



Environment, Climate Change and Neighbourhoods Scrutiny Committee

Date: Thursday, 8 February 2024

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

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

Membership of the Environment, Climate Change and Neighbourhoods Scrutiny Committee

Councillors - Shilton Godwin (Chair), Chohan, Collins, Holt, Ilyas, McCaul, Razaq, Wiest and Wright

Supplementary Agenda

- 5a. Revenue Budget Update 2024/25** 3 - 12
Report of the Deputy Chief Executive and City Treasurer

This report sets out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced 18 December 2023 the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m are delivered next year.

This report provides a high-level overview of the updated budget position. Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees the final budget proposals on 14 February 2024.

- 5b. Neighbourhoods Directorate Budget 2024/25** 13 - 32
Report of the Strategic Director (Neighbourhoods)

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2023. Each scrutiny committee is invited to consider the proposed budget changes that are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals on 14 February 2024.

Further Information

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

Lee Walker, Scrutiny Support Officer
Tel: 0161 234 3376
Email: lee.walker@manchester.gov.uk

This supplementary agenda was issued on **Friday, 2 February 2024** 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: Economy and Regeneration Scrutiny Committee - 6 February 2024
Communities and Equalities Scrutiny Committee - 6 February 2024
Health Scrutiny Committee - 7 February 2024
Children and Young People Scrutiny Committee - 7 February 2024
Environment and Climate Change Scrutiny Committee - 8 February 2024

Subject: Revenue Budget Update 2024/25

Report of: Deputy Chief Executive and City Treasurer

Summary

Local Government is under profound financial pressure, largely due to externally driven cost and demand pressures at a national level particularly affecting Adults Services, Children's Services and Homelessness. It is in this context that the Council must set a balanced budget.

This report sets out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced 18 December 2023 the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m are delivered next year.

This report provides a high-level overview of the updated budget position. Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees the final budget proposals on 14 February 2024.

Recommendations

The Committee is recommended to:

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

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.

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

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the final 2024/25 revenue budget set by Council on 1 March 2024.

Financial Consequences – Capital

None directly arising from this report.

Contact Officers:

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

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

Name: Samantha McArdle
Position: Head of Corporate Finance
Telephone: 0161 234 3472
E-mail: samantha.mcardle@manchester.gov.uk

Background documents (available for public inspection):

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

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

[Revenue Budget Update 2024/2025 - Resources and Governance Committee 7 September 2023](#)

[Revenue Budget Update and Corporate Core Budget Proposals 2024/25 - Resources and Governance Committee 9 November 2023](#)

[Provisional Local Government Finance Settlement 2024/25 and Budget - Resources and Governance Scrutiny Committee 11 January 2024](#)

1. Introduction and Background

- 1.1. An indicative balanced 2024/25 budget was set out in the February 2023 MTFs, including the planned use of reserves. In common with the rest of the sector the Council's finances continue to be under intense pressure. The high levels of inflation and rising demand for services continues to outstrip the level of resources available. As reported to Resources and Governance committee in September and November the current year's pressures and updated forecasts meant that the budget position had to be reviewed. This report updates on the refreshed position including progress in reaching a balanced budget, reflecting proposed savings and investment options.

