

Resources and Governance Scrutiny Committee

Date: Monday, 26 February 2024

Time: 10.00 am

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

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Membership of the Resources and Governance Scrutiny Committee

Councillors - Simcock (Chair), Andrews, Brickell, Connolly, Davies, Evans, Kilpatrick, Kirkpatrick, Lanchbury, Rowles, Stogia and Wheeler

Supplementary Agenda

- 4a. **Minutes of the proceedings of Executive on 14 February 2024 relating to the budget for 2024/25** 3 - 38
To receive and consider the minute extract of the Executive meeting held on 14 February 2024.
- 5o. **Budget 2024/25 Anti-Poverty and Equalities Impact Assessment** 39 - 54
Report of the Deputy Chief Executive and City Treasurer.

Further Information

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

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This supplementary agenda was issued on **Wednesday, 21 February 2024** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester, M60 2LA

Executive

Minutes of the meeting held on Wednesday, 14 February 2024

Present: Councillor Rahman (Chair)

In accordance with Rule 2.1 of the Executive Procedure Rules, the Statutory Deputy Leader chaired the meeting in the absence of the Leader.

Councillors: Akbar, Bridges, Hacking, Igbon, Midgley, Rawlins, T Robinson and White

Also present as Members of the Standing Consultative Panel:

Councillors: Ahmed Ali, Butt, Chambers, Douglas, Foley, Lynch and Moran

Apologies: Councillor Craig, Johnson and Leech

Exe/24/14 Revenue Budget Monitoring (P9)

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which outlined the projected outturn position for 2023/24, based on expenditure and income activity as at the end of December 2023 and future projections.

The Leader advised that the current budget monitoring forecast was estimating an overspend of £5.5m for 2023/24. This was in the context of significant financial difficulty being faced across the Local Government Sector and reflected the national pressures in the health and social care sector and trends being experienced across most Social Care providing local authorities.

The Children's directorate was facing an overspend of £7.7m due to increased External Residential costs, Home to School Transport demand, workforce and price pressures and overspends in Localities and Fostering workforce budgets. The biggest pressure related to external residential placements and increased complexity of need of the current cohort which had seen placement costs increase by 47% in the current financial year. Similarly the Adult Services Directorate was facing an overspend of £3.7m which was being driven by long term care placements and cost pressures which were outpacing demand management interventions. The Neighbourhoods Directorate was also forecasting an overspend of £1.4m in relation to shortfalls of income in markets and car parking as income levels had failed to recover since the pandemic and alternative locations for the Christmas markets had not replaced the losses incurred at Albert Square.

It was noted that these pressures were partly offset by a forecasted £2m utilities underspend due to the new contract for electricity effective 1 October 2023, and an additional £1m driven by the release of fortuitous income which represented unallocated income balances not allocated to services.

In year price inflation underspend of £455k had been released at P9 plus £553k of unallocated pay award due to vacancy levels as well as underspends of £0.8m in Public Health, arising from the confirmation of external funding, £1.5m in Growth and

Development mostly due planning fee income and £1.2m in the Corporate Core, mainly due staffing underspends and extra income and reduced costs in Coroners were also contributing to offsetting the budget pressures

Since the 2023/24 budget was approved there had been additional grant notifications which were now reflected in revised budgets.

Overspending Directorates were working on recovery plans to mitigate their positions with an aim to reduce the overspend by the end of the financial year. Any overspend this year would be a direct call on the General Fund reserve which would need to be reimbursed in future years. It was important mitigations continued to be identified to bring forecast spend back in line with the available budget.

Decisions

The Executive:-

- (1) Note the global revenue monitoring report and forecast outturn position which is showing a £5.5m overspend.
- (2) Approve the proposed budget virements as set out at paragraphs 2.8 to 2.10 of the report.
- (3) Approve the proposed use of revenue grant funding as set out at paragraph 2.12 of the report.

Exe/24/15 Capital Programme Monitoring (P9)

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which informed of the progress against the delivery of the 2023/24 capital programme to the end of December 2023, the latest forecast of capital expenditure and the major variances since the Capital Programme Monitoring report submitted in November 2023 and the proposed financing of capital expenditure for 2023/24 and affordability of the Capital Programme.

The latest forecast of expenditure for 2023/24 for Manchester City Council was £403.5m compared to the current approved budget of £506.4m. Spend as of 31st December 2023 was £226.0m. It was reported that the programme was subject to continual review to establish whether the forecast remained achievable.

Whilst the intention was for the Council to progress the programme as stated, some projects and their sources of funding might require re-profiling into future years.

The current forecasts showed that the financing costs remained affordable within the revenue budget available including reserves. The capital financing reserves will start to be drawn down to meet the costs associated with the borrowing in 2024/25

Decision

The Executive note the report.

Exe/24/16 Medium Term Financial Strategy and 2024/25 Revenue Budget

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which set out the strategic and financial context which supported the 2024/25 Budget based on the outcome of the Final Local Government Finance Settlement.

The report went on to set out the strategic and statutory context for setting the budget, which included:-

- The Our Manchester Strategy;
- Progress to date on delivering the Our Manchester Strategy,
- The Corporate Plan;
- A summary of the financial position and context;
- The required statutory assessment of the robustness of the proposed budget and adequacy of proposed reserves;
- Other fiduciary and statutory duties; and
- Financial Governance.

The Medium-Term Financial Strategy (MTFS), approved in February 2023, recognised that significant budget cuts would need to be delivered over the Spending Review period to set a balanced budget in future years. When the three-year MTFS was presented in February 2023 an indicative balanced 2024/25 budget was set out. The forecast gap for 2025/26 was £40m.

It was reported that the provisional finance settlement had been disappointing. Despite the well reported financial difficulties being faced by Local Authorities across the sector there was no new funding for public services announced and instead, an unexpected 84% cut in core funding Services Grant was announced. The budget impact of the provisional settlement was a £2.4m worsening of the position for 2024/25, expected to rise to £5.3m in 2025/26. At the same time the in-year budget position for the Council was worsening meaning that the budget needed to allow for topping up the General Fund reserve by at least £1m to maintain the reserve at a reasonable level to enable the overspend to be funded.

In addition to the settlement announcement, Manchester continued to face growing pressures in social care and homelessness. In the last two months there had been an increase in children's placement numbers and costs, further significant pressures across ASC budgets and some worrying trends in asylum seekers/migrant policy/homelessness. This was in line with national trends and core cities and other GM authorities were all reporting similar issues.

Work throughout January quantified the full year effect of the increased numbers of residents requiring care and support, which came to £18.4m. After demand management and proactive mitigations of £8.4m this had been reduced to an additional budget requirement of £10m in 2024/25. Whilst extremely challenging it was important that a realistic and deliverable budget was set which recognised these additional pressures and allowed a realistic budget to be set. As such the following mitigations had been proposed to finalise the revenue budget:-

- A £5.5m Greater Manchester Combined Authority waste levy rebate

- £0.6m final GMCA levy announcements
- £3.93m through improved Council Tax and Business Rates collection, including the introduction of a 100% Council Tax premium on unfurnished empty homes.
- £1.5m through extra income from buildings owned by the Council – through increased rental charges and the renting out of vacant units
- £1.2m through interest on airport loans and investments
- £1m through energy savings due to reductions in wholesale prices
- £0.5m through the rephasing of ICT investments
- £0.5m through the rephasing of Growth & Development investments
- £0.3m through in-year underspends in back office budgets and reduced travel costs

It was important to note that £8.53m of the measures proposed to close the £15m gap are non-recurrent, meaning more permanent proposals would need to be found for 2025/26 and beyond as illustrated below:-

	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000
Position reported to Executive February 2023 MTFS	0	40,392	54,164
Directorate Pressures	25,325	32,589	38,653
Other changes including confirmation of 100% business rates retention	(21,170)	(40,636)	(41,327)
Directorate Savings	(2,500)	(2,500)	(2,500)
Position reported to Resources and Governance 9 Nov 2023	1,655	29,845	48,990
Provisional Settlement changes	2,374	6,403	6,394
Increase General Fund to reflect worsening overspend	1,000	0	0
Revised Shortfall / (surplus) after settlement reported to Resources and Governance 11 Jan 2024	5,029	36,248	55,384
Full year impact of increased Social Care pressures	10,000	10,000	10,000
Mitigations identified January 2024	(15,029)	(17,448)	(24,619)
Shortfall / (surplus)	0	28,800	40,765

As such, Savings options had been developed consisting of £21.3m for 2024/25 and £10.1 for 2025/26:-

Service Area	Amount of Saving				Indicative FTE Impact
	2024/25	2025/26	2026/27	Total	
	£'000	£'000	£'000	£'000	
Adults Services	7,855	2,200	0	10,055	0
Public Health	15	0	0	15	0
Childrens Services	6,142	3,394	0	9,536	0
Neighborhoods	4,211	3,104	0	7,315	3
Corporate Core	1,359	1,089	0	2,448	37
Growth and Development	1,460	315	0	1,775	1
Cross Cutting	332	0	0	332	0
Total Savings	21,374	10,102	0	31,476	41

Taking into account the above changes to the financial assumptions; the impact of the Autumn Statement and final Finance Settlement; the setting of the Council Tax and Business Rates base and Collection Fund surplus and the changes to savings and investment proposals, the forecast budget position was:-

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
Resources Available:				
Business Rates / Settlement Related Funding	376,527	406,999	418,394	425,002
Council Tax	217,968	231,034	249,114	266,520
Grants and other External Funding	130,494	142,907	104,614	104,614
Dividends	0	195	390	390
Use of Reserves	17,087	29,380	32,853	27,982
Total Resources Available	742,076	810,515	805,365	824,508
Resources Required:				
<i>Corporate Costs:</i>				
Levies / Statutory Charge	70,060	72,463	78,806	78,610
Contingency	600	600	600	600
Capital Financing	43,926	43,926	43,926	43,926
Transfer to Reserves	1,335	8,968	0	0
Sub Total Corporate Costs	115,921	125,957	123,332	123,136

<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	8,497	8,497	8,497	8,497
Insurance Costs	2,004	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	2,101	17,357	33,492	50,226
Directorate Budgets	613,553	656,700	666,788	681,267
<i>Subtotal Directorate Costs</i>	<i>626,155</i>	<i>684,558</i>	<i>710,781</i>	<i>741,994</i>
Total Resources Required	742,076	810,515	834,113	865,130
Shortfall / (surplus)	0	0	28,748	40,622

The report explained that the Council's net revenue budget was funded from five main sources: Business Rates, Council Tax, government grants, dividends, and use of reserves. In recent years the on-going reductions in central government funding had increased the importance of growing and maintaining local income and local funding sources, which was now integral to the Council's financial planning. The total resources available to support the Council's net budget position was as follows:-

	Revised 2022 / 23	2023 / 24	2024 / 25	2025 / 26
	£'000	£'000	£'000	£'000
Resources Available				
Business Rates / Settlement Related Funding	235,553	374,725	380,005	386,872
Council Tax	208,965	217,968	228,087	237,279
Grants and other External Funding	104,559	126,439	127,968	116,055
Dividends	0	0	0	0
Use of Reserves	141,522	17,087	31,861	28,372
Total Resources Available	690,599	736,219	767,921	768,578

The assumption in regards Council Tax was that the Council would apply a 2.99% Council Tax increase in the basic amount, and a further 2% increase to provide extra funding for Adult Social Care, equating to a 4.99% Council Tax increase overall.

