



Executive

Date: Wednesday, 20 January 2021

Time: 2.00 pm

Venue: The web address for the Live-stream of the meeting is to follow

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Under the provisions of these regulations the location where a meeting is held can include reference to more than one place including electronic, digital or virtual locations such as Internet locations, web addresses or conference call telephone numbers.

To attend this meeting it can be watched live as a webcast. The recording of the webcast will also be available for viewing after the meeting has ended.

Membership of the Executive

Councillors

Leese (Chair), Akbar, Bridges, Craig, N Murphy, Ollerhead, Rahman, Stogia and Richards

Membership of the Consultative Panel

Councillors

Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

The Consultative Panel has a standing invitation to attend meetings of the Executive. The Members of the Panel may speak at these meetings but cannot vote on the decisions taken at the meetings.

Agenda

- 1. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.
- 2. Interests**
To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.
- 3. Minutes**
To approve as a correct record the minutes of the meeting held on 9 December 2020 (enclosed). 5 - 14
- 4. COVID 19 Monthly Update Report** All Wards
The report of the Chief Executive is to follow.
- 5. Provisional Local Government Finance Settlement 2021/22** All Wards
The report of the Deputy Chief Executive and City Treasurer is enclosed. 15 - 22
- 6. Council Tax Consultation Results 2021/22** All Wards
The report of the Deputy Chief Executive and City Treasurer, and the Head of Strategic Communications is enclosed. 23 - 38
- 7.1 Directorate Budgets - Children and Education Services Budget 2021/22** All Wards
The report of the Strategic Director for Children's and Education Services is enclosed. 39 - 68
- 7.2 Directorate Budgets - Health Budget Options for 2021/22** All Wards
The report of the Chief Executive Manchester Local Care Organisation and the Executive Director of Adult Social Services is enclosed. 69 - 98
- 7.3 Directorate Budgets - Homelessness Directorate Budget and Savings Options 2021/22** All Wards
The report of the Director of Homelessness is enclosed. 99 - 112
- 7.4 Directorate Budgets - Corporate Core Budget Proposals 2021/22** All Wards
The report of the Deputy Chief Executive and City Treasurer, and City Solicitor is enclosed. 113 - 132

- 7.5** Directorate Budgets - Neighbourhoods Directorate Budget Proposals 2021/22
The report of the Strategic Director (Neighbourhoods) is enclosed. **All Wards**
133 - 144
- 7.6** Directorate Budgets - Growth and Development Directorate Budget Proposals 2021/22
The report of the Strategic Director (Growth & Development) is enclosed. **All Wards**
145 - 154
- 8. Capital Programme Update**
The report of the Deputy Chief Executive and City Treasurer is to follow. **All Wards**
- 9. Housing Revenue Account Delivery model- Northwards ALMO Review**
The report of the Chief Executive is enclosed. **Charlestown;
Cheetham;
Crumpsall;
Harpurhey;
Higher
Blackley;
Miles Platting
and Newton
Heath; Moston**
155 – 176
- 10. Affordable Housing Delivery Update**
The report of the Strategic Director (Growth and Development) is enclosed. **All Wards**
177 - 188
- 11. Manchester Aquatic Centre Investment**
The report of the Strategic Director of Neighbourhoods is to follow. **Hulme**

Information about the Executive

The Executive is made up of nine Councillors: the Leader and Deputy Leader of the Council and seven Executive Members with responsibility for: Children Services & Schools; Finance & Human Resources; Adult Services; Skills, Culture & Leisure; Neighbourhoods; Housing & Regeneration; and Environment, Planning & Transport. The Leader of the Council chairs the meetings of the Executive.

The Executive has full authority for implementing the Council's Budgetary and Policy Framework, and this means that most of its decisions do not need approval by Council, although they may still be subject to detailed review through the Council's overview and scrutiny procedures.

The Council wants to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair. If you have a special interest in an item on the agenda and want to speak, tell the Committee Officer, who will pass on your request to the Chair. Groups of people will usually be asked to nominate a spokesperson. Speaking at a meeting will require a telephone or a video link to the virtual meeting.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting and the means of external access to the virtual meeting are suspended.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
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Further Information

For help, advice and information about this meeting please contact the Committee Officer:
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This agenda was issued on **Tuesday, 12 January 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

Executive

Minutes of the meeting held on Wednesday, 9 December 2020

Present: Councillor Leese (Chair)

Councillors: Akbar, Bridges, Craig, N Murphy, Rahman, Stogia, and Richards

Also present as Members of the Standing Consultative Panel:

Councillors: Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

Apologies: Councillor Ollerhead

Exe/20/131 Minutes

Decision

To approve as a correct record the minutes of the meeting on 11 November 2020.

Exe/20/132 COVID 19 Monthly Update Report

The written report from the Chief Executive took the form of three “situation reports”, one each for the work on the city’s economic recovery, work with residents and communities, and work on the future of the Council itself. The written report was noted. The report also included an updated version of Manchester’s 12 Point COVID-19 Action Plan which had been brought up to date to include references to mass-testing and to the vaccination roll-out arrangements.

At the meeting the Executive Member, Councillor Craig, gave a brief update on significant and changing developments in recent weeks. The number of cases in Manchester was currently down to 164 cases per 100,000. The rate in the over 60’s was 189 per 100,000 and was likewise decreasing. Admissions to hospitals in the city were also declining and although the average length of a stay in hospital was increasing that was a result of more patients surviving their infection, so was a positive sign. However, the overall pressures on the hospitals remained very high.

The Executive Member also advised residents of Manchester to continue to be cautious over the Christmas period. The government’s restrictions on social mixing were being relaxed and eased to allow more families to mix and spend time together indoors over the Christmas period, in larger groups and from multiple households. However, the way everyone behaved in the five days when the restrictions were relaxed could prove to be crucial to preventing a further a rise in infections and hospital admissions in early January.

She also described the arrangement that were being put in place to allow family members to resume visiting the residents of care homes. That would be allowed

where people have received a negative result from both a PCR Test up to three days before a visit, and a Lateral Flow Test on the day of the visit. It was felt that those arrangements would allow visits to resume safely. Lastly, she said that vaccinations were to begin within days at Manchester hospitals, with community vaccination starting the following week.

The Director of Public Health then reported on the planning that was underway for the city's programme for targeted testing at scale, and the help of the military with the logistics of the programme. Early in 2021 there would be the start of community testing to detect asymptomatic case in those parts of the city where infections rates were the highest, learning from the pilot testing in Liverpool and the experiences of the universities and the mass testing of students to allow them to return home at Christmas.

Decision

To note the report.

Exe/20/133 Spending Review Announcement

Following the Chancellor's statement to the House of Commons on 25 November, the report of the Deputy Chief Executive and City Treasurer set out the announcements in the Government's Spending Review that related to local government funding, and the potential impact of those overall announcements on the council's finances in the next year. The actual levels of funding for the council in 2021/22 were not yet known and were expected to be announced mid to late December. The announcements made by the Chancellor were anticipated to provide an extra £8m to £9m support for adult social care and £40m to £50m in other measures. If confirmed in December, those would be sufficient to remove the need to identify further cuts for 2021/2 beyond the approximately £50m of cuts and savings identified in the reports considered in November (Minutes Exe/20/117 to Exe/20/123).

The report set out the details of each elements of funding that the Chancellor had announced, as well as the implications of the partial public-sector pay freeze that had also been announced.

Decision

To note the report.

Exe/20/134 Revenue Budget Monitoring to the end of October 2020

The Deputy Chief Executive and City Treasurer presented a review of the 2020/21 revenue budgets. The report provided an overview of the Council's financial position as at the end of October 2020 and the work to develop a balanced budget for 2020/21. The report projected a balanced budget outturn for 2020/21, a further improvement on the forecast deficit that had been reported in October (Minute Exe/20/104). That new forecast was based on the financial implications of COVID-19,

budget revisions through the year and additional government funding confirmed to date. The overall revenue forecast for 2020/21 was now:

Forecast as at 31 October 2020	Original Approved Budget £000	Revised Budget £000	Forecast Outturn £000	Total Forecast Variance £000
Total Available Resources	(666,125)	(846,898)	(832,997)	13,901
Total Corporate Budgets	126,761	258,851	257,019	(1,832)
Children's Services	130,320	134,728	132,811	(1,917)
Adult Social Care	221,253	232,247	238,968	6,721
Homelessness	15,285	17,604	22,771	5,167
Corporate Core	69,958	91,354	93,178	1,824
Neighbourhoods	93,802	100,842	109,517	8,675
Growth and Development	8,746	11,272	15,079	3,807
Total Directorate Budgets	539,364	588,047	612,324	24,277
Total Use of Resources	666,125	846,898	869,343	22,445
Total forecast over / (under) spend	0	0	36,346	36,346
COVID 19 Government grant income (tranche 1 to 4) - Confirmed				(64,782)
COVID 19 Sales, fees and Charges grant income – Forecast				(6,400)
Re-profile the use of reserves				34,836
Net forecast over / (under) spend				0

The report also addressed a number of specific changes and approvals needed as part of the Council's budget revisions processes in 2020/21.

Grants in Addition to that Already Planned

The report explained that notifications had been received in relation to specific external grants as additional funds for the Council's response to the COVID-19 pandemic, as well as two grants for other purposes. These allocations had not been confirmed at the time of the 2020/21 budget setting processes, so confirmation of them was now being sought. These were all supported:

- £24.330m as tranche four emergency COVID-19 funding for the council's ongoing work to support communities during the pandemic.
- £3.7m as a further sales, fees and charges grant, the support package for losses from sales, fees and charges.

- £4.423m for the Contain Outbreak Management Fund to fund activities such as enforcement, compliance and contact tracing, being £8 per head of the city's population.
- £286,000 for Clinically Extremely Vulnerable people to provide food and support to the most at risk so as to enable them to stay at home as much as possible over the 28 national "lock-down" in November and early December 2020.
- £2.581m for the Holiday Activities and Food programme to support families and the most vulnerable over winter for provision of food during school holidays for children who normally would have access to a free school meal.
- £390,000 for cultural recovery, the first payment of £0.780m awarded to Manchester Art Gallery as a qualifying organisation that was severely financially impacted by COVID 19.
- £454,000 for rough sleepers Protect Programme to provide further accommodation for entrenched rough sleepers who are very complex in nature and will include Mental Health and Drugs/Alcohol misuse support.
- £65,000 for the Wellbeing for education return to provide training and support on specific mental health areas.
- £360,000 for Safer Streets Funding for interventions that will impact on the acquisitive crime including targeted hardening improvements to individual properties.

Budget to be Allocated

When setting the 2020/21 budget the Council has agreed to hold some funds for contingencies, and other money that was to be allocated throughout the year. The report proposed one further use of some of these budgets to be allocated. This was agreed:

- £99,000 for the Street Lighting PFI contract to fund the annual inflation increase on the PFI unitary payments.

Budget Virements

The report also proposed two budget virements, both of which would need to be approved by the Council. Those were both supported.

Decisions

1. To note the global revenue monitoring report and a forecast outturn position of a breakeven position.
2. To approve additional COVID-19 grants, and other unbudgeted external grant funding, to be reflected in the budget as set out above.
3. To approve the use of budgets to be allocated as set out above.
4. To recommend to the Council the approval of a proposed budget transfer of £1m from Corporate Core directorate to Collection Fund to offset council tax discounts (funded through the specific Hardship Fund grant); and also approve a £375k transfer within Adults Social Care for the Impower savings delivery partnership.

Exe/20/135 Greater Manchester Transport Strategy 2040

A report submitted by the Strategic Director (Growth and Development) sought the endorsement of the refreshed Greater Manchester Transport Strategy 2040, as well as the final version of a Five-Year Delivery Plan. The report also sought approval for the publication of a Local Implementation Plan for Manchester.

The Greater Manchester Transport Strategy 2040 had first been published in February 2017 as the city-region's statutory transport plan. Since then the steps that need to be taken to achieve the vision set out in the document had evolved significantly. It had therefore been brought up to date to make reference to:

- the "Right-Mix" ambition for at least 50% of all journeys to be made by active travel and public transport by 2040;
- details of the GM Mayor's 'Our Network' plan to create an integrated, modern and accessible transport network;
- an increased emphasis on the importance of cycling and walking;
- the climate emergency declared by GMCA and all ten councils;
- the development of the GM Clean Air Plan;
- the contemporary devolution agenda, including publication of the Bus Reform business case and GM Rail Prospectus;
- ongoing work to develop our 2040 sub-strategies including Streets for All, City Centre Transport Strategy, Local Bus Strategy, Rapid Transit Strategy, and Freight Strategy; and
- the development of the Greater Manchester Spatial Framework.

Along with the Greater Manchester Transport Strategy 2040, the GMCA was to publish "Our Five-Year Delivery Plan" to set out the practical actions planned to deliver the 2040 Transport Strategy and the transport ambitions of the GMCA and the Mayor. The "Our Five-Year Delivery Plan" was itself supported by ten Local Implementation Plans (LIPs) covering the period 2020 to 2025, one for each of the council district in Greater Manchester. The latest version of the Manchester LIP was appended to the report.

Decisions

1. To endorse the refreshed Greater Manchester Transport Strategy 2040 and the final version of Our Five-Year Delivery Plan for approval by GMCA and publication in December 2020, alongside GMSF.
2. To approve the publication of the supporting Local Implementation Plan for Manchester as an appendix to Our Five-Year Delivery Plan, acknowledging that these are "live" documents and will be subject to regular review and update as appropriate.
3. To delegate authority to the Strategic Director (Growth and Development) in consultation with the Executive Member for Environment, Planning and Transport to approve any subsequent updates to the Local Implementation Plan for Manchester.