2. Changes to the Budget Position

- 2.1. The November scrutiny committees were presented with additional cuts and efficiencies totalling £2.5m for consideration, in addition to the savings agreed in last year's MTFP of £36m (of which £10.2m related to 2024/25) and the use of c£17m a year of smoothing reserves. It was anticipated that further cuts and savings may be required depending on the outcome of the provisional settlement.
- 2.2. The government announced the Autumn Statement on 22 November 2023 followed by the provisional finance settlement on 18 December 2023. This was in the context of another very difficult year for Local Government. In 2023, inflation averaged 8%, which together with unrelenting demand pressures has compounded challenges, especially in social care and homelessness, when there is limited financial resilience following the cumulative impact of the prior decade's austerity measures. A survey conducted by the LGA found that one in five councils believe they are fairly or very likely to issue a Section 114 notice this year or next. Several Councils have now applied to the Government for 'exceptional financial support'. Typically, this consists of a capitalisation directive allowing them to fund day to day spending from capital resources.
- 2.3. Despite this context, there was no new funding announced in the provisional settlement. Disappointingly the Services Grant was cut by 84.1% nationally. For Manchester this is a reduction of £6.1m, from £7.2m to just £1.1m. Whilst some redistribution of services grant had been anticipated, it was not expected at this scale. This cut was partly offset by an increase in forecast business rates income of £3.1m (one off) linked to another year of Retail, Hospitality and Leisure Relief. This scheme gives 75% relief for this sector up to a cap of £110k per business. This has a positive impact on the level of bad debt and appeals to be provided for, as these are now based on a reduced level of income. Other settlement changes to Revenue Support Grant and New Homes Bonus net to £0.6m. Therefore, the budget impact of the settlement is a £2.4m worsening of the position rising to £5.3m in 2025/26 as set out to Resources and Governance committee 11 Jan 2024.
- 2.4. In addition to the settlement announcements Manchester continues to face growing pressures in social care and homelessness. In the last two months

there has been an increase in children's placement numbers and costs, further significant pressures across adult social care (ASC) budgets and some worrying trends in asylum seekers, the migrant policy and homelessness. This is in line with national trends and Core Cities and other GM authorities are all reporting similar issues. Work throughout January quantified the full year effect of the increased numbers of residents requiring care and support this year at £10m. Whilst extremely challenging it is important that a realistic and deliverable budget is set which recognises these additional pressures.

2.5. The changes in the Provisional Finance Settlement and increased pressures in social care and homelessness meant further work was required to ensure a balanced budget for 2024/25 and be put forward for consideration by the Executive. Actions to balance the budget, totaling £15m, have been identified from the following areas:

- £3.4m - Council Tax and Business Rates – improvements in collection and 100% premium on empty unfurnished properties after one year
- £6.1m - GMCA Waste Rebates and Levies
- £1.5m - Additional Investment Estate and Enforcement Income
- £1m - Rephasing of ICT and G&D investments
- £1.2m - Airport Interest & Car Park Investment dividend
- £0.302m – Efficiencies on minor back-office budgets etc
- £1m - Gas energy savings (wholesale price reduction)

2.6. This has enabled a balanced budget in 2024/25 to be proposed as summarised in table one.

Table One: Summary of Budget changes

	2024 / 25 £'000	2025 / 26 £'000	2026 / 27 £'000
Position reported to Resources and Governance 9 Nov 2023	1,655	29,845	48,990
Increase General Fund to reflect worsening overspend	1,000		
Settlement changes	2,374	6,403	6,394
Revised Shortfall / (surplus) after settlement reported to Resources and Governance 11 Jan 2024	5,029	36,248	55,384
Net Additional Pressures	10,000	10,000	10,000
Actions to balance the budget	(15,029)	(17,448)	(24,619)
Revised Shortfall / (surplus)	(0)	28,800	40,765

2.7. Whilst not complacent, the Council is in a better position than many and is able to propose a balanced budget for 2024/25. This is due to the careful long-term financial planning which has involved making some difficult decisions around cost reduction and doing things differently. Despite this, a significant and growing budget gap remains from 2025/26, and urgent action will be required to address this.

- 2.8. The Final Settlement is due to be announced in early February 2024. This does not usually vary significantly from the Provisional Settlement. However, on 24 January 2024 additional funding was announced in a written statement in advance of the final settlement. The announcement included a further £500m for social care, £15m increase in the Rural Services Delivery Grant (RSDG), and that the funding guarantee would be increased from 3% to 4% (estimate £60m extra). If the funding is allocated in line with the existing Social Care Grant formula, Manchester would receive around £5.5m. Recommendations on how to achieve maximum value from the funding are being developed and will be finalised once the Final Finance Settlement has been published and final amounts are known. These will be presented to the Executive on 14 February and Budget Scrutiny on 26 February.