	2023/24 C'Tax	2025/25 C'Tax	Proposed Increase		Increase per week
	£	£	£	%	£

Manchester City Council - Band D	1,969.50	2,068.25	98.75	5.01%	1.90
Manchester City Council - Band A	1,312.99	1,378.83	65.84	5.01%	1.27
Band A receiving CTS at 82.5% plus CTS Fund of £25 in 2023/24, compared to 2024/25 at 85.0%	204.77	206.83	2.05	1.00%	0.04

It was also reported that the forecasted council tax collection rate was 96.5% in 2024/25, and an increase in the council tax base of 2.0% was forecasted reflecting housing growth within the city. This would bring an additional £5.6m income

The report examined the future funding uncertainties facing the Council. The Deputy Chief Executive and City Treasurer had examined the major assumptions used within the budget calculations and had carried out sensitivity analysis to ascertain the levels of potential risk in the assumptions being used. The key risks identified to the delivery of a balanced budget and their mitigation were set out in the report.

The details of the Business Rate calculations, forecasts and assumptions were set out in the report, as well as the financial changes arising from the business rate related grants and funding the government had provided to support businesses.

The report provided a breakdown of the other non-ringfenced grants and contributions included in the budget. The most significant grants and contributions were described in detail in the report.

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
Better Care Fund (Improved)	31,748	31,748	31,748	31,748
Children's and Adult's Social Care Grant	50,695	65,773	60,218	60,218
Market Sustainability and Fair Cost of Care Fund	10,298	11,664	11,664	11,664
Adult Social Care Discharge Fund	4,451	7,420	7,420	7,420
2022/23 Services Grant	7,230	1,248	0	0
New Homes Bonus Grant	6,637	4,109	0	0
Loan Income from Airport	6,913	7,913	1,000	1,000
Contribution from MHCC	4,000	4,000	4,000	4,000
Education Services Grant	1,055	955	955	955
Housing Benefit Admin Subsidy	2,514	2,514	2,514	2,514
Care Act Grant - Prison only from 16/17	95	95	95	95
Settlement Risk				
Proposed share of waste rebate	4,858	5,468	0	0
Settlement risk	0	0	(15,000)	(15,000)
Total Non Ring-fenced Grants	130,494	142,907	104,614	104,614

The report also examined the use of resources and the proposed revenue expenditure by the Council in 2024/25. The forecast of levy payments the Council would have to make to other authorities in 2024/245 was:-

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
GMCA - Waste Disposal Authority	30,632	31,809	33,059	34,669
Transport Levy	39,076	40,289	41,901	43,577
Statutory Charge to GMCA	0	0	3,481	0
Environment Agency	258	258	258	258
Port Health	94	96	96	96
Net Cost of Levies	70,060	72,452	78,795	78,599

The waste disposal levy was paid over to Greater Manchester Combined Authority (GMCA) and this contributed towards their costs of funding Greater Manchester Waste Disposal Authority (GMWDA). Based on figures provided by GMCA the 2024/25 levy costs were to increase by £1.2m inclusive of changes in costs, recycling rates and market prices for recyclates and energy. The Transport Levy was to cover the costs of providing the greater Manchester integrated transport system, including the Metrolink and subsidised bus services, as well as transport infrastructure developments. The final amount would be decided as part of the GMCA budget process. In addition the ten GM authorities had committed to contributing toward the GM Mayors bus franchising policy, and bus reform. The £3.481m in 2025/26 reflected the council's contribution for this.

The capital financing budget of £43.926m was to cover the costs of borrowing. For 2024/25 the forecast breakdown included:-

- Costs of £91.5m as follows:
 - Interest costs of £51.0m,
 - Minimum Revenue Provision (MRP) of £40.2m, being the provision for the repayment of debt incurred to fund an asset, spread over the useful economic life of the asset,
 - Debt Management Expenses of £0.3m, and
- Partly offset by:
 - interest receivable of £46.2m; and
 - Contribution from capital financing reserve of £1.4m

Allowances of £8.497m had also been made for retired staff and teachers' pensions to meet the cost of added-years payments awarded to former employees.

The report explained the main assumptions that had been made when calculating provision to be made for inflation and other anticipated costs. These could not, at this point in time, be allocated to Directorate or other budgets. They would instead be allocated throughout the coming year. The total provision being proposed was £7.169m for 2024/25, broken down into:-

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
Non Pay Inflation	1,041	9,497	14,300	19,300
Pay Inflation	0	11,100	22,400	34,100
Apprentice Levy (0.5%)	1,060	1,092	1,124	1,158
Utilities Reductions	0	(4,000)	(4,000)	(4,000)
Cross Cutting Savings	0	(332)	(332)	(332)
Total	2,101	17,357	33,492	50,226
Year on year Impact	2,101	15,256	16,136	16,734

The report explained that the Council held a number of reserves, all of which, aside from the General Fund Reserve, had been set aside to meet specific future expenditure or risks. A full review of all the reserves held had been carried out as part of the budget setting process and the planned use of reserves in 2024/25 to support revenue expenditure was as follows:-

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
Reserves directly supporting the council wide revenue budget:			
Airport Dividend reserve	1,073	13,116	The balance of £14.2m has been applied to support the MTFP budget in 2023/24 (£1.1m) and 2024/25 (£13.1m).
Budget Smoothing Reserve	0	3,742	Created through underspends in previous years as reported through Executive and from transfers from other reserves following a full review. It has been applied across the next four years to reduce the requirement for savings and smooth the funding cliff edge until the future funding position becomes clearer.
Business Rates Reserve	7,166	0	Business rates relief provided over the pandemic and funded by Government. Applied to offset Collection Fund deficit in arrears.
Use of St Johns growth reserve to	1,156	830	Growth in business rates income in the St Johns footprint, used to support the budget

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
support revenue budget			
Use of reserves to contribute to the cost of Anti Poverty measures	0	2,000	Contribution to the additional £3.5m support which has been provided to support residents through the Cost of Living crisis
Contribution to GMCA relating to bus reform	0	0	£3.5m contribution to GMCA relating to budget reform. Note this is funded from rebates previously received from GMCA.
Use of Smoothing reserve to fund Adult Social Care budget for New Care Models	1,300	1,300	An investment of £1.3m per year 2023-26 will sustain the social work infrastructure and reablement capacity, supporting care models covering Crisis, Discharge to Assess and Manchester Case Management.
Use of Bus Lane and Parking reserves reserve to support transport levy	6,392	8,392	This includes the continuation of £6.3m a year agreed in previous years, an additional contribution from annual trend growth and £1m from 2024/25 increasing to £2m 2025/26 funded through forecast income from moving Traffic offences.
Sub Total	17,087	29,380	
Ring-fenced Reserves outside the General Fund:			
HRA Reserves	11,814	25,675	HRA reserves are ringfenced – not available to support Council position. Significant balance to support future capital investment, including Carbon reduction and increased housing provision. The HRA must balance in year, and work is ongoing to identify sufficient savings to ensure this is the case. Much of the reserve will be used during this period.
School Reserves	0	0	Ringfenced – School balances not available to support the Council position. The expected 22/23 drawdowns are based on returns from schools.
Sub Total	11,814	25,675	
Other Earmarked reserves:			

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
Statutory Reserves	8,179	6,597	Can only be used for specific purposes under statute e.g. Bus Lane Enforcement and on street parking income which support costs associated with transport provision and highways / environmental improvements. Some of the reserve funds the free bus from Piccadilly and the Transport levy.
Balances Held for PFI's	65	198	Held to meet costs across the life of the PFI schemes
Managing economic and commercial risks	5,890	7,166	These reserves help manage annual fluctuations in income including planning, investment and licencing. A significant part of the Planning Reserve will be required to support the development of the Local Plan.
Insurance Fund	500	500	Insurance fund reserve to meet uninsured risks, amount required is estimated each year.
Capital Fund Reserve	40,708	14,117	Contribution to schemes which are supporting employment and growth, future carbon reduction investments and high priority strategic development opportunities in the city.
Investment Reserve	1,873	2,047	This reserve is in place to support regeneration projects. The proposed use includes funding for staffing posts in Strategic Housing, Major Regeneration, the Investment Estate, and City Centre Regeneration
Manchester International Festival Reserve	2,659	1,000	To fund agreed contributions to Factory International
Eastlands Reserve	4,389	4,050	This reserve reflects the contribution from Manchester City Football Club and will be used for various projects including English Institute of Sport.
Town Hall Reserve	2,103	2,917	The refurbishment of the Town Hall, which is included within the Capital Programme Budget will also have revenue implications such as the cost of financing capital, alternative accommodation costs, and loss of income over a number of years; offset in part by reduced spend on maintenance and utilities

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
Enterprise Reserve	99	102	Enterprise Zone reserve which will fund EZ Manager post and activities to attract businesses to the zone
Highways Commuted Sum	89	89	Highways Commuted sums contribute towards future maintenance
Other reserves held to support delivery and risk of the Medium Term Financial Plan	7,332	3,534	Includes funding for to drive the delivery of Our Manchester; (for example through providing Voluntary Sector Grants) and Supporting Families reserve to support the Thriving Families initiative, a whole family, strengths-based approach to child protection.
Reserves held for accounting purposes	6,672	4,069	Relates to grants received - under accounting standards these must be held in a reserve to move between financial years.
Making Manchester Fairer	2,089	900	To provide capacity to fund the kickstarter schemes supporting the Making Manchester Fairer ambition
Adult Social Care Reserve	5,264	2,449	To support Adult and Social Care Improvement Plan
ICT Investment Reserve	1,914	16,866	To support ICT Digital Strategy
Other Specific Reserves	2,562	4,448	Includes Community Safety, Primary School Catering and Social Value Fund
General Fund	6,206	0	Forecast drawdown of General Fund reserve
	127,494	126,103	

Where reserves were used to support the Council's overall budget position or corporate expenditure such as levies, these were shown gross as part of the Resources required. The use of these reserves totalled £29m in 2024/25. Of this £13m is from the airport reserve, £1.3m for New Care Models, £2m to support anti poverty and £8.3m supporting the transport levy.

The proposals for the Directorates' cash limit budgets were detailed in the Directorate Budgets 2024/25 reports that were also being considered at the meeting (Minute Exe/24/17 to 24/26 below). The overall position was:-

	2023 / 24 Revised		2024 / 25	
	Net Budget	Gross Budget	Net Budget	Gross Budget
	£'000	£'000	£'000	£'000
Children Services	143,806	607,129	156,383	631,740
Adults Services	219,666	285,023	247,439	314,972
Public Health	43,266	54,126	45,016	55,684
Corporate Core	109,617	333,586	112,535	333,940
Neighbourhoods (Incl. Highways)	108,593	248,834	108,182	247,543
Growth and Development	(11,395)	37,860	(12,855)	38,236
Total	613,553	1,566,558	656,700	1,622,115

The budget assumptions that underpinned 2024/25 to 2026/27 included the commitments made as part of the 2023/24 budget process to fund ongoing demand pressures, as well as provision to meet other known pressures and investments. Whilst this contributed to the scale of the budget gap it was important that a realistic budget was set which reflected ongoing cost and demand pressures.

It was the opinion of the Deputy Chief Executive and City Treasurer that any significant budget risks to the General Fund and the Housing Revenue Account had been identified and that suitable proposals were being put in place to mitigate against these risks where possible. The Council's budget monitoring procedures were very well embedded and were designed to monitor high level risks and volatile budgets. An assessment of anticipated business rates income had been carried out based on the information available and provision had been made for outstanding appeals. This was considered to be a prudent provision.