Exe/20/136 HS2 Phase 2b Western Leg Design Refinement Consultation Response

This report submitted by the Strategic Director (Growth and Development) explained that the Council had been consulted as part of a Design Refinement Consultation (DRC) being carried out by HS2 Ltd. on the western leg of Phase 2b of HS2 (Manchester-Crewe). The consultation was seeking the Council's views on updates to station designs at both Manchester Piccadilly and Manchester Airport, a route alignment change, and the integration of Northern Powerhouse Rail at both Piccadilly and Manchester Airport high speed stations with proposals for extra platforms at both those stations.

The report set out in detail a proposed response to the consultation, with a copy of the draft response appended to the report. The full draft response was endorsed, with authority delegated to finalise the document and submit it to HS2 Ltd.

It was noted that the Economy Scrutiny Committee had also considered the report and had endorsed its recommendations (Minute ESC/20/48).

Decisions

1. To note the proposed refinements within Manchester in the HS2 Design Refinement Consultation.
2. To note and comment on the City Council's draft submission in response to the consultation.
3. To delegate authority to the Strategic Director (Growth & Development), in consultation with the Leader and Executive Member for Environment, Planning and Transport, to finalise the response and submit to HS2 Ltd.

Exe/20/137 Purpose Built Student Accommodation

Manchester has one of the largest student populations in Europe, with over 90,000 students at Greater Manchester's five universities, and over 380,000 students at the 22 Higher Education Institutions (HEIs) within an hour's drive.

Policy H12 of the city's Core Strategy was adopted in 2012 and had been developed with the objective of managing the supply of student accommodation in the city. It set out the criteria to be used to guide planning applications for student accommodation and to manage the appropriate delivery of Purpose Built Student Accommodation (PBSA). The policy had helped ensure that housing had been developed in the city centre, prevented an oversupply of PBSA, and created a dynamic residential market. The Council, working with partners, had used Policy H12 to manage the controlled delivery of a limited but sustainable supply of new PBSA, in response to increasing student demand for accommodation in the city centre. A small amount of PBSA has also been developed in the south of the city, including the University of Manchester's

plans in Fallowfield. Whilst Policy H12 remained relevant, changes in the student accommodation market had created the need to review the interpretation and application of the policy. This primarily related to affordability challenges and the need to locate accommodation close to the higher education institutions.

To that end, in November 2019 the Strategic Director (Growth & Development) had been asked to undertake an appropriate consultation with key stakeholders on this changing context for purpose built student accommodation, and to report back on the outcomes of the consultation (Minute/Exe/19/95).

The report now submitted by the Strategic Director set out the outcome of that consultation. The consultation had been undertaken in two phases: phase 1 up to March 2020 had been with developers, students and higher education establishments; phase 2 up to May 2020 with residents and business as part of the local plan review. There had then been the opportunity for further consideration and discussions with local ward councillors within the Council (Minute Exe/20/107).

For phase 1 there were 85 respondents: six from property developers; three from higher education establishments; and 76 from students, including representation from the Manchester Metropolitan University Student Union. The report described in detail the range of issues that these consultees had raised in their responses.

For phase 2 there were 561 respondents overall to the Local Plan consultation, although not all had commented on the purpose built student accommodation statement. Most of those responses were from residents. For the residents who responded on the question of purpose built student accommodation there was significant opposition to the conversion of existing family homes into shared living arrangements for students, and support for a range of good quality, affordable accommodation.

The report then set out a detailed responses to the matters that had been raised by the respondents. It also considered the implication of the COVID-19 pandemic on future provision and development of such accommodation. Any new schemes that were considered under the approach being recommended in the report would not be ready for occupation until 2023 at the earliest, and by then it was anticipated that the city would have recovered from the pandemic with a sense of normality returned. So it was felt that demand for student accommodation would not be affected by the pandemic in the longer term.

Decisions

1. To note the outcome of the consultation exercise with key stakeholders on purpose built student accommodation.
2. To endorse the approach set out in the report to help guide the decision making process in advance of the review of the Local Plan and request the Planning and Highways Committee take this approach into material consideration until the Local Plan has been reviewed.

Exe/20/138 Withdrawal from school catering provider market

The report of the Strategic Director, Neighbourhoods explained the current financial and operating position of Manchester Fayre, the council-operated catering services that provided food to 80 sites across the City, nearly all of which were schools. The report outlined the forecast cost of the service in the current year and the additional budget requirement that would be needed to continue operating the service in the future. The report set out the background to Manchester Fayre operation and described the current operations and budget positions

It was explained that the Council was not required to provide a school meals service and the majority of schools in the city had already made their own arrangements with other companies, or were providing meals in-house. In the future, the subsidy required to continue to operate the service to a minority of Manchester schools would be significant, requiring budget cuts in other services. It was felt that the market for school meal providers in Manchester was competitive and that alternative providers could service the demand without the subsidy that would otherwise be required for Manchester Fayre.

The report examined the options of increasing the charges for the meals provided but concluded that would most likely see even more schools leaving the service. It also considered the closing the service and helping the schools to make new arrangements. It considered the implications for the current employees if the service was to transfer to a new provider or be taken over by the individual schools. The report concluded by recommending the withdrawal of Manchester Fayre from the school meal provider market by no later than September 2021. At the meeting officers reported that discussions would take place with three other providers that might be in a position to take the service over from the Council.

It was noted that the report had also been considered by the Resources and Governance Scrutiny Committee at a recent meeting (Minute RGSC/20/56). The Committee had recommended that the Executive do not progress the changes being proposed in the report and instead consider alternative options. Having considered the officer's report and the advice of the Committee, it was agreed that changes should be made so that the service would not require financial subsidy and support by the Council in the future, and to explore the alternative options for the future of the service, including withdrawal by September 2021.

Decisions

1. To approve the withdrawal of Manchester Fayre from the school meal provider market by no later than September 2021.
2. To agree that the potential to assign the current Service Level Agreements held by Manchester Fayre to an independent provider be progressed.
3. To explore the extent by which the Council can work with other GM local authorities to continue to maintain a service.

4. To establish clearly what would be needed to make the Council's existing service financially viable.

Exe/20/139 Amendment to Hackney Carriage Fare Card

Manchester Airport Group (MAG) had amended the charging structure for the drop off zones at the airport terminals. Any charges imposed on Hackney Carriages by a third party (i.e. barrier charges to access a rank) can only be recovered on the Hackney Carriage meter if they are indicated on the published Fare Card (following a public consultation). Tariffs have to be indicated specifically on the card to ensure the customer understands the legal applicable charges on the meter, therefore the fare card has to be amended each time any third-party charge changes.

In its capacity as advisor to the Executive on hackney carriage fares, the Licensing and Appeals Committee considered a report at its meeting on 30 November 2020, which set out a proposal to amend the current Hackney Carriage Fare Card in relation to increased charges the Hackney Carriage Trade are subject to at the airport (Minute LAP/20/6). The Committee was recommending that the increase in charges made by the airport be added to the fare card so that drivers could recover that from their passengers and not have to carry that cost themselves. That proposal was accepted.

Decision

To approve the recommendation of the Licensing and Appeals Committee amend the Hackney Carriage Fare Tariff Extra - 'Manchester Airport Charge - Drop off at any terminal' from £1.80 to £3.

Exe/20/140 Children's COVID Winter Grant

Manchester had been allocated £2.581m as a COVID winter grant. A minimum of 80% of this grant had to be spent on families with children. The grant covers the period from 1 December 2020 to 31 March 2021. A report from the Strategic Director of Children and Education Services put forward proposals for this allocation of this grant funding to expenditure budgets, with the majority of the money to be used to support food provision for around 43,000 children and young people over the Christmas holidays and February half term holiday, when they would otherwise not have access to meals at their school.

The main proposal was for £1.9m to be used to pay for supermarket vouchers to be distributed through schools so as to allow families to buy food over the holiday periods. The balance of the money would be used for a range of other schemes to help children, families and young people in challenging circumstances over the winter period. The proposals in the report were all supported and welcomed.

Decisions

1. To note the contents of this report and the urgent time frame to provide food provision to Manchester children.
2. To agree that the allocation of the grant would support the following priorities:
 - £1.9m to be allocated to provide supermarket vouchers to be distributed through schools and settings for children and young people eligible for benefit related free school meals and other children in identified groups.
 - Up to £150k to be allocated as a grant to Colleges in Manchester to enable them to develop a scheme for young people who were previously on FSM.
 - £24.5k to be allocated for to support care leavers with food.
 - £264k to be allocated to Early Years/Early Help service to support children and families experiencing poverty.
 - £132k to be allocated to Food Response team for adult only households.
3. To delegate the administration and final allocation of the funds to the Deputy Chief Executive and City Treasurer in consultation with the Director of Children's Services.
4. To note that the decisions proposed in this report have not been on the record of key decisions for 28 days or more and that therefore the special urgency exemption is being relied upon with the consent of the Chair of the Children and Young People Scrutiny Committee.
5. To note that the City Solicitor has advised that the decisions proposed in this report are urgent.
6. To note that the Chair of the Children and Young People Scrutiny Committee has agreed that these decisions are reasonable in all the circumstances and to them being treated as a matter of urgency as any delay likely to be caused by the call-in process would seriously prejudice the interests of the residents of Manchester, and therefore are not subject to call-in.

**Manchester City Council
Report for Information**

Report to: Executive – 20 January 2021

Subject: Provisional Local Government Finance Settlement 2021/22

Report of: Deputy Chief Executive and City Treasurer

Summary

This report updates on the main announcements from the provisional local government finance settlement 2021/22 announced 17 December 2020, with a focus on the impact on Manchester.

Recommendation

The Executive is recommended to note the 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
The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

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

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

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
-

Financial Consequences – Revenue

The report sets out the announcements in the provisional local government finance settlement 2021/22 and the impact on Manchester City Council.

Financial Consequences – Capital

None directly arising from this report.

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Background documents (available for public inspection):

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

Spending Review on 25 November release
Settlement 17 December release
COVID related funding announcements

1 Introduction

- 1.1 As a result of additional demand for services and impact on the Council's income linked to the COVID-19 pandemic (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Prior to the Spending Review the 2021/22 gap was forecast at around £100m. The Spending Review announced 25 November recognised the COVID-19 pressures continuing to impact on next year and announced support for losses in local tax collection. As reported to this committee on 30 November it was expected that following the funding announcements, savings in the region of £50m, as previously identified, would be sufficient for 2021/22.
- 1.2 The provisional local government finance settlement 2021/22 announced 17 December provided Local Authority level allocations for the majority of funding announcements. This was slightly better than expected and confirmed that the c£50m savings options is sufficient to deliver a balanced budget next year. It should be noted the announcements only cover 2021/22 and are for one year only.
- 1.3 As previously reported, the Spending Review included proposals for a 2% Council Tax referendum threshold and a 3% precept to fund the pressures in Adult Social Care. In advance of confirming the level of Council Tax increase to be included in the 2021/22 budget a short consultation was carried out to seek feedback from residents on the proposed increases. The consultation closed on 24 December and the outcome is report separately to this meeting.
- 1.4 This note focuses on the forecast financial impact of the provisional finance settlement on the Council's budget.

2 Core Spending Power

- 2.1 At the national level the settlement proposals confirm an increase in Core Spending Power (CSP) for local authorities of 4.5% (£2.2bn). The stated increase for Manchester is 5%. Core Spending power is the government's preferred measure of the resources available to Council's. It should be noted the Core Spending power assumes all Council's take up the maximum Band D increases, and that tax base growth in line with average (by LA) since 2016/17. The funding streams included are listed below and the Council's allocations are detailed in the paragraphs which follow.
- 2.2 The following funding streams are included within Core Spending power:
- Settlement Funding Assessment
 - Compensation for under indexing the business rates multiplier
 - Council Tax Requirement
 - New Homes Bonus
 - Rural Services Delivery Grant (Not applicable to MCC)
 - Social Care Grant
 - Improved Better Care Fund

- Lower Tier Services Grant
- 2.3 **Settlement Funding Assessment (SFA)** is made up of Revenue Support Grant, Baseline Funding Assessment and tariffs and top-ups. Revenue Support Grant will increase by £13m nationally for a 0.55% inflationary increase. Government are not proposing to change the distribution of RSG from that used in 2020/21. As the Council is part of a 100% business rates retention pilot this is reflected in a reduced tariff being payable to government. This is a benefit of **£320k** to the Council.
- 2.4 **Compensation for under indexing the business rates multiplier** - The government will freeze the business rates multiplier in 2021/22. Local authorities will be compensated for the shortfall in income from freezing the multiplier, via the section 31 grant. This and associated changes to other Section 31 grants total **£0.752m**.
- 2.5 **Council Tax Requirement** – The settlement confirmed a core council tax referendum principle of up to 2% for shire counties, unitary authorities, London boroughs, the Greater London Authority (GLA) and fire authorities and a bespoke council tax referendum principle of up to 2% or £5, whichever is higher, for shire district councils. This equates to £3.4m for the Council, which had been assumed in the base budget.
- 2.6 In addition, the settlement confirmed an Adult Social Care (ASC) precept of 3% for authorities responsible for ASC, with the option to defer some or all of its use into 2022/23. This is worth **£5.1m** to the Council. The potential Council Tax increases totalling 4.99% were subject to consultation which closed 24 December, the outcome of that is provided in a separate report. If the 3% precept increase is approved it is proposed the **£5.1m** raised is added to the Adult Social Care Pooled budget.
- 2.7 A referendum principle of £15 was set for police and crime commissioners. There are no council tax referendum principles for Mayoral Combined Authorities.
- 2.8 **New Homes Bonus (NHB)** - The Government is proposing a new round of NHB payments (year 11 payments) in 2021/22 which will not attract new legacy commitments in future years. The allocations for 2021/22 will be funded through a £622m top slice of RSG. The methodology will be the same as in 2020/21 with payments calculated as new housing and houses brought back into use (above a payments baseline of 0.4%), multiplied by the average band D council tax payment, with an additional payment made for affordable homes. Legacy payments associated with year 8 (2018/19) and year 9 (2019/20) will also be paid. The base budget reflected the expected legacy payments (£4.7m) the unanticipated 2021/22 grant is **£4.1m**. The Government is inviting views on a replacement for NHB.
- 2.9 **Social Care Grant** - There is an additional £300m grant for social care. £240m of this has been equalised to account for each authority's ability to generate income from the ASC Council Tax precept. The Council will receive

£6.3m and it is proposed this is included in the Adult Social Care pool. This is one-off and will not be included in the base for the next Spending Review. All other existing social care funding will continue at 2020/21 level including Improved Better Care Fund.