3. Summary Budget Position

- 3.1. The final budget position for 2024/25 and future years will be confirmed at February 2024 Executive. This will be after the key decisions confirming the Council Tax and Business Rates tax base to be used to determine the collection fund position have been made in January and the Final Finance Settlement is received.
- 3.2. The indicative medium-term position is shown in the table below, showing the planned use of reserves and the level of savings proposals identified as part of last years budget setting process (£10.2m for 2024/25) and additional savings for consideration (£11.2m in 2024/25).
- 3.3. Further details on the overall financial position are provided in the budget update report to Resources and Governance Scrutiny Committee on 8 February 2024. The full budget will be set out in the Medium-Term Financial Budget going to Executive on 14 February 2024.

Table Two: Summary Budget position

	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	406,378	417,785	424,393
Council Tax	230,872	248,888	266,205
Grants and other External Funding	137,242	104,614	104,614
Dividends	195	390	390
Use of Reserves	11,522	13,003	8,222
Total Resources Available	786,209	784,680	803,824
Resources Required			
Corporate Costs	120,478	123,321	123,125
Directorate Costs	703,963	739,985	771,198
Total Resources Required	824,441	863,306	894,323
Budget Gap	38,232	78,626	90,499
Savings approved in Feb 22 MTFP	(10,172)	(20,774)	(20,774)
Additional Savings	(11,202)	(11,202)	(11,202)
Use of Smoothing Reserves	(16,858)	(17,850)	(17,758)
Gap after use of Smoothing Reserves and savings	0	28,800	40,765

3.4. The accompanying report sets out the priorities and officer proposals for the services within the remit of this committee. This includes a reminder of the savings proposals identified as part of last years budget setting process (£36.2m across three years) and additional savings for consideration (£11.2m from 2024/25). As far as possible these are aimed at protecting the delivery of council priorities and represent the least detrimental options.

4. Budget Consultation

4.1. There is a statutory requirement to consult with business rates payers. Public consultation on proposed Council Tax levels and the savings and cuts measures put forward by officers opened on 31 October and ran until 27 December 2023. The provisional results from the consultation will be reported to Executive in February. The full analysis and results, alongside comments from scrutiny committees, will be reported to the Budget Scrutiny meeting on 26 February to ensure they are fully considered before the final budget is set.

4.2. None of the budget options set out to date require formal statutory consultation.

5. Equalities Impact and Anti-Poverty Assessments

5.1. Each saving option that was approved last year was supported by a robust business case where consideration was given to how the savings could impact

on different protected or disadvantaged groups. Where applicable proposals were be subject to completion of an Equality Impact Assessment (EqIA) and a Poverty Impact Assessment as part of the detailed planning and implementation. Work is also underway on the way in which equalities data is collected across the Council, supporting the ability to be better informed on the impact of changes being made to services.

6. Scrutiny of the draft proposals and the budget reports

- 6.1. The reports have been tailored to the remit of each scrutiny as shown in the table below. Each Committee is invited to consider the proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals in February 2024.

Table Three: Scrutiny Committee Remits

Date	Meeting	Services Included
6 Feb 24	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Community Safety Housing Operations including Homelessness Neighbourhood teams
6 Feb 24	Economy and Regeneration Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways
7 Feb 24	Health Scrutiny Committee	Adult Social Care Public Health
7 Feb 24	Children and Young People Scrutiny Committee	Children and Education Services
8 Feb 24	Resources and Governance Scrutiny Committee	Chief Exec Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
8 Feb 24	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance Compliance

7. Next Steps

The proposed next steps are as follows:

- 6-8 February - Scrutiny Committees
- 14 February - Executive receive proposed budget
- 26 February - Resources and Governance Budget Scrutiny
- 1 March - Council approval of 2024/25 budget

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**Manchester City Council
Report for Information**

Report to: Environment, Climate Change and Neighbourhoods Scrutiny
Committee – 8 February 2024
Executive – 14 February 2024

Subject: Neighbourhoods Directorate Budget 2024/25

Report of: Strategic Director (Neighbourhoods)

Summary

Local Government is under profound financial pressure, largely due to externally driven cost and demand pressures at a national level particularly affecting Adults Services, Children's Services and Homelessness. It is in this context that the Council must set a balanced budget.