The Deputy Chief Executive and City Treasurer considered that the assumptions on which the budget had been proposed whilst challenging were manageable within the flexibility allowed by the General Fund balance and the smoothing reserve available to support the future budget position. This meant the Deputy Chief Executive and City Treasurer was confident the overall budget position of the Council could be sustained within the overall level of resources available. However, to the degree that the budget savings were not achieved in a timely manner and reserves were called on to achieve a balanced position, further savings would need to be identified and implemented in order to ensure the Council's future financial stability was maintained.

It was recognised that Manchester continued to lead the way in terms of transformation, delivering efficient services and creating the conditions for all of its communities to benefit from economic growth. The Council had maintained its reputation for innovation and reform through a number of key mechanisms and the proposed budget and business plan was a continuation of commitment to the delivery of the Our Manchester Strategy and how it has been used as a framework for prioritising the deployment of resources.

Decisions

The Executive:-

- (1) Note the Deputy Chief Executive and City Treasurer's review of the robustness of the estimates and the adequacy of the reserves.
- (2) Note that the financial position has been based on the final Local Government Finance Settlement announced on 5 February 2024 together with any further announcements at that date.
- (3) Note the anticipated financial position for the Council for the period of 2024/25 which is based on all proposals being agreed.
- (4) Note the resources available are utilised to support the financial position to best effect, including use of reserves and prior years dividends; consideration of the updated Council Tax and Business Rates position; the financing of capital investment, and the availability and application of grants.
- (5) Note that the Capital Strategy and Budget 2024/25 to 2026/2 has been presented alongside this report
- (6) Recommend to Council to approve, as elements of the budget for 2024/25:-
 - a. an increase in the basic amount of Council Tax (i.e., the Council's element of Council Tax) by 2.99% and Adult Social Care precept increase of 2%.
 - b. the contingency sum of £0.6m
 - c. corporate budget requirements to cover levies/charges of £70.060m, capital financing costs of £43.926m, additional allowances and other pension costs of £8.497m and insurance costs of £2.004m.
 - d. the inflationary pressures and budgets to be allocated in the sum of £17.357m; and delegate the final allocations to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources.
- (7) Approve the gross and net Directorate cash limits
- (8) Approve the in-principal contribution to the Adults aligned budget, subject to the extension of the S75 Agreement with Manchester Foundation Trust, which will be considered by Executive in March 2024.
- (9) Delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive in consultation with the Executive Member for Finance and Human Resources and the Leader of the Council to draft the recommended budget resolution for budget setting Council to provide an itemised council tax bill which, on the face of the bill, informs taxpayers of that part of any increase in council tax which is being used to fund adult social care.
- (10) Recommend that Council approve and adopt the budget for 2024/25

Exe/24/17 Corporate Core Budget 2024/25

The report of the Deputy Chief Executive and City Treasurer and City Solicitor explained how the budget proposals for the Directorate had been developed.

Following the provisional finance settlement announced 18 December the Council was 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 was balanced for 2024/25 and the remaining gap reduced to £29m in 2025/26 and £41m by 2026/27. This position assumed that savings of £21.4m will be delivered next year.

The Corporate Core had delivered savings of £3.365m in 2023/24 and currently had approved savings of a further £2.734m over the next three financial years with £0.677m scheduled in 2024/25. The already approved £0.677m savings for 2024/25 were split between Future Programme savings £472k and general housekeeping savings of £205k.

In addition to the already approved savings and in recognition of the work required to balance the overall council budget, further options for savings have been developed, and the areas considered included the following:-

- Review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacancies.
- Review all income generation from sales, fees and charges and whether there are opportunities to increase charges in line with inflation and increase income.
- Review all savings proposals that have not been taken forward as part of the 2023/24 budget process.

The measures proposed included:-

- Additional income of £130k:
 - £50k from increased vehicle clamping income.
 - £80k from increased registrars income following the price increase that was introduced during 2023/24 which aligned Manchester registrars fee levels with that of other Core Cities.

It was reported that the Council's staffing establishment was budgeted at the top of the grade, with an allowance made to allow for vacancies, staff not being at top of grade and in year turnover. Despite this, staffing budgets had continued to consistently underspend across all directorates. All vacant posts had been reviewed, with a focus on those that have been vacant for longer than 12 months, to determine which posts should be deleted with the least impact on service delivery.

As part of the Council wide £1m saving from vacant posts the Corporate Core had identified total savings of £286k through deletion of eight long term vacant posts

In terms of budget growth and as part of the 2023/24 budget approvals £0.783m was approved for 2024/25 and this was in respect of:-

- A regular refresh programme of ICT equipment would be undertaken, and an annual budget of £0.75m was approved from 2024 as part of the 2023/24 budget to support the ongoing costs of the refresh programme.
- £33k growth was also agreed to offset pressures in HROD (£23k due to reduced school income for payroll services, and £10k in financial management to cover increased costs of Civica Pay licences).

In addition to the above growth approved as part of 2023/24 budget process further budget proposals of £8.123m were proposed, with £4.123m being required in 2024/25 to address ICT investment and External Audit increased fees

As part of the annual budget process all sales, fees and charges had been reviewed to ensure that the services were fully recovering fees where appropriate and the budgets reflected the level of income likely to be received. As part of the review it was recommended that some external charges were increased by up to 5% from 1 April 2024. The increases were projected to generate a further £266k which had been included in the overall budget as part of the £1m increased income from sales fees and charges.

Following the review it was proposed to increase income budgets overall by £0.625m. Of this £133k is as a result of updating budgets to reflect current activity and income and the rest is through increased charges

	£000's	£000's
Corporate Core 2023/24 Budget		33,103
Activity Based Changes - £100k for registrars and £33k from charges to release vehicles for being clamped post persistent parking offences or non taxed vehicles.	133	
Proposed Inflationary Increases to cover costs- – increased charges to reflect the costs of staff pay award on legal services provided to other local authorities.	226	
Proposed Inflationary Increases	266	
Sub Total Changes		625
Proposed 2024/25 Budgets		33,728

It was noted that the report had also been considered at a recent meeting of the Resources and Governance Scrutiny Committee where the committee had endorsed the budget proposals (Minute RGSC/24/16)

Decision

The Executive approve the budget proposals as detailed in the report.

Exe/24/18 Children and Education Services Budget 2024/25

The report of the Strategic Director for Children's and Education Services explained how the budget proposals for the Directorate had been developed.

The gross 2023/24 budget for the Directorate was £607.293m, which included the Dedicated Schools Grant delegated to maintained schools. The net budget is £143.801m. As part of the 2023/24 budget setting proposals, a total of £11.8m had been proposed for 2023/24 to 2025/26 and there had been confidence that managing demand savings were achievable with most of the savings achieved through early intervention and managing demand.

	2023/24	2024/26	2025/26	Total
	£000	£000	£000	£000
Savings Profile	4,411	3,920	3,394	11,725

The Directorate's budget was currently forecast to be overspent by £7.757m.

The underlying reason for this was attributed to significantly increased costs of care placements for Looked After Children (LAC), a shortfall in the Unaccompanied Asylum-Seeking Children grant for the numbers now being accommodated and an overspend on Home to School Transport, which was attributed to an increase in requests and entitlement.

	2024/25	2025/26	2026/27	Total
Approved Budget Movements	Net Budget			
	143,801	156,378	156,763	
Savings and Growth Previously Approved November 23 Scrutiny				
Funding to Support Grow Population	2,419	2,479	2,479	7,377
Saving Approved - 2021/22 budget setting	-100			-100
Savings Approved last year's budget setting	-3,920	-3,394		-7,314
Budget Changes proposed - 2024/25 budget setting November 23 Scrutiny				
Growth, Investment and Inflation				
Looked After Placements Sufficiency	6,500			6,500
Unaccompanied Asylum-Seeking Children	2,200			2,200
International New Arrivals Team	300			300
Home to School Transport - Support for Growing Population	1,300	1,300	1,300	3,900
School Condition Surveys	100			100
Savings				
Workforce	-222			-222
Sub-total reported at November 23 Scrutiny	8,577	385	3,779	12,741
Changes proposed - 2024/25 budget setting February 24 Scrutiny				
Growth, Investment and Inflation				
Additional Looked After	4,000			4,000

Placements Sufficiency				
Internal Placement Cost Pressures	1,440			1440
External Residential Step-downs Home to School Transport – full year effect of September 2023 uplifts Home to School Transport – full year effect of September 2023 uplifts	560			560
Savings				
External Residential Step-downs	-2,000			-2,000
Sub-total reported at February 24 Scrutiny	4,000	0	0	4,000
Total	156,378	156,763	160,542	

Evidence continued to show there had been significant cost avoidance through the actions taken to support children and young people effectively at an earlier stage and avoid LAC status. However, those benefits had been outstripped by the rising costs of. Additional funding was included in the budget proposals to cover these costs, but the focus would remain on continuing to manage demand effectively and intervening early.

On 24 January 2024 additional funding was announced in a written statement to Parliament 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. The proposed budget had seen a significant additional investment of £12.6m (an increase of £4m since the November 2023 proposals), into Children’s Social Care, with budget plans set prior to the announcement. Recommendations on how to achieve maximum value from the new funding are being developed and will be finalised once the Final Finance Settlement has been published and final amounts are known.

It was noted that the report had also been considered at a recent meeting of the Children and Young People Scrutiny Committee where the committee had endorsed the budget proposals (Minute CYP/24/09)

Decision

The Executive approve the Directorate budget proposals as set out in the report.

Exe/24/19 Public Health Budget 2024-27

The report of the Director of Public Health explained how the budget proposals for the Directorate had been developed.

Public Health was funded nationally through a specific ringfenced grant. However, the Greater Manchester locality had been part of the governments business rates pilot for a number of years whereby the funding ringfence is removed and an equivalent allocation received as an adjustment to business rates. The gross 2023/24 budget was £54.126m with a net budget of £43.266m. Income of £10.860m included use of reserves £3.753m, government grants £4.489m and other contributions from NHS partners, from other local authorities and Better Care Fund totalling £2.618m.

Service Area	2023/24 Gross Budget £'000	2023/24 Net Budget £'000	2023/24 Budgeted posts (FTE) £'000
Children's:			
Health Visitors	11,164	11,164	
Schools Health Service	4,155	4,155	
Other Children's	415	415	
Sub Total	15,734	15,734	-
Wellbeing:			
Be Well Service	2,921	1,585	
Weight Management	599	599	
Smoking Prevention	812	570	
Falls Service	768	768	
Other Wellbeing	2,793	2,176	
Sub Total	7,892	5,696	-
Drug & Alcohol Services:			
Integrated Treatment & Support Service	11,816	6,932	
In-patient Detox & Residential Rehab	944	944	
Young People Services	652	652	
Other Drug & Alcohol	736	736	
Sub Total	14,148	9,264	-
Sexual Health Services:			
Sexual Health	7,216	6,387	
HIV	1,227	1,227	
Other Sexual Health	1,599	1,408	
Sub Total	10,042	9,021	-
Making Manchester Fairer:			
COVID Health Equity Manchester (CHEM)	160	160	
Sub Total	160	160	-

Other Staffing, Management & Support:			
Core Staffing	3,833	2,904	59.00
Locality budget	0	0	
Other	2,317	487	
Sub Total	6,150	3,391	59.00
Total Public Health	54,126	43,266	59.00

The latest 2023/24 global monitoring report to the Executive outlined a £0.8m underspend. Consequently, the required 2023/24 savings of £0.730m had been achieved in full through a mixture of underspends across the staffing budgets due to vacant posts and the maximisation of external funding, and underspends on other indirect staffing costs.