- 2.10 **Lower tier services grant.** This is a new one off un-ringfenced grant which will allocate £111m to local authorities with responsibility for lower tier services. The proposed grant methodology is two-fold. £86m will be allocated based on relative needs (last assessed in 2013/14). The balance includes a one-off minimum funding floor to ensure that no authority sees an annual reduction in Core Spending Power (CSP). This funding is in response to the current exceptional circumstances and is a one-off. The Council will receive **£1.2m**.

3 One off support for COVID-19 related pressures in 2021/22

- 3.1 Government is providing an additional £1.55bn of grant funding to local authorities to meet additional expenditure pressures as a result of Covid-19, for the first few months of 2021/22 (this is separate from Core Spending Power). This will be allocated based on the COVID RNF which was developed for Tranche 3. This is un-ringfenced and one-off, the Council's allocation is **£22.2m**.
- 3.2 The Covid-19 sales, fees and charges reimbursement scheme will also be extended for a further 3 months until the end of June 2021

4 Collection Fund

- 4.1 **Local Council Tax Support grant** (£670m) is a new un-ringfenced grant outside core settlement which will fund authorities for the expected Council tax losses, including the impact of the increase in numbers receiving Council Tax Support. The Council will receive **£5.7m**, it is expected this will support the Council's overall budget position.
- 4.2 **Local Tax Income guarantee scheme** – local authorities will be compensated for 75% of irrecoverable loss of council tax and business rates revenues in 2020/21. The government has already mandated that 2020/21 deficits must be spread over 3 years. The methodology has been released and officers are working through the implications. The Council's current forecast deficit is a combined deficit of £34.6m, at £11.5m a year 2021/22 to 2022/23. The 2021/22 budget impact at 75% of this would be in the region of **£8.6m**.
- 4.3 The compensation will be by way of a S31 grant within the General Fund. As the compensation relates to 2020/21 it is expected that such amounts will have to be accrued in 2020/21. This would be held in reserve to partly offset the deficits in the years they are recognised.
- 4.4 **Business Rates 100% Retention Pilot** - Local authorities in 100% business rates retention Devolution Deal areas (including Greater Manchester) will

continue to benefit from the 100% business rates retention pilot in 2021/22. The baseline budget had assumed a move the 75% retention (as previously planned by government). Retention of the pilot improves the budget position by **£5.1m**.

- 4.5 The government has decided not to proceed with a reset of business rates baselines in 2021/22. The fundamental review of the business rates system will report in the spring. The Government will seek to find a new consensus for broader reforms for local government (including Business Rates Retention Scheme and Fairer Funding Review) when the post-COVID-19 future is clearer. -19 future is clearer.

5 Other announcements from the Spending Review and Settlement affecting the budget available to Local Government

- 5.1 **Pay Awards** - If the pay freeze announced in the Spending Review applies to local government the savings on the Council's budget would be **c£7.5m** alongside the lower than expected increase to the National Living Wage (**£2.5m**).
- 5.2 **Homelessness Prevention Grant** - this replaces Flexible Housing Support Grant and the Homelessness Reduction Grant, allocations totalling £310m 2021/22 were announced 21 December 2020. The amount to be received by the Council in 2021/22 is £3.286m an increase of £723k from last year. This does not provide the Directorate with any additional responsibilities. It is proposed this is used to part fund the £7.5m 2021/22 increase to the Homelessness 2021/22 budget relating to ongoing COVID-19 costs. This will release **£723k** to support the Council's position.

6 Summary impact on budget

- 6.1 The changes impacting on the Council's budget are summarised below.

	2021 / 22 £'000
Spending Power Changes:	
Revenue Support Grant inflation	320
Business Rates Adjustments	752
New Homes Bonus Scheme	4,104
Lower Tier Services Grant	1,236
One off COVID-19 support:	
COVID-19 Emergency funding - Tranche 5	22,229
Collection Fund Announcements:	
Local Council Tax Support grant	5,709
Local Tax Income guarantee scheme	8,637
Continuation of the 100% Business Rate Pilot	5,131
Other Announcements:	
Remove pay award assumption in 2021/22	7,500
Reduced contract cost of min wage	2,529

	2021 / 22 £'000
Homelessness Prevention Grant	723
Total Impact on council budget	58,870
Additional contribution to Adults pooled budget:	
Adult Social Care 3% precept	5,077
Social Care Grant (£300m)	6,313
Total impact on Adults pooled budget	11,390

- 6.2 The additional funding announced, alongside the proposed savings options will now enable a balanced budget to be delivered in 2021/22. In addition this will allow c£4.5m of planned reserves to close the budget gap to either mitigate the 75% Income Guarantee Scheme position (where the figure used is an estimate as the full detail is not available yet) or used to support the position in 2022/23 where there remains a significant budget gap.

	2021 / 22 £'000
Forecast gap Pre-Spending Review/Settlement	103,830
Forecast impact of Settlement	(58,870)
Savings Options	(49,417)
Defer planned use of reserves to balance the budget	4,457
Remaining Gap	0

7 Conclusion

- 7.1 Overall the settlement announcements were towards the positive end of expectations, although the collection fund position is still to be finalised. It is expected that savings in the region of £50m, as previously identified, will be sufficient to balance the 2021/22 budget.
- 7.2 Due to the fact this is a one-year Settlement and many of the announcements are for one-off funding the position for 2022/23 is still extremely challenging with an anticipated gap remaining of c£40m if the proposed savings are taken forward. Therefore work will continue to achieve a sustainable position for the future.

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**Manchester City Council
Report for Information**

Report to: Executive – 20 January 2021

Subject: Council Tax Consultation Results 2021/22

Report of: The Deputy Chief Executive and City Treasurer, and the Head of Strategic Communications

Summary

This report provides a summary of the results of phase one of the consultation on the potential increases to council tax for financial year 2021/22, as well as a summary of the responses received.

Recommendations

The Executive is asked to note the 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

Council Tax and the budget support all 8 corporate priorities including the zero-carbon target for the city.

Our Manchester Strategy Outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Council's budget, including the monies generated by council tax, supports the delivery of the Our Manchester Strategy outcomes and all of Our Corporate Priorities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Contact Officers:

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Position: Deputy Chief Executive and City Treasurer
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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.

Online budget consultation (consultation now closed)
<https://www.manchester.gov.uk/CTconsultation>

1.0 Introduction

- 1.1 The Council consulted with residents on the potential council tax increases for a 16-day period from 8 December 2020 to 24 December 2020.
- 1.2 This report provides the full results of the consultation and a summary of coded free text responses and comments.

2.0 Background

- 2.1 In previous years, the annual budget consultation has sought to allow residents to feedback on the following areas at the same time:
 - Proposed council tax increases
 - Proposed Adult Social Care (ASC) precept
 - Budget/savings options
- 2.2 Due to the timing of the 2021/22 Spending Review and Finance Settlement the budget consultation for 2021/22 will be a two-phase approach:

Phase 1 - Council tax and ASC precept consultation (8 December 2020 – 24 December 2020)

Phase 2 - Budget consultation (20 January 2021 – 21 February 2021)

3.0 Phase 1- Council Tax and ASC Precept

- 3.1 The Government's recent Spending Review allowed councils to increase council tax by up to 1.99 per cent plus an additional 3 per cent precept to help meet ASC costs.
- 3.2 Phase 1 of the consultation asked residents for their comments on the potential increases – which together would be a 4.99 per cent increase and raise around £8.5m – to help protect services from further cuts and especially to support adult social care for those in need.

4.0 Channels and engagement

- 4.1 A general budget narrative and the consultation form were available on the Council website at www.manchester.gov.uk/CTconsultation. Paper versions were sent to open libraries and available for those who preferred not to use the online form.
- 4.2 The consultation was shared with partners and supported by a social media campaign across a range of platforms using a mix of organic, boosted and paid-for targeted posts and proactive media releases and reactive media statements.
- 4.3 Staff were also signposted to the council tax consultation via the intranet, Forum and Chief Executive's broadcast.

4.4 A total of 2,090 people completed the consultation survey.

5.0 Consultation questionnaire

5.1 The consultation questionnaire comprised two closed questions to understand levels of agreement/disagreement with the potential level of increase, and one open text question to gather comments on the potential increases.

Q1 - Do you agree or disagree that we should protect adult social care by increasing council tax by 3%?

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree / Don't know

Q2 - Do you agree or disagree that we should continue to protect and invest in the services which residents told us matter most, such as roads, neighbourhoods and homelessness, even if this would require a further increase in council tax of 1.99%? *Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree / Don't know*

Q3 - Please give any general views and comments on the potential increases.

6.0 Consultation questionnaire analysis

6.1 Question 1 – Do you agree or disagree that we should protect adult social care by increasing council tax by 3%?

6.2 In question 1, members of the public were asked in a closed question whether or not they 'agree or disagree that we should protect adult social care by increasing council tax by 3%'. 36% of respondents agreed (22% strongly agree and 14% agree). 55% of respondents disagreed (17% disagree and 38% strongly disagree).

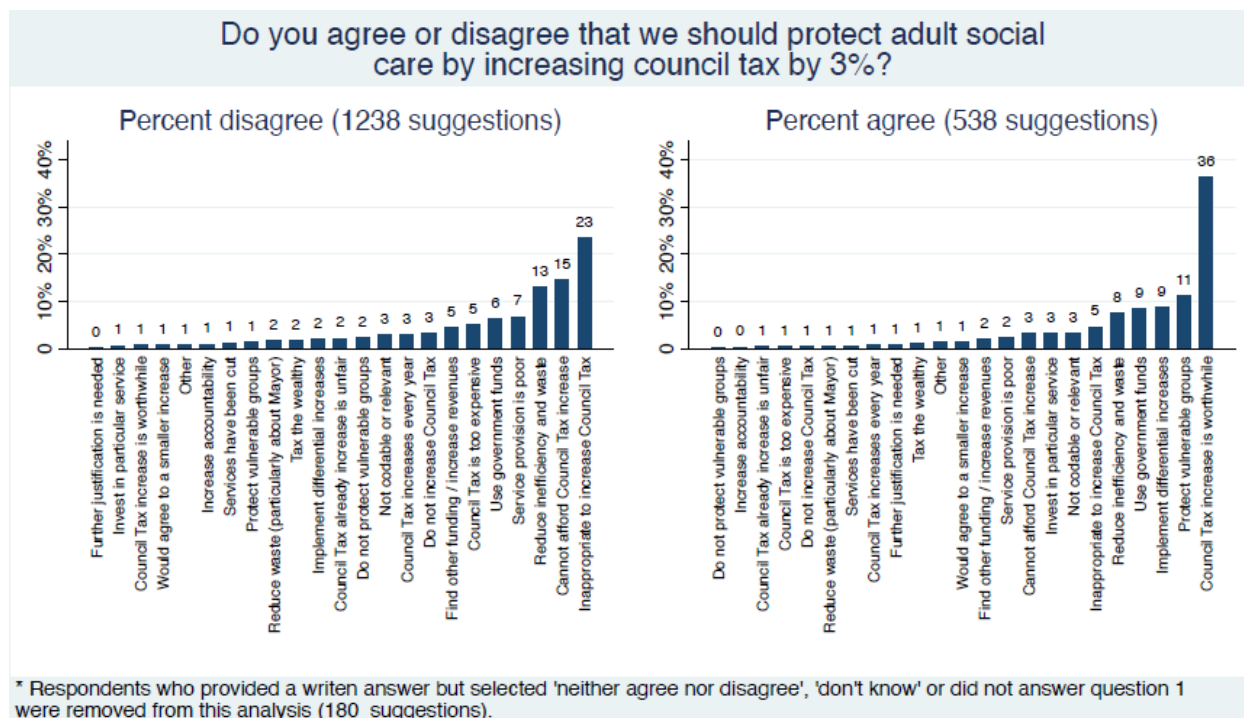
6.3 Members of the public were also asked to share any comments or alternatives they thought we should consider. Overall, 30% of suggestions (538) were given by individuals who were in favour of the potential increase (agreed or strongly agreed with the increase).