Following the provisional finance settlement announced 18 December the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduces to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m will be delivered next year.

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2023. Each scrutiny committee is invited to consider the proposed budget changes that are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals on 14 February 2024.

Recommendations

The Committee is recommended to: -

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

Wards Affected: All

<p>Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>	<p>The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council’s planning and budget proposals.</p>
<p>Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>	<p>Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.</p>

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

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the final 2024/25 revenue budget set by Council on 1 March 2024.

Financial Consequences – Capital

None directly arising from this report.

Contact Officers:

Name: Neil Fairlamb
Position: Strategic Director – Neighbourhood Services
Telephone: 07798947609
E-Mail: neil.fairlamb@manchester.gov.uk

Name: Paul Hindle
Position: Head of Finance – Corporate Core
Telephone: 0161 234 3205
E-Mail: paul.hindle@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.

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

1. Introduction and purpose

- 1.1 The report sets out a service overview and key priorities including an update on the Climate Action Plan, along with the latest draft budgets for the services within the remit of this scrutiny committee. The proposed budget contains details of the already approved savings and investments, along with additional proposed savings for consideration and comment as part of the budget process in order to help the Council deliver an overall balanced 2024/25 budget.

This report is a follow on from the initial budget report brought to the November Committee meeting. The proposals in this report reflect the overall changes to the Council's budget position following the Autumn Statement and Provisional Finance Settlement in December. This report should be read with the covering budget report to this committee. This report covers the services under the remit of the scrutiny committee.

2. Service overview and priorities

- 2.1 Neighbourhood Service Directorate has a wide range of services and employs over 1,916 staff. The Directorate works to improve the lives of Manchester residents and showcase the city to our millions of visitors every year. Our services work directly with the people of Manchester and together we want to make Manchester a better place to live, work and play. We have committed, via the Our Manchester Strategy to creating sustainable, safe, resilient, and cohesive neighbourhoods, with more affordable housing, good quality green spaces, and accessible culture and sporting facilities. We will work with colleagues and partners to achieve our zero-carbon ambition by 2038 at the latest, via green growth, low- carbon energy, retrofitting of buildings, green infrastructure, and increasing climate resilience.
- 2.2 The services under the remit of this committee includes the following services:

Parks and Green Spaces

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

Compliance

- 2.4 Enforce the law in a fair and consistent manner, helping businesses to meet [REDACTED] their legal obligations and taking firm action against those who disregard the law or act irresponsibly.

Grounds Maintenance

- 2.5 The service works across the city, tending to parks, roadsides, and green spaces. They work closely with partners to ensure improved standards of cleanliness across the city.

Waste and Street Cleansing

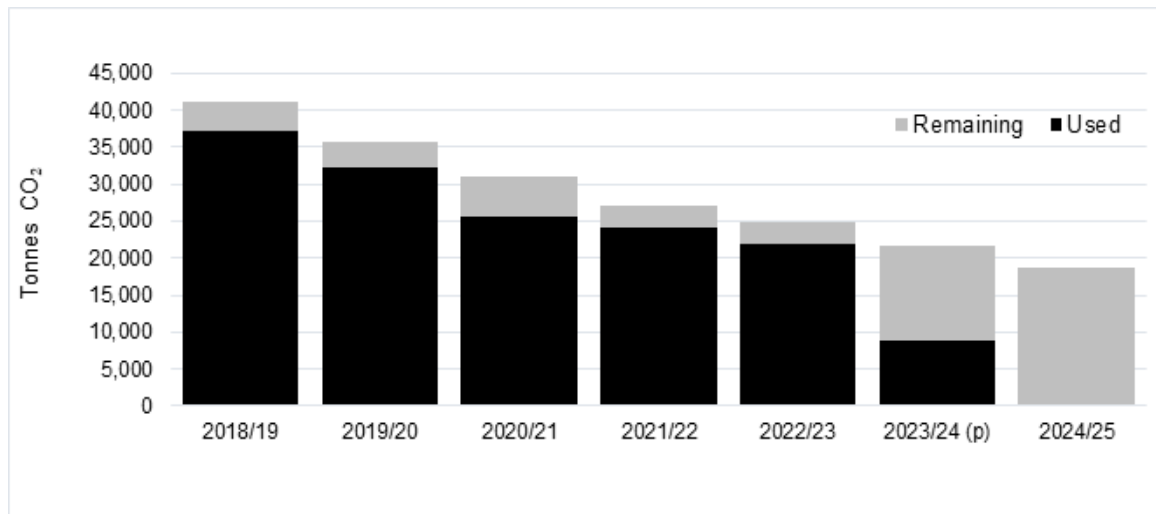
- 2.6. Work very closely with the collections provider to improve street cleansing standards across the city and reduce bin collection issues, work with Neighbourhood Teams, Neighbourhood Compliance Teams, and other services to develop, coordinate, and monitor a range of programmes and activities to encourage residents and businesses to manage their waste legitimately and increase recycling.