The provisional public health settlement had been received for 2024/25, a 1.318% increase totalling £0.752m. The final confirmation was expected before the end of March 2024. No additional growth and pressures were approved for 2024-26. Provision had been made for inflationary price increases and potential pay awards. This was held corporately and would be allocated to service budgets when the details were available and considered together with the funding settlement for Public Health

The 2023/24 budget for the Manchester Locality Structure for health was provisionally set at £8.3m, which was lower than the existing cost of the locality structure. The budget and structures were subject to consultation prior to a final agreed position with the Integrated Care Board (ICB). The final allocation for running costs was £7.8m.

To avoid losing capacity that was essential to the provision of NHS services in Manchester and to ensure there was a managed transition to reducing costs, the Council had agreed to fund the public health, population health and equality, inclusion and engagement teams, recurrently by applying £0.5m of public health grant. In addition, a one off £1m from the Public Health reserve was proposed to smooth the transition from the CCG to the locality place based budgets and underwrite any potential shortfall.

Further work was being undertaken to reduce costs and ensure the 2024/25 budget was within the resources available. The 2024/25 planning round was currently underway to understand what recurrent allocations were available from the ICB to support running costs. This was focused on further aligning health and care within Manchester, working across the partnership to create a more integrated model for the City, focused on delivering the right outcomes for Manchester's population in a financially sustainable way. Further discussions were being held on the locality budget and there was a need to manage the use of all available resources to support the integration of health and care across Manchester.

The public health budget had been allocated to ensure sustainable funding for the previously funded CCG/GMICB health protection posts and the CCG/GMICB Engagement and Equalities function, which would be fully integrated into the Manchester Locality (MLCO and MCC) from 1 April 2024.

The other budget priorities for public health related to the demand pressures on commissioned services such as sexual health, along with the investments in the Making Manchester Fairer Programme which was a priority for the City Council and partners. This work needed to be concluded before the final decisions on the allocation of the funding could be made.

In terms of Making Manchester Fairer (MMF) (the Council's five-year action plan to address health inequalities in the city focussing on the social determinants of health), investment of up to £2.989m over the 2023/24 and 2024/25 financial years had been identified from Public Health reserves. This was one off funding of which £2.281m had been used to support the Kickstarters programme, and this was phased over 2023/24 (£944k) and 2024/25 (£1.337m). The remaining £0.708m budget was allocated to programme delivery that included, staffing costs, communications and other commissioned activity.

MMF Spend Allocation	2023/24 £'000	2024/25 £'000	Total £'000
Programme Resources	200	508	708
CYP - Childrens Kickstarter	792	208	1,000
CYP - Young People's Kickstarter	137	294	431
Early Help for Adults Kickstarter	15	835	850
TOTAL	1,144	1,845	2,989

In addition, It had been agreed that a 5% of the Cost of Living Group budget (£178k) would be made available to support the Anti Poverty Strategy work.

There were no workforce implications based on the budget proposals. More generally, work had taken place over the past 12 months to establish virtual teams aligned to thematic delivery. This had provided a better environment in which to share skills and expertise across the Department and provided clarity and stability to the workforce post-pandemic

It was noted that the report had also been considered at a recent meeting of the Health Scrutiny Committee where the committee had endorsed the budget proposals (Minute HSC/24/08)

Decision

The Executive approve the budget proposals as set out in the report.

Exe/24/20 Adult Social Care Budget 2024/25

The report of the Executive Director for Adult Social Services explained how the budget proposals for the Directorate had been developed.

The gross 2023/24 budget was £285.023m and the net budget of £219.666m. Income of £65.357m which included client fees £30.416m, Better Care Fund Grant £17.791m, contributions from NHS partners of £10.267m and other income of £6.883m which included grants and use of reserves.

Growth and pressures of £26.372m were estimated and included in the Medium Term Financial Plan (MTFP) for 2024-26, as part of the 2023/24 budget approvals process, alongside an additional £5.936m of base assumptions for 2026/27. Together the current MTFP included £32.308m of funding of which £6.074m related to the transfer of grant funding in accordance with the statutory conditions, the Market Sustainability and Improvement Fund (MSIF) original allocation (£3.105m) and the Adult Discharge fund (£2.969m), with the balance of £26.234m Council funding for demographics and towards the care fee uplift, including use of the proposed Adult Social Care precept.

Further pressures identified included:-

- A £9m pressure into 2024/25 arising from the 2023/24 financial forecast position (as at August 2023), which was fully mitigated through a combination of additional resources and specific service initiatives detailed (and now presented in this report in the savings section below);
- Additional demographics in 2024/25 of £3.735m including £2m for transition of children to adult support, with increases of £1.064m in 2025/26 and £0.764m in 2026/27 to set the demographics budget to £4m in each year;
- Additional funding towards the cost of care uplifts of £3.500m in 2024/25;
- Mainstreaming the cost of new care models £1.300m from 2026/27; and
- An expected £1.779m reduction in the 2024/25 MSIF workforce grant from £4.055m to £2.276m

The above represented an additional £8.584m, bringing the total investment 2024-27 to £40.892m

In addition, the full year cost into 2024/25 of clients in long term care as at November was assessed at £20.812m above the existing budget. And it had been deemed prudent to provide £1.5m for further growth in homecare to the end of the financial year.

Key budget movements were summarised as follows:-

	2024/25	2025/26	2026/27
	£'000	£'000	£'000
Cash limit	219,666	247,439	255,250
Growth	2,636	2,936	3,236
Demography	1,735	1,064	764
Demography - Additional	2,000		
Demography - Transitions			
	22,312		
Additional Long Term Care Pressures and Homecare	2,295		
Transitions and Demographics	1,000		
Mental Health investment	500		
Commissioning and contracting capacity and system hub	-13,400		
Less: additional funding and repurposed			

budget mitigation plan			
Grants	2,969		
ADF for new investments	3,105		
MSIF	-1,739		
MSIF Workforce - Reduction			
Care Costs	458	2,011	
Price	2,274		
ASC Precept passthrough	5,983	4,000	4,000
Real Living Wage	3,500		
Fair Cost of Care			
Saving Programme	-2,200	-2,200	
Savings	1,000		
Amendment to existing programme	-6,400		
New saving programme	-255		
Additional Vacancy Factor	247,439	255,250	263,250

The recurrent underlying position for 2024/25 had become significantly more challenging over the last five months and whilst the budget challenges outlined were significant, due to cost effective management of demand, Manchester's social care financial pressures were less than many comparable authorities

Overall there were £27.107m of additional budget pressures. Substantial work had been completed to mitigate these pressures, with a plan of £19.8m savings put in place, which left a residual additional budget requirement of £6.807m and this had been included in the proposed update to the medium term financial plan. Of the £19.8m savings proposed, £13.4m would be achieved through additional funding and reallocated budgets which was secure and £6.4m of service actions which would be added to the approved savings programme but which included a level of risk. The Directorate had also committed to the delivery of an additional workforce savings target from reducing a number of long term vacant posts in the establishment by £0.255m for 2024/25.

It was also reported that there was heightened work underway across Commissioning, Contracts and Market Development in response to the fragility of the current care market. A MLCO Commissioning Plan had been developed which would act as a key communication tool with providers, partners, wider stakeholders, citizens and the commissioning workforce. This Plan would set out the key principles of how commissioning was intended to be more 'responsive' to the frontline staff as part of the Better Outcomes Better Lives transformation programme, and for staff to highlight where there were perceived gaps in provision.

Whilst there was additional investment proposed for the Adult Social Care budgets there remained considerable pressure and the fragility of the social care market, the increased demands for mental health services in particular remain key risks.

It was noted that the budget report had also been considered at a recent meeting of the Health Scrutiny Committee and the committee had endorsed the proposals in the report (Minute HSC/24/08).

Decision

The Executive approve the Directorate budget proposals as set out in the report.

Exe/24/21 Neighbourhoods Directorate Budget 2024/25

The report of the Strategic Director (Neighbourhoods) explained how the budget proposals for the Directorate had been developed.

The Neighbourhood Services Directorate had a gross budget of £262m and a net budget of £139.225m. The Directorate employed 1,916 fte.

Savings of £3.937m had already been approved for 2024/27 as part of prior year budget approvals and these remained on track to be delivered, however the ability to deliver these savings was being reviewed on an ongoing basis and provision had been made in the budget position to offset £1m of this risk

Description of savings	2024/25 £000's	2025/26 £000's	2026/27 £000's	Total £000's
Parks & Open Spaces	100	0	0	100
Waste & Street Cleansing	0	400	0	400
Homelessness	2,070	1,332	0	3,402
Highways	35	0	0	35
Total Already Approved Savings	2,205	1,732	0	3,937

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.

The original plan to deliver the Homelessness savings was based on a reduction in Temporary Accommodation numbers, although significant reductions have been made for the number of families supported in B&B the pressures faced remain significant. Agreement had been reached with DLUHC to review longer term leasing options for Temporary Accommodation units which would allow full housing benefit recovery and ease a significant proportion of the Housing Subsidy loss faced by the service.

In light of the current financial years pressures and ongoing high inflation rates it had been necessary to revisit the initial assumptions and identify further savings options for consideration. As part of identifying further savings options the initial priority had been to protect service delivery wherever possible, and this had included looking to increase income generation opportunities where possible. The additional proposed savings were summarised as follows:-

Service	Description of Saving	Amount of Saving			
		2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000
Community Safety	A temporary reduction in the contribution to the security measures for Christmas whilst Albert Square is unavailable	40	0	0	40
Compliance	Increased Income	95	0	0	95
Pest Control	Increased Income	37	0	0	37
Highways	Increased income	184	0	0	18
Advertising Income	Increased Income	352	0	0	352
Bereavements	Increased Income	100	0	0	100
Neighbourhoods	Review of vacant posts	198	0	0	198
Total		3,311	2,104	0	6,017

£1m of budget had been set aside to support pressures to the Homelessness budget. In the last two months there has been a worrying trend in asylum seekers, the migrant policy and homelessness. This was in line with national trends and Core Cities and other GM authorities were all reporting similar issues. Whilst extremely challenging it was important that a realistic and deliverable budget was set which recognized these additional pressures.

As part of the budget proposals an initial £0.9m investment into waste and street cleaning was proposed for 2024/25, this would 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 would require additional collection rounds.

In addition to the waste collection investment, £400k of investment was proposed for Street Cleaning which recognised 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 with a further £300k in 2026/27.

The annual waste levy costs were driven by forecast tonnages of waste to be disposed of and the costs of disposal. The levy was set by GMCA and based on latest forecasts it was anticipated that this would increase in 2024/25, with the

increase to Manchester being £1.177m. Further increases of £1.250m have been assumed for 2025/26 and £1.609m for 2026/27, these increases were reflected in the current budget plans for those years.

Following in from previous Executive endorsement of the intent to form an Event Commission for the City in order to secure major events in Manchester and to bring in contributions from key partners, budget approval for 2024/25 was to be sought for an annual £2m contribution from the Capital Fund to support the events commission. This would be funded through the growth in retained business rates. The proposed Council resources would be supplemented by other city partnership funding that would be part of the whole events commission budget and managed by the Council.