6.4 Graph 1 shows that of those respondents who agreed with the proposal, the following suggestions were made:

- 36% (195 suggestions) restated their agreement, while 11% (60 suggestions) specifically mentioned that vulnerable groups should be protected
- 8% (41 suggestions) advised that the Council should reduce inefficiency and waste or consider using government funds, either instead of increasing Council Tax or to cover part of the shortfall (9%; 46 suggestions)
- 9% (47 suggestions) suggested that MCC implement differential increases to council tax rates, whereby residents with lower income (or on benefits) would see their tax increased less

- 5% (25 suggestions) expressed concerns that it was inappropriate to increase council tax in light of current circumstances, notably the COVID-19 pandemic and its effects on unemployment, wage freezes and the burden of having to cover mortgage costs

Graph 1 – Responses split by whether they agreed or disagreed with the potential to increase council tax by 3% to protect adult social care

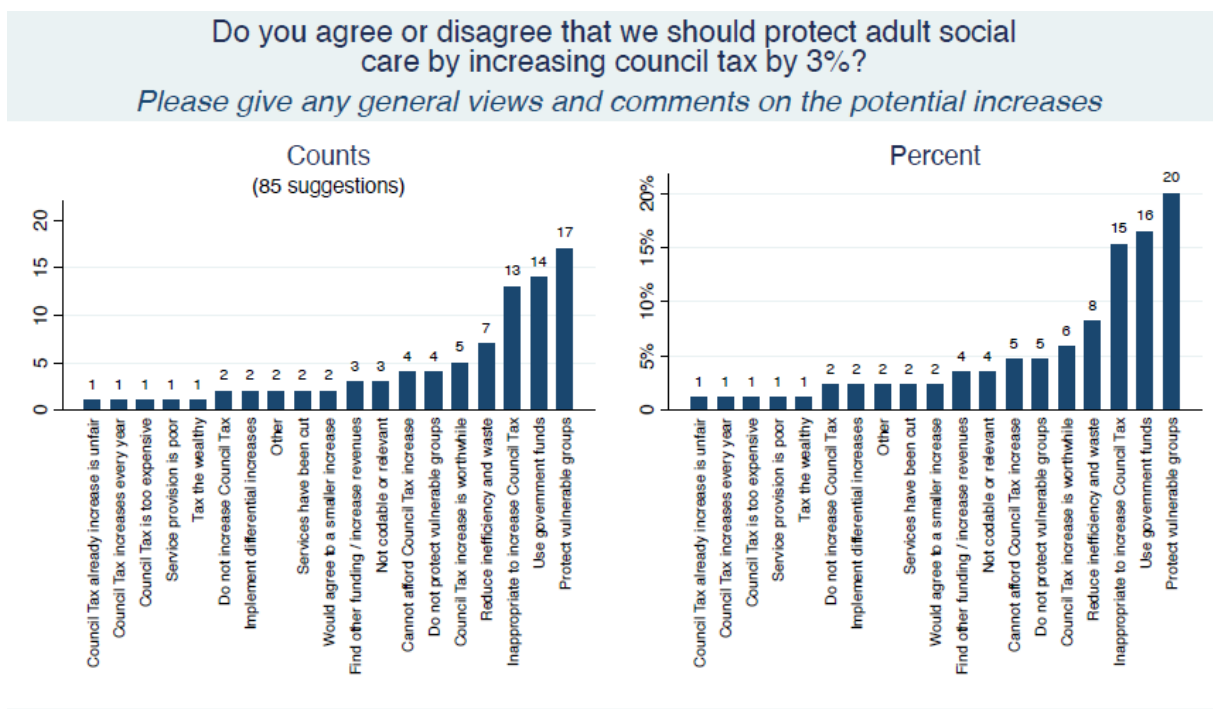


6.5 Of those respondents who disagreed with the proposal, the following suggestions were made (1238 suggestions):

- 23% (289 suggestions) commented that it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic
- 15% (182 suggestions) commented that they would not be able to afford the increase, which may be related to the COVID-19 pandemic or due to other personal reasons, with 5% (64 suggestions) stating that the existing council tax rate was already too expensive
- 13% (162 suggestions) advised that the Council should find ways to reduce inefficiency and waste. Among 7% of respondents (84 suggestions), there was a perception that existing service provision was poor
- 6% (79 suggestions) stated that the Council should use government funds
- 5% (57 suggestions) suggested that the Council should find other funding sources or increase revenue.

6.6 In addition, we identified 53 respondents whose comments in response to Question 3, the open text question asking for general comments on the potential increases, we believed to be specifically relevant to Question 1 (protecting adult social care). We extracted 85 suggestions, as shown in Graph 2.

Graph 2 - Coded responses expressing views pertaining to the potential increase

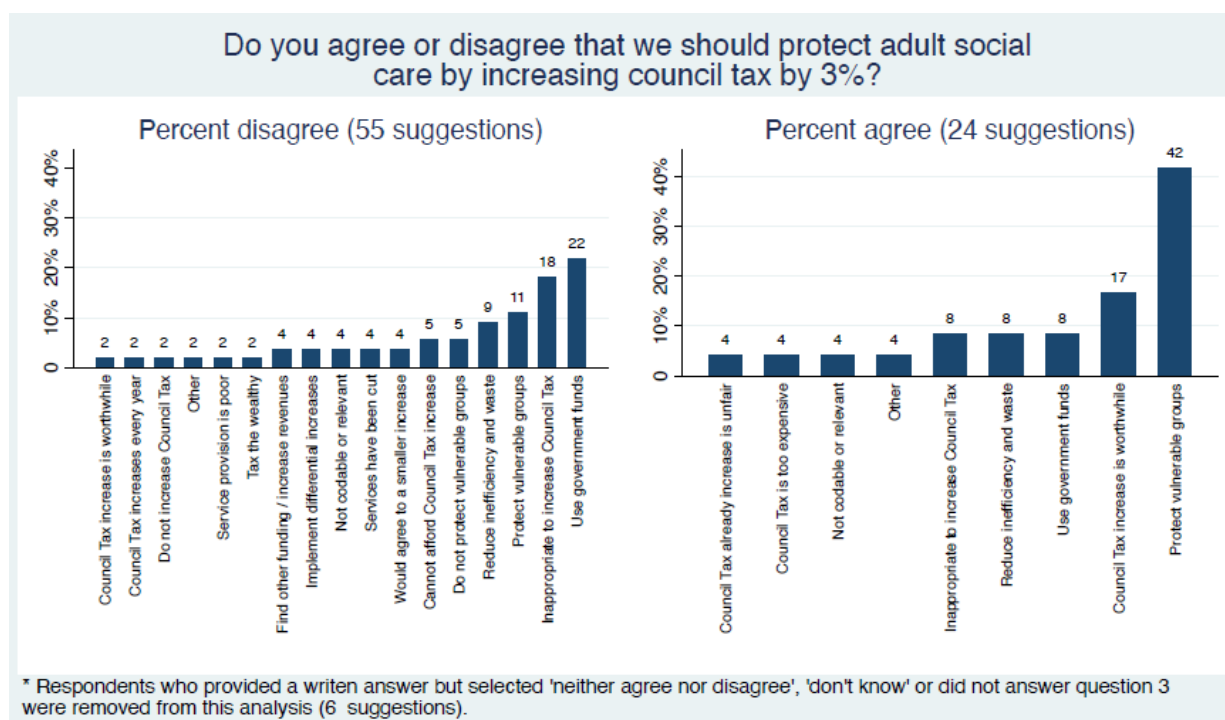


6.7 Graph 2 shows that:

- 20% (17 suggestions) agreed that the council should protect vulnerable groups or more broadly, that the justification for increasing council tax was worthwhile (5 suggestions)
- 16% (14 suggestions) indicated that the Council should use government funds, or they should find other funding streams or increase revenues (3 suggestions)
- 15% (13 suggestions) commented that it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic, and 4 suggestions stated that they would not be able to afford the increase in council tax
- 7 suggestions highlighted that the Council should aim to reduce waste and inefficiency in the use of existing funds
- 4 respondents felt that vulnerable groups should not be protected
- 3 responses were not codable or not relevant (responses that were out of context, unintelligible or presented particular situations without actually addressing the issue under consultation)

6.8 Graph 3, below, displays the suggestions by whether respondents agreed or disagreed with the potential ASC increase (Question 1).

Graph 3 – Responses split by whether agreed or disagreed with the potential increase



6.9 Overall, 30% of suggestions were given by individuals who were in favour of the potential increase (agreed or strongly agreed with the increase). Suggestions from those who agreed with the potential increase (24 suggestions) included:

- 42% (10 suggestions) highlighted that vulnerable groups should be protected. 4 comments restated their agreement with the proposal
- 2 suggestions mentioned that the Council should use government funds
- 2 suggestions mentioned that the Council should reduce inefficiency and waste
- While in agreement with the proposals, 2 suggestions indicated that it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic

6.10 Suggestions from those who disagreed with the potential increase (55 suggestions) included:

- 22% (12 suggestions) indicated that the Council should use government funds instead, and 2 suggestions mentioned that the Council should find other funding sources or increase revenue
- References to challenging current circumstances, notably the COVID-19 outbreak were highlighted by 18% of respondents (10 suggestions). 3 comments indicated that council tax increase would be unaffordable, which may be related to the COVID-19 pandemic or for other personal reasons
- While in disagreement with the proposal, 6 suggestions within this group still maintained that vulnerable groups should be protected

- 5 suggestions mentioned that the Council should try to reduce inefficiency and waste
- 3 suggestions mentioned that vulnerable groups should not be protected
- As seen in Graph 3, there were a large number of additional suggestions that drew few responses

6.11 Q2 Do you agree or disagree that we should continue to protect and invest in the services which residents told us matter most, such as roads, neighbourhoods and homelessness, even if this would require a further increase in council tax of 1.99%?

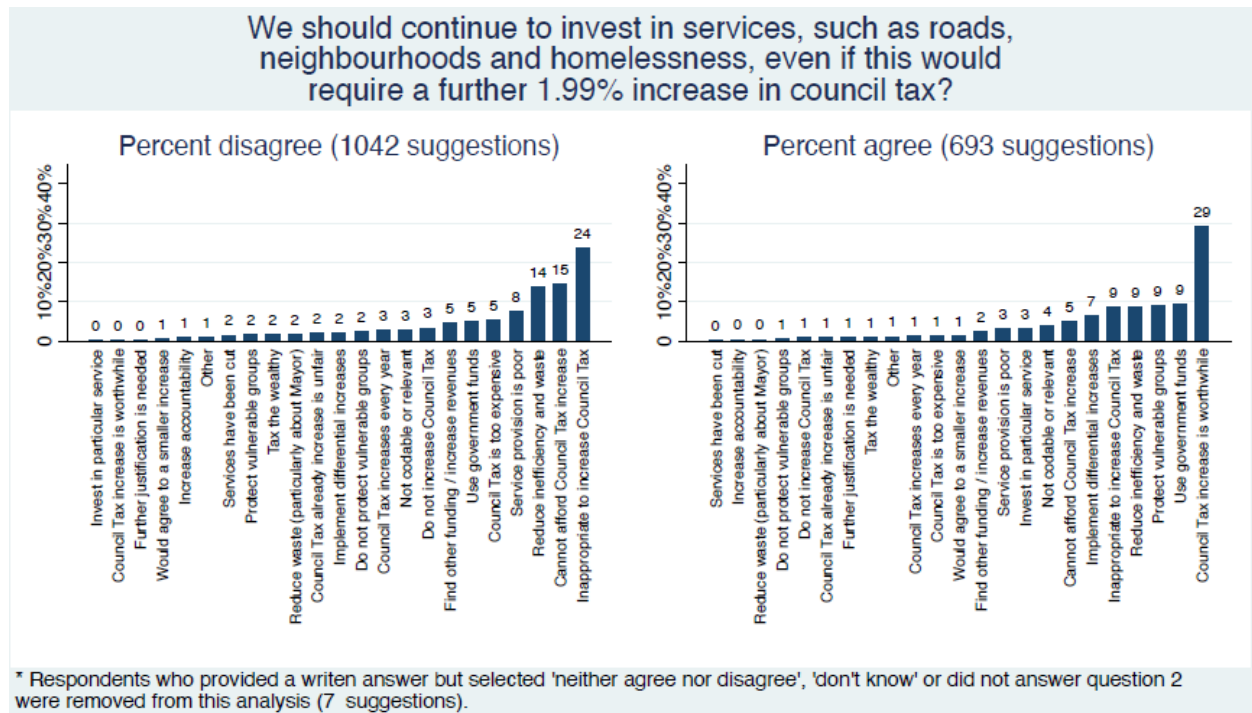
6.12 In question 2, members of the public were asked in a closed question whether or not they agree or disagree that we should continue to protect and invest in the services which residents told us matter most, such as roads, neighbourhoods and homelessness, even if this would require a further increase in council tax of 1.99%. 45% of respondents agreed (25% strongly agree and 20% agree). 44% of respondents disagreed (16% disagree and 28% strongly disagree).

6.13 Members of the public were also asked to share any comments or alternatives they thought we should consider. Overall, 40% of suggestions (693) were given by individuals who were in favour of the potential increase.