Waste Disposal Levy

- 2.7. The monies paid over to Greater Manchester Combined Authority to fund the costs of recycling and waste disposal across GM (Greater Manchester), including the operation of the Household Waste Recycling centres (tips).

Climate Change Action Plan Update

- 2.8. In September 2022, the City Council's Executive Committee approved a refresh of the [Manchester Climate Change Action Plan](#) (CCAP) 2020-25, which reinforced the Council's climate change ambitions to lead by example (by taking action to reduce its own organisational impact on the environment) and take a citywide leadership role.
- 2.9 The Council's own carbon emissions goal is to reduce its direct CO₂ emissions year on year to reach zero-carbon by 2038 and remain within its set carbon budget. These emissions relate to Council buildings, streetlights, waste collection, operational fleet, and Council business travel.
- 2.10 The City Council's 2020-25 CCAP carbon budget is 126,336 tonnes of CO₂ (tCO₂). To date, the Council has used 62.3% of the carbon budget so far, which means the Council has made good progress to date and is on track to remain within the five-year carbon budget to 2025.
- 2.11 Figure 1 below shows the CO₂ emissions used each year of the CCAP 2020-25 against the annual emissions budget, commencing from the baseline year, 2018/19 to highlight the year-on-year budget reduction and downward trend.



*2023/24 - includes emissions from the first two quarters - April to September 2023

2.12 As the Council's refreshed CCAP sets out, as well as continuing to reduce its own direct CO₂ emissions and take action on climate change across all areas of the Council, going forward there will be more emphasis on our city leadership role. Working in partnership and supporting residents and partners across the city to play their full part in reducing the city's carbon emissions to meet the science-based target, including ensuring a just transition for residents.

2.13 To enable the delivery of the commitments set out in the Council's CCAP, further revenue and capital investment from a variety of funding sources over multiple financial years is critical, but also a major challenge. In 2022, as part of the CCAP governance, a Finance & Investment Sub-group was established to support this work by exploring investment opportunities in the zero carbon agenda, developing public/private partnerships and exploring innovative funding models. The Sub-group also has a focus on growing MCC's capacity and knowledge by building on best practice and developing new networks and approaches to delivering climate action. In December 2023, the Council and GMCA were awarded up to **£7m** from the Department for Energy Security and Net Zero for a joint Net Zero Accelerator project to support delivery of the GM Local Area Energy Plan through the development, demonstration and scale up of new investment and delivery models.

Delivering Manchester City Council's Climate Change Action Plan 2020-2025

2.14 To date, the Council has secured approximately **£319m** (£92m of which has been secured during the last 12 months) to deliver the 5-year Climate Change Action Plan. The breakdown of this funding by source is as follows:

- **£145m** via the Council (including investment in LED streetlighting, Civic Quarter Heat Network, Estates Carbon Reduction, purchase

of Electric Refuse Collection Vehicles, Tree Planting, social housing new low carbon homes & retrofit, education setting summit and new climate change posts), and including:

