract option appraisals
- Ensure the Council’s major contracts are performance managed and be updated on any performance and cost issues
- Evaluate major contracts for the supply of goods, services or works (parameters of evaluation to be inserted – e.g. scope for savings, investment, VFM, effectiveness, social value, environmental issues etc).

### 2. Classification of Contracts

Contract registers are maintained within each directorate of the council and they include classification of “Gold”, “Silver” and “Bronze” depending on a range of factors including complexity, risk, value, profile etc.

The Council’s Social Value, Contracts and Commissioning Leads Group meets regularly to consider issues and developments. The agenda for these meetings will include review of all contracts classified as “Gold” within these portfolios.

There are a range of other factors to consider within the definition of a major contract. Areas of interest may include:

- Major contracts which deliver outsourced services on behalf of the Council
  - Waste contracts updates – Biffa and Redgate being current suppliers.
  - Leisure contracts updates (GLL)
  - Security (Mitie)
  - FM and minor repairs (Equans)
  - Housing Operations repairs (Equans)
- Review of performance and pipeline for Gold and Silver contracts
- Capital major projects are subject to a specific monitoring regime and are outside of the scope of this Board. The Board may periodically review the NWCH performance.
- Highways major contracts. Highways are establishing an Improvement Board which will have oversight of contracts, but this Board will periodically review the framework performance.
- PFI contractual performance and exit strategies on expiry.

Given the size of the potential scope, it is proposed that there are standing items with short contractual summaries, followed by deeper dives into particular contract(s), which would be agreed in advance.

The Board will have the potential to co-opt other Executive Members and officers to join the board where the contract falls within their remit.

### **3. Operation**

Meeting will initially take place bi-monthly until the Board is established and operational so frequency of meetings will be reviewed after 6 months.

Discussion will include relevant topics as decided by the Board but will include a deep dive into particular contract(s) agreed in advance.

Standing items on Agenda to include:

Timely review of the pipeline of expiring contracts, (or those coming up for extension) allowing 12 months for a potential re-procurement with view to:

- considering options for next iteration or extension
- seeking efficiencies
- reviewing performance and identification of issues

### **4. Membership**

Standing Membership – Executive Member for Finance, Deputy Chief Executive and City Treasurer, Strategic Director Neighbourhoods, Deputy City Treasurer, Deputy City Solicitor and Deputy Monitoring Officer and Head of Integrated Commissioning and Procurement.

Other reps including Director Housing Operations, Director Capital Programmes etc to be invited as required along with Executive Portfolio holders.

## **Appendix 2 - Draft Delivery Model Options Discussion Paper**

### **Introduction**

At Council on 1 February 2023 the council reiterated its commitment to democratic public services and the commitment to continuing with insourcing as the default option for services with clear guidance to be in place to support this.

This paper sets out how the council will ensure that this commitment is met and will be developed into a policy framework that will guide all major service delivery model decisions when commissioning services, whether they are existing services that need to be recommissioned, or brand-new commissions. These decisions must be taken without losing the focus on ensuring that essential services can be provided within the constraints of the budget pressures the council faces. In-house service delivery decisions will not be made purely for ideological reasons but will be considered in the context of value for money, operational practicalities, risks and opportunities.

A service can be delivered in several different ways including being delivered 'in-house', through an arms-length body, through an external provider, or through a joint venture. The most appropriate model can vary depending on the commission. Manchester City Council has a long history of using different delivery models and of changing delivery models where appropriate. This continues today with a wide range of delivery models in place, including in-house delivery, external delivery, joint ventures, and local authority trading companies.

All contracting decisions must be made on a sustainable and legal basis and take into account the quality of that delivered service and social value and value for money. Proposals must also be subject to a robust assessment as part of the commissioning processes.

The policy will promote a standard framework for services to explicitly consider insourcing of services as part of a robust assessment which considers qualitative and quantitative metrics.