Whilst the number of off-street car park users had increased post pandemic, it had not returned to pre covid levels and this was largely due to changes in peoples working arrangements and the move to hybrid working. As part of the 2023/24 budget, temporary support of £2.1m per annum was approved using reserves. The use of reserves was only temporary for two years and a longer-term parking strategy was being developed that would seek to better align both on street and off-street parking in order to ensure income was maximised.

The Directorate also received a wide range of grants that totalled £18.7m in the current financial year. The majority of the grants related to the Homelessness service and it was forecasted that Afghan Resettlement funding would reduce in 2024/25 with the closure of the Bridging Hotels as the level of expenditure incurred to support these families would reduce in line with the funding reduction and would not create a pressure on Council budgets.

It was noted that as development continued across the city, this might lead to increased growth pressures for Neighbourhood Services as the number of households grew significantly. There was some funding proposed within the current budget proposals for both waste collection and street cleansing, but the increase demand was likely to also extend to enforcement, parks, leisure and wider neighbourhood working.

It was noted that the budget reports had also been considered at a recent meeting of the Communities and Equalities Scrutiny Committee (Minute CESC/24/13), the Resources and Governance Scrutiny Committee (Minute RGSC/24/19) and the Environment, Climate Change and Neighbourhoods Scrutiny Committee (Minute ECCNSC/24/08) and both committees had endorsed the proposals in the report.

Decision

The Executive approve the Directorate budget proposals as set out in the report.

Exe/24/22 Housing Revenue Account 2024/25 to 2026/27

A joint report by the Strategic Director (Growth and Development), the Strategic Director (Neighbourhoods) and the Deputy Chief Executive and City Treasurer presented the proposed budget for the Housing Revenue Account (HRA) for 2024/25 and indicative budgets for 2025/26 and 2026/27.

The report set out the requirements placed on the Council with respect to the HRA budget:-

- The Council had to formulate proposals on income and expenditure for the financial year which sought to ensure that the HRA would not show a deficit balance;
- To keep a HRA in accordance with proper practice to ensure that the HRA was in balance taking one year with another; and
- The HRA must, in general, balance on a year-to-year basis so that the costs of running the Housing Service must be met from HRA income.

The original approved gross HRA budget was £117m and included a £35.5m revenue contribution towards the £60.4m capital programme. The HRA is currently forecasting an overspend of £4.094m made up of

- Higher than forecast costs of repairs and maintenance of £8.764m.
- Other smaller overspends amount to £0.605m

This was offset by additional interest earned on balances due to increasing interest rates (£1.860m) and reductions in the budget allocated to PFI sprinkler works which were now funded from capital receipts (£2.089m). Other net underspends accounted for of £1.326m (including £1.038m reduced costs of gas because of a combination of reduced consumption, and reductions in wholesale gas prices).

The reduction in the capital programme forecast outturn also meant that the budgeted £11.88m of revenue contribution to capital outlay (RCCO) was not required. This was to be funded in part from a transfer in of revenue reserves of £22.808m as set out in the original approved budget. This transfer would not be required until 2024/25.

In previous years the Government's formula rent guidance assumes that rents increase by up to CPI plus 1%. The CPI rate used was based on the September figure in the preceding year, and as at September 2023 CPI was 6.7%. This HRA budget had been prepared in line with the formula rent of 7.7% to all tenants, with effect from April 2024

Based on these increases, the average weekly rent (based on 53 weeks) would be:

- General Needs £90.12 (£6.44 increase)
- Supported Housing £82.34 (£5.89 increase)
- PFI Managed £109.78 (£7.85 increase)

In line with Manchester's Anti-Poverty Strategy and support for residents during the ongoing cost of living crisis it was proposed that the community living fund was retained for 2024/25, at £300k.

To ensure that the increase applied to garage rents remained in line with that applied to dwelling rents, it was proposed that 2024/25 garage rents be increased in line with the original rent formula of 7.7%. The impact of this increase was:-

	Annual Charge 2022/23	Weekly Charge 2022/23	Proposed Annual Charge 2023/24	Proposed Weekly Charge 2023/24	Proposed Weekly Increase
Site Only	£115.86	£2.23	£124.78	£2.40	£0.17
Prefabricated	£250.06	£4.81	£269.31	£5.18	£0.37
Brick Built	£293.84	£5.65	£316.47	£6.09	£0.44

Other income is forecasted to be c.£2.072m in 2024/25 and it was assumed that the majority of these budgets were uplifted by the forecast 4% inflation for 2024/25. In most cases there were separate lease arrangements for these premises and the rents were subject to increases in line with the lease conditions

The Council continued to own and manage c.15,000 properties within the HRA under various arrangements. In the 2023/24 financial year Right to Buy Sales (RTB) were lower than the peak of 233 properties in 2022/23, in the aftermath of the pandemic. Sales of around 136 properties (c.1% of stock numbers) were forecast in the current year. The budget assumed ongoing 1% RTB sales per annum. This would reduce the level of rent income achieved and the number of sales would continue to be closely monitored. The current business plan did not assume that these assets were replaced within the HRA, and based on current assumptions there would be c11,300 properties at the end of 30 years unless a proactive strategy of replacement was adopted

As part of the HRA business plan it had always been the intention that tenants' heating charges were set to reflect the actual costs of delivering heat, this includes the costs of gas consumed, and costs of infrastructure maintenance to deliver heat. It was proposed to change the tariffs to residents in line with the price cap as set by Ofgem from 1 April 2024 (forecasted at £1,620), and mirror the Ofgem price cap going forward. This would ensure that the charges were comparable with other residents who were not in communal heating schemes. In calculating the charges based on the forecast Ofgem price cap the overall average charge would be £723 per annum, which was £14.46 per week. The average charge for residents paying via heating debits will be £18.86 per week and for residents paying by Point of Sales will be £12.28 per week

The report also explained the other key changes in the HRA budget for 2023/24, and the full budget was presented as set out below.-

	2023/24 (Forecast)	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Income				
Housing Rents	(67,503)	(73,509)	(74,171)	(75,932)
Heating Income	(1,183)	(1,625)	(1,520)	(1,545)
PFI Credit	(23,374)	(23,374)	(23,374)	(23,374)

Other Income	(3,897)	(2,071)	(1,153)	(1,171)
Funding from General HRA Reserve	(11,814)	(25,675)	(25,294)	(12,504)
Total Income	(107,771)	(126,254)	(125,512)	(114,526)
Expenditure				
Housing Services-Management	14,940	15,361	15,577	15,805
Housing Services - R&M	25,444	24,684	24,735	24,818
PFI Contractor Payments	34,137	35,283	35,814	36,137
Communal Heating	1,851	1,245	1,270	1,295
Supervision and Management	6,141	5,878	5,932	6,026
Contribution to Bad Debts	600	555	560	573
Hardship Fund	700	300	0	0
Depreciation	20,173	24,387	24,736	25,103
Other Expenditure	844	890	913	936
RCCO	0	14,976	13,280	380
Interest Payable and similar charges	2,702	2,695	2,695	3,297
Total Expenditure	107,532	126,254	125,512	114,370
Total Reserves (exc Insurance):				
Opening Balance	(104,440)	(92,626)	(66,951)	(41,657)
Funding (from)/to Revenue	11,814	25,675	25,294	12,504
Closing Balance	(92,626)	(66,951)	(41,657)	(29,153)

It was noted that the proposed HRA budget 2024/25 and indication of the 2025/26 and 2026/27 budgets had also been considered by the Resources and Governance Scrutiny Committee at its February 2024 meeting where the committee had noted the proposals in the report (Minute RGSC/24/17).

Decisions

The Executive

- (1) Note the forecast 2023/24 HRA outturn as set out in section 4 of the report.
- (2) Approve the 2024/25 HRA budget and note the indicative budgets for 2025/26 and 2026/27.
- (3) Approve the proposed 7.7% increase to dwelling rents and 7.7% increase in Garage rents, and delegate the setting of individual property rents, to the Director of Housing Operations and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Development and the Executive Member for Finance and Human Resources.
- (4) Approve the proposal that the Council continues with the policy of where the 2024/25 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is re-let.
- (5) Note the proposed 2024/25 changes for communal heating charges and approve the change in policy so that charges are in line with the price cap as set by Ofgem from 1st April 2024, and mirror the Ofgem price cap going forward

Exe/24/23 Growth and Development Directorate Budget 2024/25

The report of the Strategic Director (Growth and Development) explained how the budget proposals for the Directorate had been developed.

The Growth and Development Directorate had a gross budget of £35.6m and a net income budget of £11.3m and employed 439 FTEs. In addition, Highways services and parking services and CCTV had a gross budget of £36.2m and net budget of £13.3m and employed FTE

Savings of £1.020m had already been approved as part of the 2023/24 budget and were to be delivered through increased annual rental income of £0.985m from Manchester Airport Group as well as £35k increased Development fee income for Highways. The increases were based on estimates provided by the Airport and achievement of this income was dependent on performance being in line with or better than the forecasts provided. The savings were phased at £170k in 2024/25 and £0.815m in 2025/26. £35k of savings to be achieved in 2024/25 would be through increased development fee income for Highways

In addition to the already approved savings, and in support of the work required to balance the overall council budget, further options for savings had been developed and the areas considered include the following:-

- A review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacant posts; and
- A review of all income generation from sales, fees and charges and whether there are opportunities to increase charges in line with inflation.

A summary of the current budgets for sales, fees and charges across Growth and Development Directorate was detailed as follows:-

	2023/24 Budget £000's	2024/25 Budget £000's	2025/26 Budget £000's	2026/27 Budget £000's	Comments
Investment Estate	22,531	23,951	24,266	24,266	Rent and service charge income
MCDA	1,520	1,520	1,520	1,520	Rent and Service charge income
Strategic Housing	537	553	553	553	Fees from other RP's for Manchester Move and feed in tariffs from solar panels.
Planning	3,073	3,473	3,473	3,473	Increase to Planning application fees

					– set by Government
Building Control	1,162	1,162	1,162	1,162	Building control fees
Land Charges	274	274	274	274	
Premises Licensing	1,174	1,174	1,174	1,174	Premises license fees
Taxi Licensing	2,074	2,074	2,074	2,074	Taxi License fees operate on a 3-year license cycle – fees are ringfenced
MAES	2	2	2	2	
Grand Total	32,347	34,183	34,498	34,498	

It was noted that the Directorate was pivotal in driving Sustainable Economic Growth of the city to benefit everyone. In order to continue delivering in these key areas there would be a need for increased capacity, and this was estimated to cost in the region of £0.745m. In light of the current overall Council budget position, it was not possible to provide additional investment to fund these resources, but the services had now started to review all existing resources in order to understand how existing resources could be reallocated to deliver this agenda

The budget report had also been considered at a recent meeting of the Economy and Regeneration Scrutiny Committee and the committee had endorsed the proposals in the report (Minute ESC/24/10).

Decision

The Executive approve the Directorate budget proposals as set out in the report.

Exe/24/24 Dedicated Schools Grant 2024/25

The Executive considered a report of the Strategic Director for Children’s and Education Services, which provided a summary of the confirmed Dedicated Schools Grant (DSG) allocation from the 2024/25 settlement.

The DSG was a ring-fenced grant of which the majority was used to fund individual schools budgets in maintained schools and academies in the city, early years nursery entitlement and provision for pupils with high needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and out of city.