- £0.946m funding for the Manchester Climate Change Agency to support with staffing and operational costs. This funding has built leadership capacity across the city's partners and has enabled over £3m of funding to be attracted to delivering citywide climate action.
- £0.8m additional ongoing revenue secured as part of 2022/23 budget setting to provide additional staffing capacity (12 new posts) to support delivery of the CCAP (additional details on what these posts are delivering is provided in the table below).
- **£97m** from UK Government (including funding for Mayfield Park, Urban Tree Challenge Fund, Public Sector Decarbonisation Scheme, Active Travel, Social Housing Decarbonisation Fund, HNIP grant contribution to Civic Quarter Heat Network)
- **£55m** from the GMCA (including Active Travel, GM Mayors Challenge Fund)
- **£8.1m** from the European Union (including ERDF funded Unlocking Clean Energy and Homes as Energy Systems, Horizon 2020 funding for West Gorton Park, URBACT C-Change and Zero Carbon Cities projects).
- **£10m** from partners (including One Manchester contribution to the Social Housing Decarbonisation Fund)
- **£3.6m** from the Manchester Climate Change Agency (including In Our Nature funding from the National Lottery).

2.15 The investment outlined above has assisted the Council in making good progress towards achieving its zero-carbon target by helping to reduce its direct emissions and remain within the carbon budget limit.

2.16 The additional revenue investment secured as part of the 2022/23 budget setting is providing important ongoing additional capacity, particularly in delivering the city-wide actions, as outlined in the table below. All of these posts have now been filled.

Focus	Description
Housing Investment & Retrofit	Develop and deliver a housing retrofit plan for the Council's social housing stock. Work with Manchester Housing Providers Partnership and wider partners to deliver an approach to housing retrofit across social and private sectors.
Energy & Infrastructure Support	Review and respond to the recommendations of the Local Area Energy Plan, working with Greater Manchester partners to deliver energy infrastructure.
Procurement	Supporting effective implementation and monitoring of the 10% environmental weighting across our procurement processes and supporting MCC Commissioners and suppliers to respond to this request.

City Policy Zero Carbon Team	Develop a plan to eradicate avoidable single use plastics across the Council and at events, and embed this across the Council to work towards being avoidable single use plastic free by 2024. Added capacity to support the Finance & Investment work programme alongside CCAP programme management work of the Zero Carbon Team.
Sustainable Staff Travel	Embed the new Staff Travel Policy across the Council by supporting staff to make sustainable travel choices and delivering Service Engagement sessions to raise awareness of the policy and incentive schemes.
Carbon Literacy	Delivering a comprehensive Carbon Literacy programme which secures our target Gold standard by 2025, while responding to service needs and establishing a mechanism for evaluation.
CCAP Delivery Support	Allocating small amounts of funding to support the delivery of priorities (e.g. support to schools, work with the food sector), which has the potential to enable greater progress.

- 2.17 Continuing to operate within the remainder of the carbon budget will be challenging and the Council will need to continue to identify and secure investment to deliver on its commitments.
- 2.18 The progress that is made is documented and reported both quarterly and annually to senior officers, Members and published on the Council's website. In addition to this, each year, we set out the priorities for the coming year and report against these within the reports. The CCAP Work Programme for 2023/24, which was presented to the Environment, Climate Change and Neighbourhoods Scrutiny Committee in June 2023 can be found [here](#), and the [CCAP Quarterly Progress Updates](#) provide an overview of the delivery of each of the CCAP actions.
- 2.19 Some of the upcoming priority areas for the remainder of the year include:
- entering into contract for a Power Purchase Agreement (PPA) following selection of an agreed supplier in December 2023
 - continuing to deliver the Council's Estates decarbonisation programme and develop a strategy to reduce our estates emissions to 2038
 - continuing to deliver housing retrofit and efficiency measures across our own housing stock to deliver the priorities set out in Manchester's Housing Strategy
 - continuing to research new and innovative funding and financing opportunities for investment into this agenda
 - continuing to support Council staff to undertake Carbon Literacy training
 - continuing to invest in active travel infrastructure across the city delivering the Single Use Plastics Reduction Action Plan across the organisation.