6.14 Of those respondents who agreed with the potential increase, the following suggestions were made, these are shown in Graph 4:

- 29% (201 suggestions) restated their agreement, and 9% (63 suggestions) specifically agreeing that vulnerable groups should be protected
- 9% (65 suggestions) suggested using government funds
- 9% (61 suggestions) mentioned that the Council should reduce inefficiency and waste
- 9% (61 suggestions) expressed concerns it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic, and 5% (34 suggestions) stated that they would not be able to afford the council tax increase
- 7% (46 suggestions) stated that the Council should implement differential increases to council tax rates

Graph 4 – Responses split by whether agreed or disagreed with the potential to increase Council Tax by a further 1.99% to continue to invest in services such as roads, neighbourhoods and homelessness.

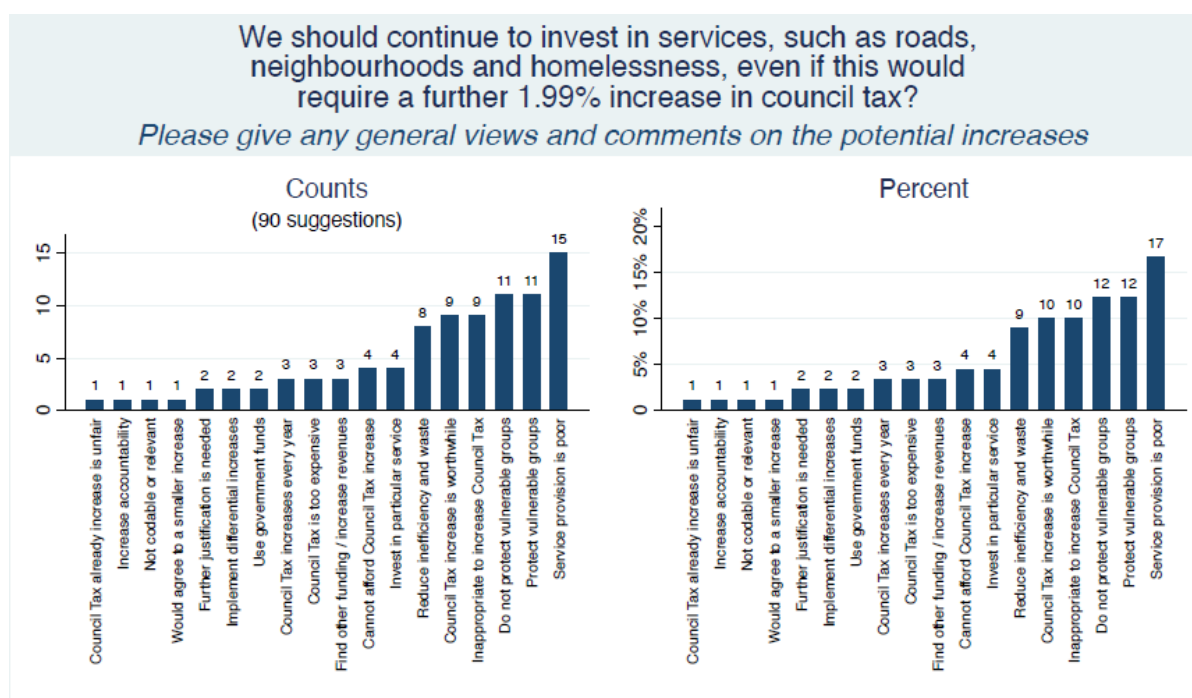


6.15 Of those respondents who disagreed with the potential increase, the following suggestions (1042) were made:

- 24% (245 suggestions) commented that it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic
- 15% (153 suggestions) stated that they would not be able to afford the increase, which may be related to the COVID-19 pandemic or for other personal reasons, with 5% (56 suggestions) highlighting that the existing council tax rate was already too expensive
- 14% (143 suggestions) advised that the Council should reduce inefficiency and waste
- 8% (79 suggestions) suggested that service provision is poor
- 5% (52 suggestions) stated that the Council should use government funds
- 5% (48 suggestions) suggested that the Council should find other funding sources or increase revenue

6.16 In addition, we identified 52 respondents whose comments in relation to Question 3, the open text question asking for general comments on the potential increases, we believed were particularly relevant to Question 2 (protecting other services, including the homeless). We extracted 90 suggestions.

Graph 5 – Coded responses expressing views pertaining to the proposed increase



6.17 Graph 5 shows that:

- 17% (15 suggestions) felt that service provision was poor, and 9% (8 suggestions) commented that the Council should reduce inefficiency and waste
- 12% (11 suggestions) stated that vulnerable groups should be protected. More broadly, 10% (9 suggestions) restated their agreement to the proposal
- 12% (11 suggestions) indicated that vulnerable groups should not be protected
- 9 suggestions indicated that it was inappropriate to increase council tax given current circumstances, particularly the COVID-19 pandemic, and 4 suggestions stated that they would not be able to afford the increase, for reasons related to the COVID-19 pandemic or due to other personal reasons
- 4 suggestions mentioned that the Council should invest in a particular service
- As seen in graph 5, there were suggestions that drew fewer responses

6.18 Graph 6, below, displays the suggestions by whether respondents agreed or disagreed with the potential increase (Question 2).

6.19 Overall, 47% of suggestions (39 suggestions) were given by individuals who were in favour of the potential increase of 1.99% to council tax (agreed or strongly agreed with the increase):

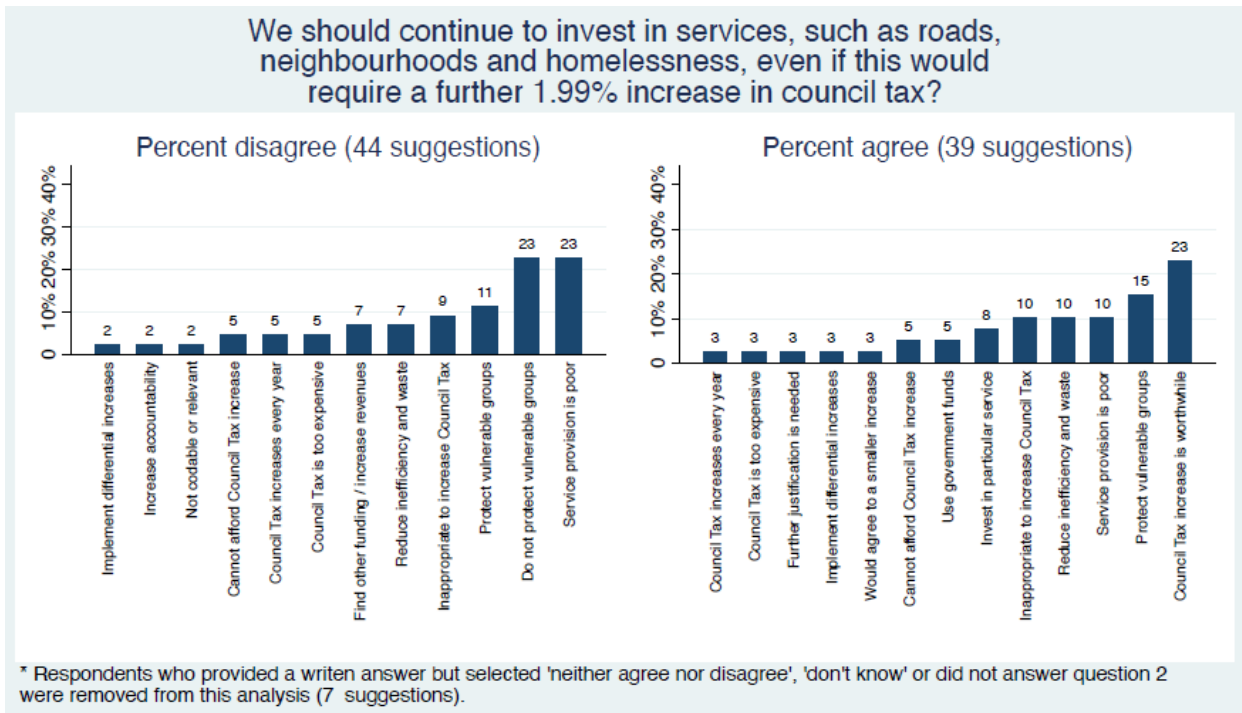
- 9 suggestions simply restated respondents' agreement, and 6 suggestions highlighted that vulnerable groups should be protected

- Again, while in agreement with the proposals, 4 suggestions expressed concerns that it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic. 2 respondents mentioned that they would not be able to afford the increase
- While in agreement with the proposals, 4 suggestions mentioned that service provision was poor, and 4 suggestions contained advice that the Council should reduce inefficiency and waste
- 3 suggestions indicated that the Council should invest in a particular service
- 2 suggestions mentioned that the Council should use government funds
- As seen in Graph 6, there were a large number of additional suggestions that drew few responses

6.20 Suggestions from those who disagreed with the potential increase (44 suggestions) included:

- 23% (10 suggestions) did not feel that vulnerable groups, in particular the homeless, should be protected
- 23% (10 suggestions) suggested that service provision was poor
- While in disagreement with the proposal, 5 suggestions stated that vulnerable groups should be protected
- 4 suggestions indicated it was inappropriate to increase council tax given current circumstances, notably the COVID-19 pandemic. 2 suggestions indicated that they could not afford the council tax increase
- 2 suggestions felt that council tax was already too expensive and 2 suggestions also commented that council tax increases every year
- Again, as seen in Graph 6, there were suggestions that drew fewer responses

Graph 6 – Responses split by whether respondent agreed or disagreed with the potential increase

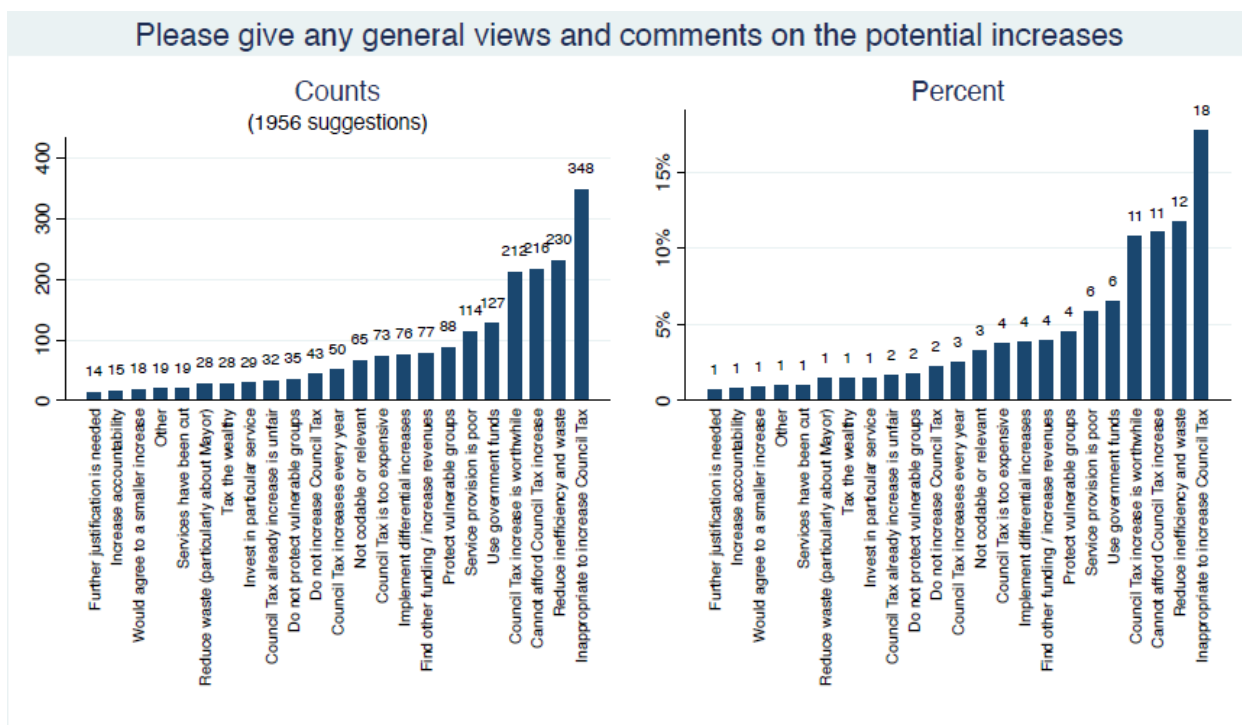


6.21 Q3 - Please give any general views and comments on the potential increases.

6.22 In question 3 members of the public were given space to provide general comments or views on the potential increases. In their comment, each respondent could include one or several suggestions.

6.23 Overall, the consultation generated 2,090 responses with 1,277 respondents providing an answer to question 3. Based on these answers we extracted 1,956 suggestions. These are shown in Graph 7.

Graph 7 – Coded responses expressing views pertaining to the potential increases (Q3)



- 6.24 As shown in Graph 7, the most prominent theme across all open-ended responses was the perception that it would be inappropriate to increase council tax given current circumstances (18% respondents, 348 suggestions), with concerns regarding the impact of the COVID-19 pandemic on unemployment and people's ability to cover additional outgoings particularly highlighted; concerns regarding Brexit were also noted.
- 6.25 11% (216 suggestions) commented that they would not be able to afford the increase, which may be related to the COVID-19 pandemic or for other personal reasons, with 4% (73 suggestions) stating that the existing council tax rate was already too expensive.
- 6.26 12% (231 suggestions) advised that the Council should find ways to reduce inefficiency and waste. Closely related to this was a feeling that existing service provision was poor (6%; 114 suggestions).
- 6.27 6% (127 suggestions) indicated that the Council should use government funds to (at least partly) cover the shortfall while 4% (77 suggestions) suggested that the Council should find other funding sources or increase revenue.
- 6.28 11% (212 suggestions) restated that the council tax increase is worthwhile, and 5% (88 suggestions) agreed that the Council should protect vulnerable groups.
- 6.29 4% (76 suggestions) stated that the Council should implement differential increases to council tax. Other suggestions were also provided, but with lower frequency.