The Council received and managed the DSG within four blocks: schools, central school services, high needs and early years. A large proportion of it was paid directly to schools and other settings to provide the majority of education services. A proportion of the DSG was provided to the Council to deliver education services.

The 2024/25 DSG notification was received on 19 December 2023 and totalled £735.050m with and an overall increase in DSG since last year of £58.125m

The Schools Block allocation of £537.979m had been calculated bottom up on the basis as if the national funding formula (NFF) was applied at school level. On average the DfE has increased the formula determined by pupil level data by 1.4%.

The Central School Services Block (CSSB) allocation was £3.864m and supported the Council's role in education.

The Higher Needs Block (HNB) allocation was £133.475m and provided increased funding for children and young people with special educational needs and disability from early years to age 25 years. The grant increase was 4.10% (£5.262m) this was lower than the increase in the previous two years, which was an on average +14.00% growth. The 2024/25 increase was not expected to cover anticipated inflation and growth in demand and would place pressure on the budget

The Early Years funding had increased by £18.115m and was made up of new free entitlements offer for 9 months olds to two-year-olds and working parents of two-year-olds (£11.888m) and an increase in the hourly rates for existing early year entitlements (£6.227m)

The funding shortfall for pupils with high needs and central services block within the DSG remained a significant risk for the council. It must be addressed as the statutory override preventing the council from including the accumulated deficit in its general fund balances was set to end on 31 March 2026.

It was noted that the report had also been considered at a recent meeting of the Children and Young People's Scrutiny Committee and the committee had endorsed the proposals in the report (Minute CYPSC/23/11).

Decision

The Executive approves the proposed Schools Budget and in doing so notes specifically the following:-

- All Manchester primary and secondary schools should receive a per pupil increase of 0.5% minimum. The local funding formula's average per pupil increase is 1.88%
- Manchester does not intend to propose a 0.5% transfer from the school block to high needs 2024/25, given the anticipated impact of the High Needs recovery plan.
- Explicit growth fund to include budget for setting up SEN and Inclusion Units in mainstream schools.
- The 4.10% in the High Needs Block part of the grant is not expected to cover anticipated inflation and growth in demand.
- The full increase in the early years funding rates to be passed onto providers, across all entitlements.
- Central services school block (CSSB) funding on a per pupil basis has remained the same as 2023/24. This block will continue to be under pressure to

stay within budget, given the additional burden due to the new admission code, with no reduction in other functions councils are required to provide.

Exe/24/25 Capital Strategy and Budget 2024/25 to 2026/27

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which presented the capital budget proposals before their submission to the Council.

The Capital Strategy had been developed to ensure that the Council could take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability.

The capital programme 2024/25 to 2026/27 comprised the continuation of the existing programme. For continuing schemes, the position was based on that set out in the report on Capital Programme Monitoring 2023/24, also being considered at this meeting (Minute Exe/24/15 above).

Details on the projects within the programme were set out in the report and the full list of the proposed projects was appended to the report.

If agreed, then the proposals contained in the report would create a capital programme of £408.2m in 2023/24, £463.7m in 2024/25, £173.8m in 2025/26 and £62.9m in 2026/27, summarised as follows:-

Forecast Budgets	2023/24	2024/25	2025/26	2026/27	Future Years	Total	Total 24/25 - 28/29
	£m	£m	£m	£m	£m	£m	£m
Manchester City Council Programme							
Highways	40.8	45.0	20.5	18.9		125.1	84.4
Neighbourhoods	42.4	17.5	5.3			65.2	22.8
The Factory and St John's Public Realm	54.4					54.4	0.0
Growth	96.7	125.1	31.5	18.9	1.8	274.0	177.3
Town Hall Refurbishment	63.8	84.5	22.5			170.8	107.0
Housing – General Fund	28.9	52.0	15.2			96.2	67.2
Housing – HRA	43.9	66.8	45.9	25.1	11.6	193.3	149.4
Children's Services (Schools)	29.6	36.2	1.4			67.2	37.6
ICT	2.7	2.9				5.6	2.9
Corporate Services	4.3	9.1	0.5			13.9	9.6
Total (exc.	407.6	439.1	142.8	62.9	13.4	1,065.	658.1

Contingent budgets)						6	
Contingent Budgets	0.6	24.6	31.0			56.3	55.6
Total Programme	408.2	463.7	173.8	62.9	13.4	1,121.9	713.7

The proposed funding for the programme across the forecast period was as follows:-

	2023/24 forecast	2024/25 forecast	2025/26 forecast	2026/27 forecast	Future Years	Total
	£m	£m	£m	£m	£m	£m
Grant	119.7	87.0	37.5			244.2
External Contribution	20.9	29.5	2.6	3.9		56.9
Capital Receipts	42.8	116.7	54.5	33.0		247.0
Revenue Contribution to Capital Outlay	28.9	41.4	40.2	26.0	13.4	149.9
Borrowing	195.9	189.1	39.0			424.0
Total	408.2	463.7	173.8	62.9	13.4	1,121.9

The proposed capital programme described within the report was affordable within the existing revenue budget based on the estimated capital financing costs associated with delivering the programme.

There were risks associated with the delivery of the capital strategy, specifically regarding delays to the programme or treasury management risks. Measures were in place to mitigate these risks through both the Strategic Capital Board and the treasury management strategy. Reports would be provided throughout the year to Council, Executive and other relevant committees providing updates on the progress of the capital programme and the risks associated with its delivery and funding.

Decisions

The Executive:-

- (1) Approve and recommend the report to Council, including the projects for Council approval in section 7, and note that the overall budget figures may change subject to decisions made on other agenda items.
- (2) Note the capital strategy.
- (3) Note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2023/24.
- (4) Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to

make alterations to the schedules for the capital programme 2023/43 to 2026/27 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

Exe/24/26 Treasury Management Strategy Statement 2024/25, including Borrowing Limits and Annual Investment Strategy

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which set out the proposed Treasury Management Strategy Statement and Borrowing Limits for 2024/25 and Prudential Indicators for 2024/25 to 2026/27.

The Treasury Management Strategy Statement set out the risk framework under which the Council's treasury management function would operate by detailing the investment and debt instruments to be used during the year the Strategy detailed the risk appetite of the Authority and how those risks would be managed.

The suggested strategy for 2024/25 was based upon the treasury officers' views on interest rates, supplemented with the forecasts provided by the Council's treasury advisor, Link Asset Services. The strategy covered:-

- Prudential and Treasury Indicators for 2024/25 to 2026/27;
- Impact of 2012 HRA reform;
- Current Portfolio Position;
- Prospects for Interest Rates;
- Borrowing Requirement;
- Borrowing Strategy;
- Annual Investment Strategy; and
- Non-Treasury Investments and Liabilities

The Executive noted the proposed Annual Investment and Borrowing Strategies set out in the report and agreed to commend them to the Council.

The Executive:-

- (1) Recommends the report to Council.
- (2) Delegates authority to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, to approve changes to the borrowing figures as a result of changes to the Council's Capital or Revenue budget and submit these changes to Council.

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**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 26 February 2024
Council – 1 March 2024

Subject: Budget Equality and Poverty Impact Assessments

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides details on how the approach to Equality Impact Assessments and Poverty Impact Assessments have been embedded in the Budget setting and business planning processes. The report also covers the budget setting process for 2024/25 and the impact this will have on equalities and poverty.

Recommendations

Members are requested to note the contents of this report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	<p>The production of an Equality Impact Assessment does not directly impact on the achievement of the city's zero-carbon target. However, it is recognised that some resident groups in Manchester will potentially particularly benefit from advancement on the zero-carbon agenda. More energy efficient housing, healthier households who are more active, safe and can access active travel and public transport will improve residents' lives. Reducing carbon emissions and improve air quality across the city will in turn help reduce health inequalities. Increasing and improving the quality, quantity and accessibility of green spaces and nature within the city, will enable all people to benefit from spending time in nature, resulting in improved physical and mental health and wellbeing of residents.</p> <p>Manchester City Council is mindful of a just transition to achieving its zero carbon ambitions and is conscious of not creating new forms of inequality and poverty and ensuring everyone benefits from the progress being made.</p>
Equality, Diversity and Inclusion - the impact of the	Manchester City Council has a long-standing commitment to promote equality, celebrate diversity

issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

and advance inclusion. This commitment has underpinned the Council's decision making and business planning processes for some years, with equality featured explicitly in business planning documents and Equality Impact Assessments (EIAs) carried out for both budget proposals and business as usual changes to Council functions.

EIAs are a vital component of how the Council as a Public Authority considers its policies or decisions affect people who are protected under the Equality Act 2010. We consider how we:

- eliminate unlawful discrimination
- advance equality of opportunity between people who share a protected characteristic and those who don't
- foster or encourage good relations between people who share a protected characteristic and those who don't

This paper outlines the identified impacts through the equalities and poverty assessment of the current budget proposals as well as the future service planning approach to ensure equalities considerations are embedded in future service design and delivery.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>EIAs are a vital component of how the Council has due regard for equality and equitability in its decision-making processes. Communities and customers are the focus of the EIAs and the analysis allows the Council to safeguard and enhance community potential and wellbeing in the delivery of its business. This analysis is relevant across all service areas and functions and covers a diverse range of resident groups. As such, the EIA framework potentially connects with all the Our Manchester Strategy outcomes.</p> <p>As the city's economy addresses the cost-of-living crisis, it is critical that our residents with protected characteristics are appropriately supported and will ultimately benefit from the growth and employment opportunities created.</p>
<p>A highly skilled city: world class and home-grown talent sustaining the city's economic success</p>	<p>Achieving good educational attainment for people with protected characteristics is needed, alongside fostering talent diversity, and enabling equality of opportunity amongst the city's workforce. All are needed to ensure we sustain 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>Enhancing our understanding about our diverse communities and their inequalities will provide an overview of where further work is needed to tackle inequality.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>Events and cultural activity that reflect and celebrate the diversity of the city are essential to making Manchester cohesive and a vibrant place to live and visit. And that we have a built environment that is accessible to all people with protected characteristics</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>Transport and digital inclusion is a key driver of a connected city and essential to enable residents with protected characteristics to fully participate in the all the city has to offer and digital opportunities in jobs and skills.</p>

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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.

Making Manchester Fairer: Anti-Poverty Strategy 2023-2027 was approved by Executive on 18 January 2023

[Budget Equality and Poverty Impact Assessments, RAGOS, 27 February 2024](#)

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

1. Introduction

- 1.1 Manchester City Council has a long-standing commitment to promote equality, celebrate diversity and advance inclusion. This commitment has underpinned the Council's decision making and business planning processes for some years, with equality considerations featured explicitly in business planning documents and Equality Impact Assessments (EIAs) carried out for both budget proposals and business as usual changes to Council functions. This paper outlines the identified impacts through the Equalities and poverty assessment of the current budget proposals as well as the future service planning approach to ensure equalities considerations are embedded in future service design and delivery.
- 1.2 Following funding announcements in the Government's Autumn Statement on 22 November 2023, the provisional local government finance settlement on 18 December 2023 and final local government finance settlement on 5 February 2024 the Council has been able to propose a balanced one-year budget for 2024/25.
- 1.3 The balanced position for 2024/25 is reliant on delivery of savings of £21.374m. This consists of £10.172m which was previously approved as part of the February 2023 MTFP plus an additional £11.202m identified to offset the ongoing impact of Social Care pressures which have emerged in the current year. A breakdown of the savings is included at Appendix 2 of the Medium Term Financial Strategy report elsewhere on this agenda. The detail was considered by the relevant scrutiny committee meetings in early February 2024. As far as possible the savings are aimed at protecting the delivery of council priorities and represent the least detrimental options. Where the measures require an EIA, these have been undertaken.