3 Service budget and proposed changes

- 3.1 Neighbourhood Services Directorate has an overall gross budget of £262m and a net budget of £139.225m. The Directorate employs 1,916 fte. The budgets which fall under the remit of this scrutiny are reflected in the tables below, with a gross budget of £82.248m, net budgets of £73.801m and an fte of 400.

Table One: Base budget 2023/24

Service Area	2023/24 Gross budget £'000	2023 / 24 Net Budget £'000	2023 / 24 Budgeted posts (FTE) £'000
Parks and Green Spaces	3,877	1,864	63
Compliance	11,521	8,937	220
Waste Disposal Levy	30,632	30,632	0
Grounds Maintenance	4,810	4,372	101
Waste and street cleaning	31,408	27,996	16
Total	82,248	73,801	400

- 3.2 Savings of £0.5m have already been approved for 2024/27 as part of prior year budget approvals and these remain on track to be delivered. The table below sets out the already approved savings and further details are set out in Appendix 1.

Description of savings	2024/25 £000's	2025/26 £000's	2026/27 £000's	Total £000's
Parks and open spaces	100	0	0	100
Waste and street cleansing	0	400	0	400
Total Already Approved Savings	100	400	0	500

- a. As part of the 2023/24 budget process savings were identified over a three-year period and it was intended that the 2024/25 budget would be light touch and no further savings would be required. In light of the current financial years pressures and ongoing high inflation rates it has been necessary to revisit the initial assumptions and identify further savings options for consideration.
- b. As part of identifying further savings options the initial priority has been to protect service delivery wherever possible, and this has included looking to increase income generation opportunities where possible.
- c. Review of our existing workforce structures and capacity and in particular how we budget for staffing costs in light of high levels of turnover and allowing for all posts at top of grade.

- d. The proposed savings from services within the remit of this scrutiny committee are summarised below and are set out in more detail in Appendix 1, with further narrative provided in the following paragraphs.

Cross Cutting Staff Savings

- e. Historically there have been staffing underspends across all Council Directorates, this is because of a combination of ongoing vacant posts, the high number of part time posts and staff not being at the top of the grades. To provide a more realistic staffing budget, without reducing capacity it is proposed to reduce staffing budgets by £1m across the council, and Neighbourhood Services proportion of this is £189k, with £26k being within the remit of this scrutiny.
- f. As part annual budget process all sales, fees and charges have been reviewed to ensure that they are services are fully recovering fees where appropriate, and also to ensure that budgets are uplifted where possible to reflect any realignment of budgets because of increased activity, or any increased income from proposed price increases.
- g. As part of the review it is proposed that some external charges are increased by up to 5% from 1st April, and as part of these increases' additional income of £132k is forecast from across the services within the remit of this Committee and this has been reflected within the overall budget as part of the £1m increased income from sales fees and charges. Details of these changes are set out in the table below:

Income Generating Area	Proposed Increase £000's	Comments
Compliance	97	Increase fees and charges by 5%
Waste	37	5% inflationary increase applied to bulky waste collections
Total	266	

- h. In addition to the above price increases that contribute to wider council savings, there are other services that will be increasing prices by up to 5% in order that the additional income can fund increased costs arising from inflationary increases.

Growth and Pressures 2024-27

- i. As part of the budget proposals an initial £0.9m investment into waste and street cleaning is proposed for 2024/25, this will provide £0.4m investment into waste collection and disposal to provide resources to meet increased demographic needs because of increased numbers of dwellings across the City that will require additional collection rounds.

- j. In addition to the waste collection investment, £400k of investment is proposed for Street Cleaning which recognises the stepped increase in population and footfall whilst providing the ability to deal with hotspots, and £100k to deal with the accumulation of waste on Council land proactive cleansing of land to prevent fly tipping and there is a further £300k in 2026/27.
- k. The annual waste levy costs are driven by forecast tonnages of waste to be disposed of and the costs of disposal. The levy is set by GMCA and based on latest forecasts it is anticipated that this will increase in 2024/25, with the increase to Manchester being £1.532m. Further increases of £1.480m have been assumed for 2025/26 and £1.009m for 2026/27, these increases are reflected in the current budget plans for those years.
- l. **Appendix 3** provides an overview of the forecast medium-term budgets by service. **Appendix 4** provides an objective analysis of the 2023/24 budget to also set out the key areas of income.