7.0 Demographic and equality data

- 7.1 The demographic characteristics of the respondents to the survey were compared to those of the resident population in Manchester.
- 7.2 The consultation received a spread of respondents from across the city. However, analysis shows that the consultation was underrepresented in North and South areas of the city. 24% of respondents were from wards in North Manchester, which make up 37% of the city's population. 31% of respondents in the South, which make up 42% of the city's population.

Locality	Budget Responses	MCR comparator %
North	24%	37%
Central	21%	21%
South	31%	42%
No response	8%	-
Outside of Mcr or Postcode not recognised	16%	-

- 7.3 Respondents aged 50-64 and 40-49 were overrepresented, as has been typical in previous budget consultations. Those aged 16-25 were underrepresented. There were no responses from children under 16.

Age Group	Budget Responses	MCR Comparator
Under 16	0%	20%
16 - 25 years	4%	20%
26 - 39 years	33%	26%
40 - 49 years	21%	11%
50 - 64 years	28%	13%
65 - 74 years	12%	5%
75 + years	3%	4%

- 7.4 As regards ethnicity, White British respondents were overrepresented at 72% compared to 59% of the city's population. A full demographic analysis is provided in Appendix 1.

8.0 Recommendations

- 8.1 Members are asked to note the results of the consultation provided in the report.

Appendix 1 Demographic analysis

Ethnicity		Budget Responses	MCR Comparator
Asian / Asian British	Bangladeshi	1%	1%
	Chinese	1%	3%
	Indian	2%	2%
	Kashmiri	0%	0%
	Pakistani	4%	9%
	Other Asian	1%	2%
Black / African / Caribbean / Black British	African	3%	5%
	Caribbean	1%	2%
	Somali	0%	0%
	Other Black	0%	1%
Mixed / Multiple Ethnic Groups	White and Black Caribbean	1%	2%
	White and Black African	1%	1%
	White and Asian	1%	1%
	Other Mixed	1%	1%
White	English/Welsh/Scottish/Northern Irish/British	72%	59%
	Irish	2%	2%
	Gypsy or Irish Traveller	0%	0%
	Other White	10%	5%
Other Ethnic Group	Any other Ethnic Group	0%	3%

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**Manchester City Council
Report for Resolution**

Report to: Children and Young People Scrutiny Committee – 13 January 2021
Executive – 20 January 2021

Subject: Children and Education Services Budget 2021/22

Report of: Strategic Director for Children’s and Education Services

Summary

As reported to the Executive on the 16th October 2020 it is anticipated the implications of COVID-19 will have a significant impact on the Council’s finances. As a result of additional demand for services and impact on the Council’s income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government’s spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report which for ease of reference is structured as follows;

Section 1	Introduction
Section 2	Background and context
Section 3	Directorate Budget Approach
Section 4	Directorate Revenue Budget 2021/22 and Proposed Savings
Section 5	Changes to the report since November Scrutiny Meeting
Section 6	Impact on Workforce and Residents
Section 7	Summary
Section 8	Next Steps

This report outlines the financial management and leadership of the Directorate’s budget, the financial position which includes demography, growth of demand and a series of savings options proposed by officers aligned to the remit of the Children and Young People Scrutiny Committee to contribute to the Council’s duty to achieve a balanced budget in 2021/22. The report also sets out the impact the options will have on residents and the workforce.

The Council’s budget proposals for 2021/22 and onwards will be subject to further refinement following feedback from public consultation and scrutiny committees. Final budget proposals will be made to Scrutiny and Executive in February 2021.

Recommendations

Scrutiny Committee members are asked to consider the content of this report and comment on the propositions, challenges, priorities and opportunities which are outlined throughout the body of the 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
The report reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Effective Children and Education Services are critical to ensuring our children are afforded opportunities and supported to connect and contribute to the city's sustainability and growth.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Ensuring children and young people are supported and afforded the opportunity to access and achieve in the City; empowered and supported by the delivery of a strong and cohesive system that works for all children.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improving education and social care services that are connected to the wider partnership build the resilience of children and families needed to achieve their potential and be integrated into their communities
A liveable and low carbon city: a destination of choice to live, visit, work	Improving outcomes for the children and families across the City, helps build and develop whole communities and increases the liability of the City
A connected city: world class infrastructure and connectivity to drive growth	Successful services support successful families who are able to deliver continuing growth in the City

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The report contains draft savings options, for comment, prior to a draft budget Report being prepared for the Council's Executive due to sit in January 2021. The

draft options for 2021/22 total £12.656m, of which £2,611m are not recurrent. The non-recurrent savings to smooth out transition to reductions in budget. Over 2021/22-2024/25 in total £11.295m of recurrent savings planned to be delivered. Most of these options are deemed to be deliverable and there is a level of confidence that most of the options are “the right thing to do” and have been developed in line with the Directorate budget strategy.

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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.

Children and Education Services Budget 2021/22 – Children and Young People Scrutiny 4th November 2020

Children and Education Services Business Planning: 2019-2020, Executive 13th February 2019

Annual report on Special Educational Needs and Disability (SEND) - Children and Young People Scrutiny Committee - 4 March 2020

Attainment and Progress 2019 - Children and Young People Scrutiny Committee – 24 June 2020

Council Business Plan 2020/21 - Executive - 12 February 2020

1.0 Introduction

- 1.1 Manchester City Council has been at the forefront of the response to the coronavirus pandemic in the City. As a result of additional demand for services and impact on the Council income were set out in the November reports to Executive and scrutiny committees the Council is facing a significant funding gap for 2021/22 onwards. Announcements of one-off funding in the Government's spending review on 25 November 2020 suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of approximately £100m. The details of the financial settlement for Manchester City Council at the time of writing are not yet known. However, it is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 2 January 2021 provides an update on the finance settlement and financial context for 2021/22.
- 1.2 With the likely scale of funding pressures and future resource reductions, it is important that the Council holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year.
- 1.3 This report has taken into consideration the observations and feedback from Scrutiny Committee Members during the meeting held in November 2020 and provides the draft 2021/22 revenue budget options for the Children and Education Services Directorate. The proposed officer budget options follow a comprehensive review across all service areas in order to ensure that the existing budgets are realistic and sufficient to ensure that the service area can deliver its objectives and contribute to the Corporate Plan priorities during and the pandemic and managing the impact of the longer term consequences once the pandemic is controlled. The budget strategy is intelligence led, reflects the Directorate priorities that aim to work within existing economies of scale to strengthen partnerships and deliver services local, place-based services on a city wide, locality and neighbourhood footprint. This delivery model includes collaborating and working in partnership with Manchester Local Care Organisation (MLCO); is aligned with the Council's Bringing Services Together arrangements and scrutiny from Manchester's Safeguarding Partnership (MSP). The draft budget for 2021/22 also makes proposals for £6.027m of growth demography to ensure there is sufficient resources to meet the care and placement needs of those children who are looked after by the Council.
- 1.4 Set out in this report are a series of proposed savings and relevant information relating to the Children and Education Services Directorate to assist Committee Members in their considerations. **Appendix 1 attached to this report is a summary of the proposed savings schedule.** The proposed savings options outlined in this report have been assessed by officers for their deliverability and impact. In addition, the summary savings schedule is supported with a risk or RAG (Red /Amber /Green) rating.
- 1.5 The proposals have also been considered by Executive Members who are keen that all the identified options are set out so they can be considered and

consulted on. Since November's scrutiny committee the proposals have been subject to further refinement.

2.0 Background And Context

- 2.1 A key priority for Manchester City Council is to ensure that Manchester's children are safe, happy, healthy and successful; supported by services that are effective and efficient.
- 2.2 The Directorate also contributes to other corporate priorities, including supporting Manchester's Children and Young People to be healthy, well and safe (Healthy, cared for people), enabling clean, safe and vibrant neighbourhoods through promoting the welfare of young people (Neighbourhoods) and reducing demand through reform and enabling our workforce to be the best they can be (Well-managed Council). It also plays a leading role in ensuring our young people are equipped with the skills they need to benefit from the growth of the city (Growth that benefits everyone) and ensures there are sufficient and high-quality places in local schools and early years settings.
- 2.3 The priorities, guiding principles and behaviours of Our Manchester, run throughout all key strategies and approaches being taken forward in the city from the overarching Children and Young People's Plan (Our Manchester, Our Children) through to Early Help, Our Promise to Looked After Children and Care Leavers, All Age Disability Strategy, Youth Justice Plan, Valuing Young People and Young Carers Strategy; as well as contributing to other strategy/delivery plans to improve the experiences and outcomes for our children and young people.
- 2.4 The Directorate for Children and Education Services is responsible for the delivery of the following services:
- Early Help
 - Early years
 - Education services
 - Special educational needs and disabilities (SEND) for 0-25 years
 - Children's social care services for children and their families
 - Statutory responsibilities for safeguarding, looked after children and young people, care leavers
 - Youth Justice Services
 - And a broad range of associated functions.
- 2.5 Manchester's population has continued to grow since the 2011 Census figure of 503,000, and our forecasts for population growth are estimating that by the mid-2020s the city of Manchester will have a population of circa 644,000, a 28% increase. This population growth is driven by the continued, and forecasted continuation, of economic growth. The annual school census completed in May 2019 identified 87,874 pupils attending Manchester Schools compared to 89,318 pupils in October 2020 – this snapshot shows growth of 1,444 pupils across the mainstream primary and secondary phases within a year.

- 2.6 Within the Manchester school population, the January 2020 census showed that 18% of pupils have Special Education Needs. This was made up of 14% who have their needs met at SEN Support level and 3.9% of the school population who have an Education, Health and Care plan (EHCP). The census shows that the number of pupils who have their needs met through SEN Support or an EHCP is increasing. The percentages of pupils at SEN Support level and EHCP are higher than the latest national comparison data. Manchester currently maintains 5,285 Education, health and care plans for children and young people up to age 25.
- 2.7 The basic level of unit funding for primary and secondary pupils in the Dedicated Schools Grant (DSG) has risen from £5,088 in 2014/15 to £5,362 in 2020/21, an increase of £274 per pupil in cash terms. However, when compared to the Retail Price Index (RPI) over the same period, it represents an actual real term reduction of around £680 per pupil. Similarly, for those children with SEND/high needs, which has seen funding for 2–18-year-olds increase from £615 to £753; an increase of £138 per child. When the retail price index is applied, this represents an increase in real terms as well, of approximately £4 per pupil over the period.
- 2.8 Following Ofsted’s inspection in 2017 which judged Manchester’s Children’s Services to no longer be inadequate, the service has continued to make progress and improvements in the services provided. This is evidenced through the frequent reporting to Scrutiny Committee(s), alongside regular performance/assurances reporting, independent peer reviews and through Ofsted’s focused visits in 2018 and more recently December 2019.
- 2.9 However, it is evidently clear in order for the service to continue to make improvement and for Manchester’s Children’s Services to be judged as ‘good or better’ by Ofsted, a key success factor is for there to be a stable, talented and confident workforce. Subsequently the Directorate launched in 2020 a five-year workforce strategy to sustain and continually improve Children Social Care Services. The strategy which has been scrutinised by Committee Members offers a range of incentives to specific groupings of roles which have proven difficult to recruit, retain and offer the foundation for the development of the services’ future strategic leaders.

Summary Impact Of Children And Education Services

Children Services

- 2.10 Since 2015/16 there has been significant progress in reducing the number of children placed in residential provision with an increase in those placed within internal foster care placements. In addition, there have been improvements in securing a ‘permanent’ arrangement for children through adoption and the increased number of Special Guardianship Orders (SGOs). There are 593 special guardianship orders at present, a 62% increase in the number of SGO’s since 2015/16.

- 2.11 Implementation of a redesigned 'front door' to respond to requests for a Social Care Service - the Advice and Guidance Service was developed to increase the access to social care expertise and deliver a more locality coordinated and efficient and proportionate Children's Social Care service. This contributed to a wider programme of reforms to enable "Practitioners working together in a locality, having conversations to agree effective, right and timely interventions resulting in positive change for our children to have safe, happy, healthy and successful lives; presented to Scrutiny Committee members in March 2020. The impact of these improvements was evidenced by the number of referrals made into the service reducing from 13,228 in 2017/18 11,174 in 2018/19 whilst at the same time overall reducing the rates of referrals to the service. Quality assurance measures are in place to scrutinise decisions made by staff in the three locality hubs.
- 2.12 In addition we have reduced the number of children and young people subject to child protection plans from 787 at the end of 2018/19 to 731 at the end of 2019/20 and increased the percentage of child protection conferences held within 15 days of the start of the Section 47 enquiry from 78.4% in 2017/18 to 88% in 2019/20.
- 2.13 The Council has been part of a Regional Adoption Agency since 2017 which has maintained good performance and mitigated the removal of the 'inter-agency fee' grant. Adoption timeliness continues to improve with a three-year average of 384 days from entering care to being placed for adoption, compared to 429 days at the end of 2018/19. There is a three-year average of 98 days from Placement Order to an adoption match being agreed, compared to 131 days at the end of 2018/19.