The qualitative considerations for each operating model include the risks associated with service delivery, the barriers to entry into the marketplace (high start-up costs or other obstacles that prevent new competitors from easily entering an industry), the responsiveness and control achievable, the commercial potential, and the social value that could be derived. The quantitative assessment looks at the potential and likely estimated cost of service delivery under each model. When combined the qualitative and quantitative measures provide an indication of the overall value for money and ranking of each option.

The policy here has been developed drawing on good practice and the national government's recommended approach.

### **Scope**

This policy will apply to the commissioning of services, including existing services which need to be re-commissioned and brand-new commissions.

The following services are out-of-scope of this policy because they will tend to have one feasible delivery model option, usually delivery by an external supplier(s) with the relevant expertise and regulatory infrastructure in place:

- ICT software contracts (e.g. licenses for Microsoft packages)
- Healthcare services (e.g. health visiting)
- Goods, works (e.g. construction) and concession commissions (define)
- Utilities contracts
- Coroners services

The policy does not concern the appraisal of options for services themselves, such as different options for supporting independence of residents receiving social care.

### **General principles**

The design of future service commissions should involve objective consideration of the most appropriate delivery model, framed within the context of the commitment to considering insourcing as the default option.

The level of consideration should be proportionate to the size and nature of the contract. A common-sense approach should be adopted – if it is clear early on that there is only one feasible delivery model option, other delivery model options should not be considered just for the sake of it.

Larger, more critical contracts – categorised as ‘gold contracts’ within the council are of particular interest and officers should demonstrate that an objective assessment has been undertaken, following the approach set out in this policy.

Relevant expertise – internal and, if required, external – should be sought where necessary to support the consideration of delivery models. For example, Legal, HR, Finance and ICT advice should be sought on workforce implications, finance considerations and ICT implications respectively. These areas, whilst often only supporting elements to the main service under consideration, are usually critical to understanding the feasibility of different delivery model options.

Plan for the short and the longer terms. Delivery model assessments for larger contracts require time to undertake a robust assessment and the implementation of a change in delivery model are likely to take over a year and it is important that there is sufficient lead in time to enable all options to be considered. Where there is insufficient time to deliver a change in delivery model (e.g. if a new service is needed in a shorter timeframe), a continuation of the current delivery model might be the only option in the short term. In these cases, the new service should be designed in such a way to allow for potential longer-term changes to be made to the delivery model, such as a break-clause built-in to the contract at a suitable period.

### **Delivery Model Assessment Approach for Gold Contracts**

Consideration of delivery models should apply to all contracts but in keeping with the general principle of proportionality, major contracts should receive a dedicated delivery model assessment.

Major contracts are identified by how critical they are to the council – gold being the most critical; bronze being least critical – which is consistent with the approach recommended by government. Criticality is based on a combination of factors: value, how quickly an alternative contract could be sourced if required, impact of contract failure, potential reputational risk to the council from contract failure, and potential information or safeguarding considerations. Ultimately the assessment is a



judgement but there is also a tool available on the council's intranet to help guide contract managers on the most appropriate classification.

For gold contracts, officers should demonstrate that they have undertaken an objective assessment of delivery model options, following these steps:

**Define the service and identify delivery model options.** This step clarifies the key components of the service, the capabilities and assets required to deliver the service (e.g. ICT systems that are needed, any regulatory roles etc), and the potential delivery model options which will need to include the potential to bring the service back in house.

**Establish evaluation criteria for appraising delivery model options.** In addition to cost (see step 3) five standard criteria cover strategic fit, service delivery, risk, implementation considerations, and markets/suppliers. The project may consider further criteria if relevant.

**Whole-life cost estimation of model options.**

**Assessment of models against the evaluation criteria and cost.**

In certain cases, there may only be one viable delivery model identified in step one. In these situations, whilst the delivery model would not be compared with alternatives, officers should still understand the estimated whole-life costs (i.e. to inform the budget and, if the service is to be provided by an external organisation, provide a benchmark with which to compare pricing offers from bidders) and assess the model against the above considerations (i.e. implementation, risk etc.).