2. Overview of decision-making framework, monitoring progress and approach to evaluation

- 2.1 Tackling inequalities is a clear and cross cutting theme of the Our Manchester Strategy for the city that was reset in 2021, and of the Council's Corporate Plan that sets out how the Council will deliver the ambitions for the city. Commitments to tackling inequalities are also central to the Council's Business Plan that is included in the Budget papers for 2024/25. Each service is then asked to develop their own service plan for the year and again, describing how the service will take steps to tackle inequalities is a key part of the service planning process.
- 2.2 The Council uses a wide range of data, intelligence and insight about communities in the city and different neighbourhoods and localities to inform decisions and service priorities. An example is the geographical analysis of the impacts of the cost of living that led to targeted investment and support being delivered in 15 priority wards. The annual State of the City report monitors progress – highlighting strengths and issues that need further development – that the city is making against the Our Manchester Strategy ambitions. The Council's Intelligence Hub provides an online interactive

resource that brings together data on different parts of the city at a range of spatial levels.

- 2.3 The Council has a strong commitment to using evidence and evaluation to inform decision making and improve its services. Public service reform programmes each involve selecting interventions that have the strongest evidence base and can be effectively implemented in the context of Manchester. Evaluation tracks the impacts of reform programmes against key indicators of improved outcomes for residents and of reductions in demand for public services. Examples include the Children's Services reform programme and Better Outcomes Better Lives in Adult Social Care.
- 2.4 Children's Early Help has made a significant contribution to the consistent reduction in referrals to Children's services and reductions in the populations of Looked After Children and Children on a Protection Plan. Outcomes have been tracked over ten years for over 710,300 families during the period of support and whether these are sustained for up to twelve months after support ended, and include:
- Social care: 97% of families who received an offer of Early Help were not known to social work within 12 months of intervention ending
 - Children in Need: 83% of children and families who received a service sustained changes a year later and did not require a statutory intervention.
 - Attending school: 30% of families had children with persistent absence before support, this is reduced to 12% after support
 - Crime and disorder. 59% of families had at least one police call out before support, this is reduced to 35% after support
- 2.5 In relation to Adult Social Care Monthly reporting shows that around two thirds (67%) of those receiving reablement leave with no further care required (62%) or reduced care needs (5%). Around 70% of those people receiving Reablement support do not require a package of care afterwards and stay in hospital on average 4 fewer days for non-elective care.
- 2.6 The Council funds and invests in the Voluntary, Community and Social Enterprise (VCSE) sector in many ways, including the £2.4 million per year Our Manchester Voluntary and Community Sector (OMVCS) grants programme. Established in 2018, the OMVCS programme has been refreshed for the 2023-2026 financial years and is in the process of awarding funding to VCSE organisations across the city. The 2023-2026 programme specifically aims to support organisations that tackle inequalities, reduce poverty, and improve health and well-being. A balanced portfolio of 60 VCSE organisations across the city will be funded through these programmes. Compared to the 2018-2022 OMVCS programme, and again subject to due diligence, there will be an increased share of funding for organisations in North Manchester and an increased share for organisations supporting Black, Asian, and Minority Ethnic (BAME) communities.

- 2.7 The 2023/24 approved budget included investment of an additional £2 million in support for vulnerable and at-risk residents and the VCSE sector. In 2024/25 the £2m will be used as follows:
- £1m is providing support to Voluntary and Community groups that provide Community Hubs, Good Neighbours Groups and other locally focused activities that support residents in all parts of the city. This has been allocated as part of the Our Manchester grants programme.
 - £770k for the changes to the Council Tax Support Scheme which was approved by Executive in January 2024. The changes followed a consultation exercise and include:-
 - Increase the maximum CTS award from 82.5% to 85% for working age households
 - Adjust the universal credit excess income bands upwards by 2.5% to maintain parity with the 85% maximum award
 - Extend the maximum backdating period from 6 months to 12 months.
 - Following the introduction of a range of measures at June 2023 Executive to support residents who were struggling to pay their council tax, £230k will be used to continue these into 204/25. These include a range of flexibilities in the approach to Council Tax collection and recovery, including a more generous approach to making Discretionary Council Tax Payments (DCTP) to residents. The measures include:
 - Payments of up to £500, or an amount equivalent to three monthly instalments, to be made by staff in the Customer Service Organisation where they believe it will allow residents to continue to meet their regular monthly instalments in the future.
 - An informal breathing space for residents when referred by an Advice Agency or a Manchester Councillor
 - Writing off all but the most recent set of summons costs when a resident in receipt of maximum CTS engages with the Council Tax Service. Non collection of these costs has already been accounted for in the Council's bad debt provision.
 - Writing off summons costs incurred in the current year when residents who have been summonsed contact the Council to make an arrangement.

3. Overview of decision-making framework, monitoring progress and approach to evaluation

- 3.1 The completion of equality analyses, to assess the implications of the business planning and budget proposals process for protected groups under the Equality Act 2010, is now a well-established approach and work has been continuing to ensure it is fully embedded and used effectively.
- 3.2 The Council EIA template was amended in 2020 and there has been a further revision in 2023 to streamline the process and allow for robust decision-

making and ensure accountability and having 'due regard' is embedded through the process. This involves;

- Removing or minimising disadvantages experienced by people due to their protected characteristics and their intersectionality.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of the general population.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

3.3 The Council has included additional 'priority groups' as part of the equality impact assessment, in addition to groups protected by the Equality Act 2010. These additional priority groups reflect a greater breadth of inequalities than those addressed by the Act, and touch upon the provisions of Section 1 of the Act, the Socio-economic Duty (which was not enacted). The additional priority groups are:

- Carers
- Care experienced people and care leavers
- Current and former Armed Forces personnel and their families
- People experiencing homelessness
- People living in poverty including socio-economic deprivation

3.4 In October 2022, a Council motion was agreed to give formal recognition to 'young people in care' and 'care experienced people' as additional priority group to be considered in all equality impact assessments carried out during the decision-making and policy-making process. This has also been included in the EIA template.

3.5 The inclusion of poverty in the template is particularly useful as it is recognised that inequalities linked to age, ethnicity, disability, and sex in particular are intrinsically linked to poverty with these groups most likely to be impacted by budget reductions and service changes. The EIA template allows for a high-level assessment of poverty impact, and where it is identified that there is disproportionate impact related to the proposals, a more in-depth analysis and stakeholder engagement will be undertaken using a fuller Budget Impact on Poverty Assessment template.

3.6 The Making Manchester Fairer: Anti-Poverty Strategy 2023-2027 was approved by Executive on 18 January 2023. It replaces and builds on the previous Family Poverty Strategy and covers all ages and all households. It sits within the Making Manchester Fairer framework and focuses on delivering positive changes to tackle poverty in the medium to long term. Priorities for delivery sit under four themes:

- Preventing Poverty – what we can do to prevent residents experiencing poverty
- Mitigating Poverty to make life easier for people experiencing poverty and ensuring their basic needs are met

- Pathways out of Poverty – raising people’s incomes so they can move out of poverty, and
- Inclusive and Effective delivery making sure that people with lived experience of poverty have a voice in anti-poverty work and that interventions are targeted to make sure we consider inequalities and inequity in how poverty is experienced.

3.7 In December 2022 the Council appointed a Joint Director for Equality, Inclusion and Engagement working across MCC and the NHS. This role is responsible for the current council equalities team (effective from 1 March 2023) and their work programme will be synthesised with wider work on Making Manchester Fairer and engagement, therefore ensuring the future delivery of this work in an integrated way. In addition, MCC will be publishing its Equality Objectives for 2024-2028, which will have a focus on employment, community involvement and engagement and inclusion service delivery.

4. **2024/25 Budget proposals**

4.1 Service Reductions and Efficiencies - The savings proposals for 2024/25 are largely budget adjustments which do not directly impact on service delivery. Of those proposals recommended to Council the following have been identified as requiring an Equality Impact Assessment.

- Adult Social Care and Homelessness are both progressing with significant transformation programmes. These programmes (Better Outcomes, Better Lives and A Place Called Home) are designed to focus more on individual needs, adopting a person-centred approach with greater emphasis on prevention and early intervention. The models do not propose to reduce the service offer but to reduce future demand for services through this approach. In ASC this approach has been in place for some time and is showing positive impacts and outcomes.
- In Adult Social Care the My Life, My Way transformation programme is progressing. This programme was named after consultation with people with lived experience and is focused upon transforming MCCs in-house services that either support or are accessed by people with a learning disability and/ or autism. The vision of the programme is to transform the services to ensure that they are able the needs of residents with the most complex needs. An Equality Impact Assessment was completed at the programme's inception and is periodically reviewed to ensure the consideration of all protected characteristics within programme activity. This is supported by an iteratively developing communication and engagement approach and plan for the programme. The approach is building upon past engagement with service users, families, carers, and advocates such as, during the commissioning day services review, to ensure that the future service offers are inclusive and equitable without being detrimental to any residents.

- Work is also underway on the way in which equalities data is collected in ASC, supporting the ability to be better informed on the impact of changes being made to services. This will be informed by greater emphasis on Equality Impact Assessments (EIAs) including stakeholder engagement, working with the Equalities and Engagement Team, on emerging new approaches.
- From a homelessness perspective, the Council's allocation policy was amended in February 2023 to enable the Council to prevent homelessness at a much earlier stage and provide more accommodation options, as well as retain priority on the housing register. The Council is also creating alternative accommodation options to temporary accommodation through a series of innovative leasing schemes. Homelessness has identified that changes in service provision are required to reduce the use of Bed and Breakfast accommodation, and to reduce, and ultimately eradicate, the need for rough sleeping on the streets. It is anticipated that there will be a continued reduction in use of Bed and Breakfast accommodation and a reduced number of homeless presentations through improved prevention.
- A full Equalities Impact Assessment of the Homelessness changes was undertaken in January 2023. 2024/25 is the second year of the three-year plan and the assessments are subject to frequent review and updating. Using data from statutory presentations as well as monitoring collected from street-based outreach and engagement teams, the service has put forward mitigation and an enhanced offer by commissioning services for specific protected characteristic and other groups, for example LGBT youth and asylum seekers.
- These are service redesigns with a clear purpose, and which identify a change of ethos and methodology, as opposed to simply reducing the cost of provision. The impact on individuals, and cohorts of individuals is factored into the monitoring and evaluation of the transformation programmes, and it is essential that these considerations do not lose traction as progress is made.
- The Resident and Business Digital Experience Programme has also completed an Equality Impact Assessment which continues to be reviewed and updated throughout the lifecycle of the programme. This assessment considers the impact changes delivered by the programme will have on our diverse communities in particular the channel shift anticipated to be delivered through the implementation of an improved digital offer which we anticipate will become a preferred method of contact for most of our residents and businesses. Similar to the approaches outlined above, this project does not recommend a service reduction but service changes which will ultimately reduce costs. The needs of our diverse communities have been considered during the early stages of the project with inclusive design embedded in the approach and resident accessibility and digital inclusion being factored into the testing and implementation of new systems and services. An in person and alternative offer will also be

maintained for those residents unable to access the digital offer. The project team has invited the Staff Disability Network to take part in the forms testing and consult with the Equalities team on an ongoing basis to ensure that inclusion is kept at the forefront of the project.