Education Services

- 2.14 Before schools partially closed in the summer term 2020, the overall Ofsted outcomes for Manchester in March 2020 indicated:
- 95% of Early years settings and 89% childminders were judged to be good or better.
 - 89% of schools are good or better which is above national average and indicates a continually improving system.
 - 93.3% of Manchester primary schools and 69% of secondary schools are judged by Ofsted to be good or outstanding.
 - all post 16 provision is judged to be good or better in the City
 - 88% pupils in the City attend a good or better school which is above national average and 5th highest in NW region.
- 2.15 Due to the pandemic full Ofsted inspections of schools and Children's Services will not resume until Spring 2021 although they will carry out assurance and focused visits throughout the Autumn and Spring to look at how the system is responding. There will not be a grade provided for these.
- 2.16 The improvements in both Children and Education Services has in part been associated with continued and strengthening partnerships that support even

greater collaboration and robust leadership; underpinned by an effective performance/assurance framework.

3.0 Directorate Budget Approach

- 3.1 As previously outlined Manchester's Children and Education Services remain committed to continue a 'journey to excellence'; characterised by effective and efficient services that improve the experiences and outcomes for children and young people. This paper sets out a revised approach towards the reduction of costs by developing and changing services alongside the capacity and culture within the Directorate to ensure its delivery.
- 3.2 An effective Children and Education Service and delivery of our financial plan cannot be achieved in isolation and requires a continued strong relationship with all our partners both internally within MCC and externally. This is facilitated through effective leadership and management at a locality level and development of programmes of activity with our key partners, adopting a targeted and systematic approach which through the following key strands of activity support the Directorate Budget approach. This is further underpinned by a mission statement to be *safe, effective and efficient* and built around the following 4 themes which are articulated in paragraphs 3.4 to 3.18;
1. Cost avoidance - preventative and edge of care intervention
 2. Care planning and practice improvement
 3. Commissioning and Partnerships
 4. Service improvement/efficiencies
- 3.3 It is recognised within Children and Education Services the budget is an interconnected set of financial commitments designed to improve the experience and outcomes of Manchester's children and young people. Thus, enabling a managed and complex ecosystem of interventions, services and organisations held together by relationships, partnerships and collaboration; evidenced in successive Peer Reviews, Ofsted monitoring, focused visits and inspections.

Cost Avoidance - Preventative and edges of care Interventions

Early Help

- 3.4 A recent evaluation of Manchester's early help approach found that a coordinated and targeted offer of support for families can have a significant impact on reducing the need for high cost, statutory children's services by:
- a) preventing families coming into contact with high-cost support: since 2015, 4,337 families who had not previously been known to Children's Social care, were identified as needing coordinated support (either through a referral to Early Help or commencing an Early Help Assessment) Of these 97% (4,202) remained having no social care involvement within 12 months of the intervention ending.

b) supporting 'step down' from high-cost support: since 2015, 2,402 families received 'early help' support who had a CIN status before or during an intervention. Of these 83% (2,004) were stepped down and remained so 12 months after the support had ended.

- 3.5 The evidence from the evaluation demonstrates that mainstream investment in early intervention, supplemented by national Troubled Families funding, is preventing families from needing further, high-cost support across a range of measures but particularly children's social care. The family level data is complimented further by a cost benefits analysis, covering the period 2015-2020, which shows a return on investment of £1.90 for every £1 invested.

Edge of Care Intervention

- 3.6 Research tells us children living in stable and loving homes tend to do better than their counterparts. As a result, and alongside other specialist interventions, in 2017 Alonzi House was remodelled to support children on the 'edge of care/becoming looked after' to remain safely within their families and communities. Since this time the children Alonzi House has worked with:

- 85% have remained at home with their families.
- Increased their attendance at school to 90% or above
- Reduced school exclusions by 50%
- Contributed to the risk of exploitation for 71% of young people where this was a presenting issue.

- 3.7 In addition, and more recently, in 2019/20 having adopted and adapted the No Wrong Door model as part of the Greater Manchester innovation programme. The services provided by Alonzi House have been adapted to include our 'looked after' children to promote stability and inclusion in family-based care arrangements. This has resulted in the multidisciplinary team operating out of Alonzi House to provide foster families with a wraparound support which will include an outreach element and both practical and emotional support; securing stability, permanent arrangements for children and significantly reduce 'unplanned' placement endings.

- 3.8 The underpinning financial principle is to prevent unplanned placement moves, which invariably are associated with increasing, expensive costs and poor outcomes for children and young people.

Care Planning and Practice Improvement

- 3.9 Effective leadership of the system is fundamental and underpins strategies to mitigate rising demand and costs. This is reinforced by maintaining a strong grip on decision-making, assessments and resource allocation for individual children and young people.
- 3.10 The successful delivery of the Children's Services Locality Programme during 2019/20 has enabled the redistribution of social worker capacity. The aim of which has been to secure a timely plan of 'permanence' for children who

become looked after and the continued improvement in the overall quality of practice. Over time it may be possible to divert further resources from specialist social work to early help services. This is evidenced by the presentation at today's Scrutiny Committee, recent Looked After Children (LAC) admissions and discharges compared to other Core Cities. Manchester is seeing quite a different trend - with significantly lower admissions and less impact on discharges. In terms of admissions Manchester did have a particularly high rate of growth in the LAC population last year. This points to improved practice and management oversight/grip on planning and decision making for children.

- 3.11 Spend on residential placements for 'Looked After Children' has increased each year since 2015/16, attributed to increasing need, unplanned endings and limitations in the internal and external fostering capacity. A refreshed commissioning approach in 2019/20 that is based on 'relationships' and seeks to embed an outcomes-based commissioning approach and shared understanding of expected outcomes with providers whilst working collaboratively with health partners to identify provision that meets the needs of children with complex health problems and children with Special Education Needs or Disability has seen the use of External Residential placements reduce by 10% since April 2020.
- 3.12 Manchester City Council operates two children's homes through commissioning arrangements with external providers. Informed by research and an analysis of children's needs, this has led to Children's Services and Manchester Health and Care Commission securing capital funding from NHS England which will contribute to costs associated with the remodelling of one of these homes to better respond to the presenting needs of children and young people with learning difficulties and/or autism and their families. The home will provide outreach and a specialist short break provision, which is expected to improve the experiences and outcomes of children. The service is informed by a cost benefit analysis and will deliver significant financial savings in the medium/long term.
- 3.13 Manchester continues to seek to increase the number of internal foster carers for specific groups of children whilst at the same time strengthening its relationship with Independent Foster Care agencies to develop a market of high-support foster placements for children with high/complex needs, including those stepping down from residential placements.
- 3.14 In addition, in responding to the accommodation needs of our care leavers, the Directorate continues to work proactively and positively with the housing providers including the third sector to further develop models and increase the Leaving Care offer. This has led to a reduction in Care Leavers experiencing placement moves and successfully transitioning to independence.

Commissioning and Partnerships

- 3.15 Manchester has established a talented and skilled commissioning team within Children's Services. This capacity provides greater opportunities to negotiate on price, shape the market and develop stronger, enduring relationships with

providers. Furthermore, strong collaboration between the Council and the health service is essential to achieve improved influencing of the market, greater economies of scale and improved outcomes.

3.16 The service has developed the following set of commissioning principles which prospective providers are to consider and underpin the Directorate's approach to commissioning:

- Prioritise ethical providers who are informed by appropriate values and principles and are passionate about Our Children
- Recognise and value the voices of children and young people in the development and monitoring of services.
- Ensure we learn from/utilise experience, use data 'intelligently' and consultation to inform innovative service design.
- Co-produce and develop the provider market with service users and providers.
- Ensure we work collaboratively across the Council to ensure maximisation of existing resources.
- Social value is embedded within all commissioning activity to support our communities and services.

Delivering Services Locally and in Partnership

3.17 The Children's Locality Model Programme delivered during 2019/20 was focused on reforming Children's Services to deliver local, place based services on a 1-3-13 footprint; aligned with Integrated Neighbourhood Teams/ Bringing Services Together; strengthening local partnerships to work together in response to specific complexities of each geographical area across the city. Following the successful implementation of this programme, a review has been undertaken; resulting in an emphasis on strengthening our partnerships and collaborations to jointly commission and deliver services in unison with key partners, as reflected in the following 4 service delivery areas:

1. **Smoke Free Families** (an initiative that involves early years, help and community health services working closely together). Delayed due to the impact of Covid19 but more recently progress has been accelerated in partnership with Manchester Local Care Organisation which will inform future relationships and improve outcomes for children and families. Adopting a thematic approach where partners can work together putting aside service boundaries and focus on the needs of residents and families. The Smoke Free Families is a resulting approach that will involve a whole family approach to adopt a smoke free home environment for babies and young children. The resulting impact and outcome measures are aligned to the Start Well Board priorities and will highlight learning and wider adaptability for our future neighbourhood and locality working.

2. **Think Family** - Many children who 'become looked after' have experienced domestic abuse parental mental health and substance misuse problems. Subsequently Manchester's Children's Services and its partners are developing plans to implement the Strengthening Families programme which is a multi-

agency approach which uses motivational interviewing and takes a 'think family' approach which is facilitated by the co-location and joint working between Adult, Mental Health, Domestic Abuse and Children's Services. Developed in Hertfordshire, the research evidence demonstrates a reduction in both admissions and length of time children spent in local authority care can be achieved.

3. Targeted offer for children with SEND - The repurposing of Lyndene Children's Home will see the development of an integrated service offer for children with SEND and their families with robust commissioning governance. The service is developing a dedicated short breaks and outreach service for children with disabilities (including autism) and building on existing pilot short breaks projects which support the transition to universal services. Assessments will be integrated within existing planning routes for specialist services.

4. Care Leaver Accommodation Offer - The aim of the Care Leaver Accommodation Project is to work in partnership with Health, Housing, education and both children and adult social care to:

- Improve stability / Homes for Life for Manchester's Care Leavers
- Deliver accessible Integrated Support services delivered at the right time
- Improve choice in where and who to live with
- Deliver Innovative and individual models of living including intergenerational living where appropriate.
- To share learning with the Greater Manchester Commissioning leads and develop regional approaches to delivering accommodation and support.

Service improvement/efficiencies

3.18 Service improvements and efficiencies run across all the budget approaches outlined above, as demonstrated by the review of Families First and commissioning and partnership involved in the repurposing of Lyndene's Children's Home.

4.0 Children And Education Services Directorate Revenue Budget 2021/22

4.1 During 2019/20 an external benchmarking exercise was undertaken to consider the costs, profile of children and the range and choice of placements for our looked after children set against similar local authorities. The findings from this exercise indicated the correlation between need and the 'trilogy of risk' (domestic violence, substance misuse and mental health) and social determinants. This exercise indicated a requirement for a more prudent forecast for financial modelling should be used. The report predicted a 3% increase per annum in admissions to care was judged as a realistic projection for Manchester.

4.2 The following section outlines the revenue budget for the Council's Children and Education Services, emerging areas of pressure and financial savings proposals which are organised to reflect the Directorate's budgetary approach as set out in paragraph 3.2.

Education and Schools

- 4.3 In July 2020 the Department for Education announced the provisional school funding settlement for 2021/22. Beyond 2021/22 the government will, later this calendar year, put forward its proposals to move to a 'hard' National Funding Formula 2022/23 onwards. It is estimated that Manchester receives £20m above the national funding formula values which equates to roughly £300 per pupil in the city. It is expected that once the national funding formula is introduced transitional protection will be applied and the £300 per pupil loss may be protected over a number of years.
- 4.4 For 2021/22 the City's Primary and Secondary schools should expect to see a 2% increase in pupil related funding, this is estimated to equate to **£28m** for Manchester's primary and secondary schools. This is before increases in pupil number and changes to pupil characteristics are taken account of.
- 4.5 Manchester's provisional grant allocation for support to children with special educational needs has increased by 10.32%, and it is estimated that the additional allocation will be c. **£10m**, included within the additional allocation is an uplift for Teacher pay and pension grant of £1.5m. This part of the Dedicated Schools Grant is currently overspent consequently the estimated £10m increase will mostly be allocated to meet the existing and new pressures on the budget. There will be a significant carry forward deficit from 2020/21 projected to be £1.4m.
- 4.6 Funding for early years in schools and private, independent and voluntary settings was published in December 2020 and has increased by £0.524m for increase hourly rates. The part of the grant supporting the Local Authority, the central schools block shows a reduction of £51k, the Local Authority is working through implications of this change.
- 4.7 The Children and Education Services net annual budget for 2020/21 is £132.198m with 1,316 full time equivalent staff summarised in the table below:

Table one: 2020/21 Base budget

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE)
Children's Safeguarding	128,118	110,083	885
Education*	339,707	17,436	314
Directorate Core and Back Office	4,707	4,679	117
Total	472,532	132,198	1,316

- 4.8 In 2020/21 the continued investment of £10.674m was applied to ensure the Directorate is able to meet levels of need of children in 2020/21; supported by the application of a £6m social care grant to reflect existing and future potential pressures from predicted increasing need.