The steps are not purely sequential, and the delivery model assessment will usually be an iterative process, refining the assessment as more information becomes available.

Further detail on the main elements within each of these steps is provided below.

### **Step 1: Defining the service and delivery model options**

There are a few elements in this step. Officers should:

Set out the various service components involved – i.e. the functions and processes to be delivered by the service. It is critical to understand all the key processes, including any management processes (e.g. quality control), management of subcontractors etc. To put it another way, if a service which is currently delivered by an external organisation were to be brought in-house, what are all the processes the council need to do to deliver that service?

Consider whether all the service components identified need to be delivered together by one organisation, or whether the service could be broken into smaller services. Breaking the service down into smaller parts could widen the number of potential organisations that could deliver the service, including SMEs.

Identify the key capabilities and assets required - i.e., systems, physical assets, particular skills, any required regulatory registrations etc.

Clarify the outcomes and desired outcomes that the service is to deliver. This should include social value and zero carbon considerations.

Identify the potential delivery model options for the service. Typical options could include: in-house delivery, local authority trading company, establishment of a

mutual, delivery by an external organisation, and a joint venture. Not all will be relevant to every contract. Note that, except for relatively small contracts, procurement regulations do not permit reserving contracts to particular types of organisation (such as VCSEs or SMEs).

## **Step 2: Establish evaluation criteria**

Five criteria are proposed as standard, but officers may add further criteria if necessary:

- Strategic Fit, i.e. how well a given service delivery model aligns with the council's strategic priorities both in relation to the service's priorities but also in relation to wider priorities of Our Manchester, Making Manchester Fairer, the Net Zero 2038 ambition, social value and zero carbon ambitions
- People and assets – how well a delivery model is placed to provide the required capabilities and assets, as well as transition and implementation considerations (e.g. TUPE)
- Service Delivery – how well a delivery is suited to enable the service to flourish.
- Transition and mobilisation – how easily can the delivery model be transitioned to and set up?
- Risk. Identification of key risks and exposure to risk (e.g. how much risk can be shared). Note there are changes to the regulatory landscape that may affect the risk analysis (e.g. Social Housing Act, Building Safety Act; new regulator coming into force)

To support the objectivity of the appraisal, the criteria should be weighted. A default 20% per criterion is a reasonable starting point, but for some services certain elements, such as service delivery, may justify a higher weighting than others.

## **Step 3: Whole-life cost estimation**

It is important to understand the costs of delivering the service under the different options based on the current service standards and requirements.

Typically, this would involve a bottom-up estimation of costs (how many staff required, the annual running costs, the level of capital investment required etc), based on the service components identified in Step 1. This should be supported by benchmarking with similar services currently delivered on the market and any other relevant costing methodologies.

Care needs to be taken to understand the financial risks and required rates of return on investment. For example, the risk of voids will be priced into a contract and will also need to be considered in the financial model.

Finance should be consulted on the cost models. In the case of brand-new services, the same cost models can be used to support the development of the business case for the new service.

## **Step 4: Assessment of models**

In this step officers should appraise the different delivery model options against the evaluation criteria. The information from Step 1 is a key input in steering the types of considerations that are relevant for each delivery model option. For example pertinent questions could include those set out in Table 1 below but note these are illustrative and not exhaustive.

As part of the assessment there should be a comprehensive market analysis, both to understand the strengths and weaknesses of the external market, and also to inform the cost modelling referred to above.