4. Commissioning and procurement priorities

- 4.1 The Directorate will continue to work with Integrated Commissioning and Procurement colleagues to ensure the procurement pipeline is understood and that work to procure contracts is undertaken in a timely manner.
- 4.2 Contract sessions with directorate management teams have been established commencing over September 2023 and quarterly thereafter. The aim of these is to support management teams to understand both their current contractual position and contract spend, and to develop an agreed pipeline of future commissions.
- 4.3 A new Contract Management System is expected to go live during the current financial year. Once operational this will provide Directorates with consistent contract performance information to support contract managers to ensure that contracts deliver against expectations and that opportunities for improvement can be identified and realised more easily.

5. Workforce Implications

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

6. Equality and Anti-Poverty Impact

- 6.1 Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment as part of the detailed planning and implementation. At this stage no direct impacts on people and specifically MCC priority protected characteristics have been identified.

7. Future opportunities, Risks and policy considerations

- 7.1 As development continues across the city, this may lead to increased growth pressures for Neighbourhood Services as the number of households grows significantly. There is some funding proposed within the current budget proposals for both waste collection and street cleansing, but the increase demand is likely to also extend to enforcement, parks, leisure and wider neighbourhood working.
- 7.2. The Target Operating Model for delivering services on a Neighbourhood footprint is being reviewed along with options for further integration of neighbourhood-based functions across the Council, particularly working with adult services and health. It is anticipated that this will generate savings for others rather than within the Neighbourhoods Directorate and this will be considered as part of future budget rounds.

Appendix 1 - Savings Schedule

Service	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
2021/22 Approved Savings								
Parks & Open Spaces	Increased Income	Income Generation		100	0	0	100	
2023/24 Approved Savings								
Waste and street cleaning	Introduce charging for replacement bins	Income Generation		0	400	0	400	
New 2024/25 Savings								
Neighbourhoods	Review of Vacant posts	Efficiency		26	0	0	26	
Compliance	5% Increase in Sales, Fees and Charges	Income Generation		95	0	0	95	
Waste	5% Increase in Sales, Fees and Charges	Income Generation		37	0	0	37	
Total				258	400	0	526	0

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Appendix 2 – Growth and Pressures Schedule

Service	Description	Amount of pressure / growth			
		2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000
Waste Disposal Levy	Increased cost of waste levy	1,532	1,480	1,009	4,021
Waste and street cleaning	Demographic increase for waste collection to reflect the stepped increase in population and disposal as well as resources to support enhanced street cleansing and targeting of hotspots	800	800	700	2,300
Waste and street cleaning	To deal with fly tipping and an accumulation of waste on Council land	100	0	0	100
Total		2,432	2,280	1,709	6,421

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Appendix 3: Indicative Medium-term budgets by service

Service Area	2023/2024 Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
Parks and Green Spaces	1,728	1,628	1,628	1,628
Waste Disposal Levy	30,632	32,164	33,643	34,652
Grounds Maintenance	4,118	4,092	4,092	4,092
Waste and street cleaning	26,081	26,981	27,381	28,081
Total	62,559	64,865	66,744	68,453

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

	2023/2024 Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
Expenditure:				
Employees	6,960	6,934	6,934	6,934
Running Expenses	61,459	63,791	65,670	67,379
Capital Financing Costs	0	0	0	0
Contribution to reserves	0	0	0	0
Sub Total Subjective Expenditure	68,419	70,725	72,604	74,313
Less:				
Other Internal sales	0	0	0	0
Gross Expenditure	68,419	70,725	72,604	74,313
Income:				
Government Grants	0	0	0	0
Contributions from Reserves	(3,499)	(3,499)	(3,499)	(3,499)
Other Grants				
Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(2,359)	(2,359)	(2,359)	(2,359)
Other Income	(2)	(2)	(2)	(2)
Gross Income	(5,860)	(5,860)	(5,860)	(5,860)
Total Net Budget	62,559	64,865	66,744	68,453