- The project has engaged with Manchester Disability Collaborative and are working with Invuse, accessibility specialists, to carry out a full accessibility compliance test for the CRM against the WCAG 2.2 AA criteria. We will use this to inform the accessibility statement for the new CRM, to outline compliance with the new accessibility guidelines, WCAG 2.2 AA. Work has also been carried out with disability charities such as Breakthrough UK and RNIB to plan in usability testing with disabled consultants.
- Highways maintenance completed an EIA for restrictions on planned works to hold maintenance vacancies but did not identify any impacts.

4.2 Increasing income

- The budget will include a proposal to increase Council Tax in line with the Spending Power assumptions set by national Government, with an increase of 4.99%. This increase in Council Tax payable will directly impact on all Manchester residents, especially those already, or at risk of, living in poverty, in particular disabled people, communities experiencing and impacted by racial inequality and women. As part of the budget setting process, a comprehensive Equality and Poverty Impact Assessment has been completed and indicates extensive use of data from the most recent Census, Indices of Multiple Deprivation, and statistics from Council Tax relief. The assessment considers the impact of the council tax increase as well as indicating what mitigations need to be put in place for any cohorts of citizens with protected characteristics who may be adversely affected by an increase in Council Tax in Manchester. The range of support provided to Manchester residents includes discretionary support schemes, as well as support to manage the payments and repay debt.
- As part of the budget proposals, Council housing rents are to increase in line with the Government cap, that is 7.7% for both social rented stock and PFI properties. Government has announced that benefits are to increase in line with the September 2023 CPI rate with effect from April 2024, this will help mitigate any impact of the increase for tenants in receipt of benefits. Additional financial support is available which is targeted at those most affected by the cost-of-living crisis and provides support relating to rent, energy bills or other household bills to all City Council tenants, which includes residents within PFI areas. The Community Living Fund is proposed to be retained for 2024/25 with £300k being made available, alongside the carry forward of any funds remaining from the 2023/24 scheme.
- Housing Services are developing an EIA on both rent and heating charges to ensure that services understand and are aware of the support needed

by the residents who are most significantly impacted by the increases. This will include both PFI stock and Council managed stock to establish whether there are any specific cohorts with protected characteristics who will be impacted. As part of the budget process a £300k budget has been established to provide support to any households who may require support. An EIA will be undertaken during March 2024 and any identified impacts will be reviewed and a suitable mitigation plan will be agreed with consideration to the additional support outlined in section 5 of this paper.

- 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. As part of the review it was recommended that some external charges are increased by up to 5% from 1st April. Rather than increasing by September CPI which was 6.7% it was proposed to cap the non-contractual increases at 5%.
- Planned increases with a potential impact on residents include a 5% increase to Compliance income, inflationary increase to bulky waste collections, 5% increase for highways fees and permits, increased vehicle clamping income and increased registrars fees to align to other Core Cities. Minimal equalities impacts were identified in relation to these planned changes.

5. Increased Investment and support for people experiencing poverty

- 5.1 Manchester City Council is committed to tackling poverty and inequity through the Making Manchester Fairer action plan which sets out Manchester's response to the Sir Michael Marmot report "Build Back Fairer in Greater Manchester: Health Equity and Dignified Lives". It sets out the City's whole system approach to addressing health inequalities across a five-year period 2022-27. The plan includes tackling poverty and debt as one of the most significant routes to improving health outcomes in Manchester. The Manchester Anti-Poverty Strategy sits under the '[Making Manchester Fairer](#)' Plan to support the delivery of these priority actions. It covers all life-stages and households and also includes a spatial focus. The strategy will strongly influence the work in ASC by ensuring there is a heightened focus on more marginalised communities and those with protected characteristics. The Carers Emergency Fund, for example, is one way of supporting unpaid carers to receive emergency help at a time of genuine crisis with small cash grants, white goods etc. to carry on caring.
- 5.2 A core team has been created to drive delivery of both the Making Manchester Fairer Action Plan and the Anti-Poverty Strategy. This team supplements existing Public Health resources allocated to this work and is complemented by a virtual team drawn from each of the council's directorate. In addition, there is a Making Manchester Fairer investment fund of £3 million to support two 'kickstarter' schemes, to improve health equity on an invest to save approach. The schemes prioritised for phase 1 are: (1) improving health

equity for children and young people and (2) early help for adults experiencing multiple and complex disadvantage.

- 5.3 In the context of rapidly rising inflation and significant increases in energy and food costs, MCC undertook analysis in summer 2022 to identify households who would be particularly hard hit because they have very low discretionary spend. A recent update of the intelligence underpinning this work, showed that the number of households with £30 or less discretionary income per month rose from 40,000 households to 41,300 households and the 60,000 households with between £30 and £124 per month stayed broadly the same. The data included the relevant Census and Family Poverty data. The areas with the greatest increase in numbers and concentrations of financially vulnerable households showed the need to add 4 additional wards to the original 11 priority wards for the Cost-of-Living response.
- 5.4 The Council reinstated the Residents at Risk group in October 2022. The group brings together MCC services and health partners to support our residents and neighbourhoods who need it most. Underpinned by the Cost-of-Living Advice Line (freephone & online), the offer includes financial support and advice, community food response, support for VCSE organisations to increase their resilience and capacity, targeted support for communities experiencing the most adverse impacts, neighbourhood response with events targeted at priority wards, warm spaces, work with schools and digital inclusion.
- 5.5 The Cost-of-Living Advice line was set up to provide advice and guidance for benefits, help with rent, debt and bills advice, food support and getting online. Over 8,900 residents have contacted the Cost-of-Living advice line either by telephone or online, since it was launched in October 2022. They include residents from every ward in the city, with the greatest number of contacts coming from Harpurhey, Miles Platting & Newton Heath and Moss Side. As with last year, where people are happy to share their demographic information, more women than men contacted the advice line, a much greater number in the 26- to 39-year-old age group than any other with fewer older people, the majority were unemployed and there were more residents from a social rented household followed by private rented than other tenures.
- 5.6 The main reasons our residents contact the advice line are request for support relating to Benefits and Help with Rent (31.8%), Help & Advice with Debt and paying bills (26%) and help with food (24.8%). Residents often receive support from multiple sources including warm handover to advice agencies, help with benefits from DWP, food and other support.
- 5.7 The 2023/24 budget included a further £3.55m to provide direct support to residents, and this has been protected for 2024/25 to invest in mitigating the impact of the Cost of Living on our poorest households. This will be even more critical if national Government doesn't provide Household Support Fund resources that year (as of yet not announced), which will leave a big gap. As well as additional payments to vulnerable residents the Fund enabled free

school meal provision to be extended to cover school holidays. The Council does not have the resources to mitigate the loss of this funding.

- 5.8 Despite the challenge of no additional national government funding, as well as continuing to support the Cost-of-Living advice line and response, the Council has in line with Making Manchester Fairer principles agreed to allocate £350,000 of the £3.55m to progress priorities in the Anti-Poverty Strategy including income maximisation, debt and financial education. The remainder will continue to be used to address immediate response.
- 5.9 A report was taken to RAGOS in January 2024 on Anti-Poverty Budget Options and the recommendations in that report have been incorporated into the below.

	2023/24 Allocations £000's	Proposed 2024/25 Allocations £000's	Comments
Food Response	1,200	1,300	Working with Community Food partnership and purchasing ambient food stock for access by food providers
Local Welfare Provision	650	0	Additional funding for the Local Welfare Provision scheme. The funding helps cover essential costs for households, including one off crisis payments, basic white goods and furniture for residents moving from temporary accommodation. These costs will now be funded from the existing mainstream budgets.
Discretionary Housing Payments	500	400	The primary aim is to support people in their own tenancies and to help prevent people becoming homeless.
Community Health Equity for Manchester (CHEM)	250	250	To support Communities experiencing racial inequality and other inequalities more likely to be impacted by the cost-of-living crisis.
Support to VSCE	600	700	To increase the capacity of the VSCE sector to respond to the cost of living crisis in the wards most affected and citywide.
Expand advice and debt offer	250	100	Expand the advice and debt support offer across the City.
Other	100	307	Includes additional communication and engagement for residents and support to increase digital inclusion.
Carers Leavers support payment		208	To provide £10 per week to a growing cohort of c400 care leavers.

			This was previously funded as part of HSF.
Holiday Activity Fund (HAF)		285	This is to compliment the £4.1m government funding to enable activities to take place in half terms and well as the main school holidays. This was previously funded as part of HSF.
	3,550	3,550	

5.10 In addition to support outlined above, changes to the Council Tax Support Scheme were approved by Executive in January 2024. The changes followed a consultation exercise and included:

- Increase the maximum CTS award from 82.5% to 85% for working age households
- Adjust the universal credit excess income bands upwards by 2.5% to maintain parity with the 85% maximum award
- Extend the maximum backdating period from 6 months to 12 months.

5.11 The Council follows the government guidance on supportive debt recovery in the different stages of the Council Tax enforcement and recovery process including scheme design, working with the debt advice sector, effective use of data and enforcement action. A feasibility study into ending the use of Enforcement Agents for debt collection was considered by Resources and Governance Committee 11 January 2024. The recommendations were as follows:

- Noting all the information provided, recommend that the City Council continues to use EAs in the collection of Council Tax against individual residents.
- Recommend that it is not appropriate for any case in receipt of any level CTS to be referred to EAs and agrees that recovery via an attachment of benefits is more appropriate, including for those currently in receipt of maximum CTS.
- Recommend that further consideration is given to implementing the recommendations made by CAM.

6. 2024/25 Collective impact of proposals and ongoing management

6.1 The work that has been carried out on individual business cases and EIAs are being reviewed to consider the collective impact of the options proposed and how the overall budget changes will impact on equalities, poverty and ultimately our residents. Given the minimal impact of the proposed service changes it is considered that the greatest impact will be the collective impact of increased Council Tax, rent, energy charges and other costs. The Council has been mindful of this, and the analysis undertaken on cost-of-living impacts will support services to identify households requiring support and the range of financial support measures outlined in the paper (section 5) are

intended to mitigate this. This work will be managed and reviewed through the Making Manchester Fairer Programme and the Anti-Poverty Strategy, as outlined above.

- 6.2 The budget setting process is integrated with the Council's Corporate Plan, Business Plan and Service planning process. Each service has responsibility to review how the use of their budget as a whole, not just any savings proposed, might mitigate or positively impact on equality, anti-poverty, and how social value can be maximised. The service plan template also incorporates financial planning and performance management information, ensuring these are more closely aligned. The individual Equality Impact Assessments will remain live documents, ensuring the mitigations and action plans are managed throughout the year.

7. Conclusion

- 7.1 Overall, the most significant identified impact on equalities is the increase in costs as it is recognised that some of the protected groups more likely to be disproportionately impacted and are also most likely to be living in poverty. It is considered that the package of support provided and the detailed analysis to target provision will support the mitigation of this impact. However, it is imperative that this is closely monitored and managed throughout the year.
- 7.2 Further work will be completed by services in their service plans to demonstrate how equalities considerations are embedded within the design and delivery of the services, supported by good financial planning and performance management.
- 7.3 The ongoing review and implementation of the mitigation and action plans identified in the individual Equality Impact Assessments will be essential. Additionally, further understanding the impact of this on our diverse communities and those experiencing poverty will be considered within the overall context of the Anti-Poverty Strategy evaluation.

8. Recommendations

- 8.1 Members are requested to note the contents of this report.