Table 1: Some illustrative considerations when assessing a delivery model option

Strategic Fit	<p>How well would the delivery model support MCC strategic priorities (including social value and zero carbon) for this service?</p> <p>Are there synergies and/or close working required between this service and other existing council services?</p> <p>Would this delivery model increase diversity of provision (which might be a strategic aim) or could it crowd out local organisations that might otherwise be in the frame?</p> <p>Would the delivery model help to drive innovation or advancements for the service?</p>
People and assets	<p>Are resources readily available under the delivery model to deliver the required services?</p> <p>To what extent will the Delivery Model require additional investment in capability development, training and knowledge transfer?</p> <p>To what extent will the Delivery Model require additional investment in other assets (e.g. ICT, office space)?</p> <p>How well can resources adapt/flex to meet changing need?</p> <p>What terms and conditions would staff be employed under in this Delivery Model? Will these be consistent with the GM Good Employment Charter? Will terms be appropriate for recruiting and motivating staff?</p> <p>What is the risk of key staff not transferring via TUPE?</p>
Service Delivery and Quality	<p>How well can the delivery model meet end-user (e.g. resident) needs?</p> <p>What is the organisational readiness under the delivery model to deliver the required service?</p> <p>How well developed is the market for this type of service?</p> <p>How would the service be delivered on the ground? What management arrangements are needed (both skills and performance management arrangements), or would new arrangements be needed?</p>

	<p>How would the delivery model drive improved performance / maintain high performance? What controls will the council have to take action in event of underperformance?</p> <p>How flexible is the delivery model to adapting to changing service requirements?</p>
Transition and mobilisation	<p>How well does the delivery model provide for continuity of service or service through any transition from current services?</p> <p>Does the service require significant business or cultural change?</p> <p>How strong is the mobilization and transition capability of those implementing and running this delivery model?</p>
Risk	<p>What are the key risks associated with the delivery model?</p> <p>What are the commercial risks involved, e.g. potential for cost variability or lower levels of cost control?</p> <p>What are the risks associated with the mobilization of the delivery model? This could for example be risks associated with the TUPE transfer of staff to the new model.</p> <p>How well placed is the delivery model for managing risks (e.g. managing increase in costs)?</p> <p>Is there a risk of being exposed if reliant on a single large provider under the Delivery Model?</p>
Financial Assessment	<p>As well as understanding the whole life costs of the different models of service delivery and how they may vary between options it is important that the one-off transition costs are clearly identified and set out. These could include investment in additional management capability, ICT systems etc.</p>

### Data to support the assessment

Officers should collect a range of data to inform the assessment, including the following where relevant:

Resident or end-user views, and feedback from staff, on the current service (if there is one) and desired outcomes for the future service, consistent with the Our Manchester approach.

Current performance data (if there is an existing service in place). Officers should analyse reasons behind a well performing or underperforming service and in turn consider how a different delivery model may deliver any improvement.

Market data – what services does the market provide and at what price? Information gathering could include (these are not exhaustive): soft market testing, conducted in

accordance with procurement regulations; analysis of relevant industry reports; and research into similar services commissioned by other authorities.

Advice from HR, Finance, ICT, Legal, Procurement (and any other teams as required). Technical issues like TUPE, pensions, system requirements are critical and can be a determining factor in assessing whether a delivery model option is feasible or recommended. Advice should be sought early on.

External advice where required, particularly for more specialist services where the council has less experience of.

Advice and learning from other services in the council that have changed their delivery model.

Relevant benchmarking data, e.g. benchmarking with other local authorities.

### **Governance**

Delivery model assessments and accompanying recommendation for gold commissions should be shared with the members of Major Contracts Board for comment. After addressing any comments from the Board, the assessment should then be reviewed and agreed by:

The Chief Exec /SMT along with key members

The relevant Chief Officer and the Deputy Chief Executive and City Treasurer, or by officers with delegated authority for making contract decisions (as set out in the Constitution); and

The relevant Executive Member.

Given the size and scale of the gold commissions, the decision making will ultimately be a Key Decision and decisions should be added to the Register of Key Decisions accordingly. In the case of a continuation of outsourced contracts, the key decision is taken at the point in which the decision makers approve an award of a contract, but the decision should be added to the Register of Key Decisions in advance of any commencement of procurement.

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