Demography and Growth

- 4.9 It is proposed that the Children and Education Services cash limit budget will increase by £6.027m in 2021/22 for demography and growth in demand as a result of the pandemic. Table two below summarises these changes.
- 4.10 Demography - Table two (below) shows the budget identified for demographic growth in Children's and Education Services. The demand has been determined based on the demographic numbers on which the 2020/21 budget was set compared to the current position and potential increase in demand informed by 3% population growth predictions.
- 4.11 Benchmarking of Manchester against other Greater Manchester local authorities, as well as 10 local authorities with the similar levels of deprivation indicates that LAC demand is likely to exceed population growth. Using a range of analysis, including correlation between Looked After Children demand and the 'trilogy of risk' (domestic violence, substance misuse and mental health) a more prudent forecast was based on a 3% increase in admissions each year, which equates to £1.953m in 2021/22, before taking account of the impact of Covid-19, during which time we have seen an increase in requests for help and support as well as incidents of domestic abuse/violence. Home to School Transport has also been quantified at a 3% increase.
- 4.12 **Growth** - In the short term it is expected that budget pressures for Children's Services will only increase. The Family Courts are still fully recovering from the impact of the national "lockdown" that continues to delay proceedings to deal with discharge from care. Over the Covid period, referrals to our services fell by 18% across the North West. However, more recently (November data) we are seeing an increase in requests for early help and social work intervention. As a result, and as predicted this repressed need and impact from Covid is beginning to flow through the system, particularly as we have now significantly increased the number of children attending school.
- 4.13 In the medium term the repercussions of the pandemic is that there will be an increase in children's needs due to the increased vulnerability of families in the community associated with the increase in family poverty, family 'stressors' leading to domestic abuse/violence and parental mental health. There are some indications coming through from Core Cities that they are starting to see an upturn in Looked After Children placement numbers. As previously predicted the Manchester has experienced an increase in referrals this month.
- 4.14 The annual increase in Looked After Children in the City was 9.2% last year. Assuming placements increase at a similar rate 2021/22 creates a further budget requirement of £3.8m 2021/22 onwards.
- 4.15 The Directorate has indicated in paragraphs 4.58 what step it can take to safely 'manage down' the additional demand Covid-19 may create.

Table two: Demography and Anticipated Growth

Service Area	2021/22
Children's Safeguarding Placements	1,953
Education Home to School Transport	274
Impact of Covid-19	3,800
Total	6,027

Emerging Financial Pressures/risks

- 4.16 Paragraph below set out the emerging financial pressures/risks for 2021/22. Additional funding has not been allocated for this, but the risks need to be considered as part of the budget planning for next year.
- 4.17 **Early Years** - In 2012, the Council took the decision to withdraw from the direct provision of day-care services in order to move to a new model, with the Council acting as commissioner of day-care services. The condition of the Manchester City Council estate for tendered day care is in a poor state, which is having an impact on the environment Manchester children are experiencing. The cost of maintaining the buildings is prohibitive with providers requesting that the Council takes responsibility for repair and maintenance of the property whereupon they would be willing to pay a higher market rent. Over the last 3 years the existing arrangement with providers has led to 15 settings withdrawing from the market. With lease income being lower than expected and running costs of maintained tendered day care sites being higher than budgeted for there is a recurring pressure on the budget; with a risk this may increase should 'provider income' reduce further. A review of the current arrangements with tendered day-care is well underway and will conclude by the end of 2020.
- 4.18 **Youth Justice Services Accommodation** - It is critical that the service ensures that accommodation for the service is safe for children and staff. This will continue to impact on service delivery with the lack of readily available and suitable premises. This has delayed the implementation of some planned changes. Corporate Property colleagues are working to identify appropriate office space. Once suitable premises are identified there is a risk that this will add an additional financial pressure on Children's Services.
- 4.19 **Additional Demand Due to Impact of Covid-19** - As stated earlier in the report it is likely that the Directorate will see additional costs pressures due to the impact of Covid-19, this is outlined paragraph 4.12 of the report.

Overview Of Options For Savings In The Children's And Education Services Directorate

- 4.20 The draft options for savings have been informed by the Directorate Budget approach **to deliver safe, effective and efficient services**, the progress and impact of the services to date. This approach has been developed by thinking through the way in which the Directorate can meet its statutory duties and make the maximum contribution to the priorities for the City, as set out in the earlier parts of this report. In some cases, this is by increasing the pace of

implementing the already identified reforms and services improvements as a way of making financial savings by reducing demand for expensive, reactive services. In other cases, this is by choosing options for service reductions which will have the least damaging impact on the achievement of our priorities.

4.21 £12.656m of the 2021/22 officers' options are deemed to be deliverable and there is a level of confidence that most of the options are "the right thing to do" and have been developed in line with the budget strategy. Options developed by officers reflect the Directorate's budgetary approach – safe, effective and efficient and can be categorised into:

- Options for cost avoidance and those associated with the delivery of services to children with high/complex needs through transforming services and increasing the range and choice of placements (sufficiency). Most of these options are underpinned by commissioning activity.
- Options to accelerate the pace and ambition of collaboration with partners.
- Options which aim to remove duplication and develop a shared understanding of how services could deliver tasks effectively and efficiently. These include options for service reductions which will enable the Directorate to deliver a balanced budget whilst enabling the Council to meet its statutory duties.
- Options for income generation

Cost Avoidance - Preventative and Edge of Care Services

4.22 There have been fluctuating trends over the last decade in terms of the number of Looked After Children in Manchester **decreased** between 2010 to 2017. However comparable to a national trend, numbers of Looked After Children began to **increase**. The average annual increase over the last three years has been 6.8%. Population increase has had some part to play in recent LAC growth but an increase in rate from 97 per 10,000 children 2017 to 116 in 2020 demonstrates that there are other factors at play than simply the increase in population. The Directorate has reported recently that it has not always been able to discharge children from care, because of the restricted Family Court sittings. There has also been an inability to move children from existing placements has meant that they have had to keep some children in high-cost placements, particularly in residential care, when in the normal course of events they would have been moved into Foster Care, adoption or out of care altogether.

4.23 The primary aims of the placement options outlined in paragraph belows are to improve outcomes for children and young people by reducing escalation and need for external residential placements by preventing placement breakdowns and expanding the availability of more local good quality foster placements and support. These options have the additional benefit of helping the Council to reduce costs in this area. A number of the options are underpinned by the development of commissioning approach outlined in paragraph 3.15 - 3.16 of this report.

Placement Stability Offer

- 4.24 The Placement Stability offer will form part of the current service provided by Alonzi House under the umbrella of the Alonzi Hub (formerly known as No Wrong Door) and will come under the existing management structure. The hub will include the redeployment of CAMHS workers and work directly with foster families with a wrap-around support which will include a specialist outreach element and both practice and emotional support to families at risk of 'breakdown'. This will aim to help build up confidence and relationships; allowing both the child and the adults to have an allocated worker and access to appropriate professional interventions to help with the child's care plan. It is expected that the offer will enable step down and avoidance of two residential placements per quarter starting from July 2021, this equates to part year saving of **£0.616m** in 2021/22 and rises by another **£415k** in 2022/23.

Effective Commissioning

Lyndene Children's Home

- 4.25 The Council's Executive recently approved the repurposing of Lyndene Children's Home. Lyndene Children's Home is to provide children and young people and their families' good quality edge of care services, helping young people remain living within their family and community where it is safe and possible to do so. The re-purposed facility is projected to lead to avoidance of four residential placements per annum, net of additional cost running this totals **£462k** reduction in costs per annum 2021/22 onwards.

Multi-Agency Joint Commissioning Arrangements for Children with High and Complex Needs

- 4.26 Despite much improved planning and joint commissioning arrangements between children's social care, education and MHCC, since 2015/16 the average cost of residential care has increased by £1,500 (60%) per week. This presents one of the most significant financial challenges for the directorate's budget. It is anticipated that through further development of multi-agency arrangements **£1m** of reduced residential costs are planned delivered by improving the quality of partnership working and improved strategic partnership commissioning. Joint commissioning approach and arrangements are a priority to be delivered next year.

Care Leavers - Transition to Independence

- 4.27 The key outcome of the Care Leavers covenant outlined in section 3 is to ensure that a quality and innovative offer of support and accommodation is accessible to care leavers as standard. It is expected that as a result of recent discussions with GM Housing Providers that over 100 placements will be made available to care leavers. Further work will be completed which will oversee the support hours to ensure that all young people aged 17 ½ will have step down support hours as standard within their placement agreement. This

transformation has already commenced and is expected to release savings of **£1.030m** 2021/22 onwards.

- 4.28 Recently legislative changes place a duty on local authorities to provide Care Leaver support up to the age of 25. However, young people leaving care are able to access housing support after their 18 birthdays. Planning for transition to independence pre 18 years is met by the social worker and pathway planning. On-going support after the age of 18 years shifts to personal assistant. Additionally, the Homelessness Directorate have identified £130k which is to be used to commission steppingstone care leavers accommodation with Manchester Housing Providers. Through earlier and better pathway planning it is expected that the average number of over 18 Supported Accommodation placements changes from 30 to 15 over the financial year, this should lead to a saving of **£0.737m** 2021/22, like the previous option this service transformation has commenced and is part of the current projected outturn position of the Directorate.

Market Sufficiency - Looked After Children Placements

- 4.29 This strategy aims to demonstrate a detailed understanding of the children's placement market, examining supply whilst identifying gaps in provision. The strategy will offer realistic, cost effective and outstanding solutions to ensure sufficiency for looked after children. The keys aims of the strategy will be:
- Grow internal fostering refocus the External Foster Care market
 - Reform processes to manage complexity
 - Commission for outcomes
 - Reduce avoidable residential care unit costs
- 4.30 Informed by our own analysis and that of the external provider a detailed action plan for the sufficiency strategy is being produced by the service. Progress against the plan will be overseen by the Strategic Director of Children's Services and Education reported quarterly to Strategic Management Team and Executive Members. It is planned that this strategy could aim to save **£400k** in 2021/22 and a further **£376k** 2022/23 onwards.

Unaccompanied Asylum Seeking Children (UASC)

- 4.31 A specialist team has recently been established to respond to UASC and offer bespoke and targeted intervention alongside providing consultation and wider support across the services in the city, sharing knowledge and expertise to overcome barriers for children and families. The increased demand and level of complexity within this population has informed the development of this targeted service and partnership approach.
- 4.32 In responding to the accommodation needs of our care leavers work is being progressed to access and commission high quality accommodation more efficiently. It is expected this work will reduce the risk of spend on Unaccompanied Asylum Seeking Children (UASC) and Care Leaver placements exceeding the Home Office UASC grant by **£297k**. In addition to

reducing spend on UASC, whilst the outcome on the National Transfer Scheme consultation is outstanding the grant received from the Home Office was increased on 8th June 2020. The effect of the change in grant rates, based on the current numbers of 221 UASC and unaccompanied minors that have turned 18, is estimated to be **£0.515m**. Both of these savings have been achieved in 2020/21 and are included in the projected outturn position for this year.

PACE

- 4.33 Police and Criminal Evidence Act sets out that children should not be kept in the police station overnight after they have been charged with a criminal offence. Children refused bail should be transferred from the police station to local authority accommodation under the requirements of the Section 21(2)(b) Children Act 1989. Jointly commissioning provision at Greater Manchester level would release a commissioning saving of **£28k** 2021/22 onwards.

Care Planning and Practice Improvement

Securing Timely Plans of Permanence

- 4.34 Permanence is the term used to describe the long-term plan for a child's upbringing and provides an underpinning framework for all social work with children and their families from family support to remain within their family through to adoption. By working on the basis that all children should live within their family and community and for those who become 'looked after' by the Council should have a timely and permanent loving and stable family as soon as possible. Increased focus on permanence through improved performance structures, management oversight/grip and tracking systems for individual children to ensure more timely and better outcomes for children. It is estimated that from April 2021 onwards a 5% reduction can be applied to the number of days in care for all new entrants to care. This saving total **£160k** in 2021/22 and increases by another **£159k** 2022/23 onwards.

External Residential Care

- 4.35 The implementation of a workstream considering both under 13's and over 13's year old children in residential care has provided insights that indicate for some an unplanned ending of their fostering arrangement led to their placement in a residential setting. Currently there is a £200k budget to prevent unplanned ending of a fostering arrangement. Whilst this has helped some children the impact has been insufficient. Consequently, it is proposed this budget is reduced by £100k in 2020/21 and the £200k budget to set up the Stability Team is no longer required. Rather, we will establish the Stability Team by remodelling existing staffing allocations; this will release a saving of **£300k** in 2021/22 onwards.

Efficiencies and Income Generation

Agile Working

- 4.36 Agile working is being undertaken across the Directorate. However, it is evident some Education staff will be able to work in a more agile way operating between home and the office. This will lead to a diminishing need for office space and as a result release rental costs for one of the sites currently in use. Surrender of the lease this year generates a **£129k** saving 2021/22 onwards.

School Attendance

- 4.37 Work related to prosecutions for non-attendance at school is currently commissioned outside the Council. In September 2020 this work was brought back in-house. A savings has been realised as a result of this coming back to the Council, the full year impact of this is **£70k** 2021/22 onwards.

Business Support

- 4.38 Business Supports staffing budgets have been reviewed looking at spend in previous years. Currently staffing budgets are set using the top of each grade for all posts, and a percentage allowance reduction is made to reflect the anticipated turnover in staffing throughout the year. Based on the historic turnover in this area it is proposed to introduce a higher turnover allowance for the service, it is anticipated that a **£130k** saving 2021/22 can be achieved through this approach.

Regional Adoption Agency

- 4.39 From July 2017, adoption services in Stockport, Manchester, Trafford, Salford and Cheshire East local authorities have been delivered through an integrated service called Adoption Counts. This is a Regional Adoption Agency (RAA) as set out in the Education and Adoption Act 2016 and was the second regional adoption agency to become operational nationally. By 2020, the government expects all adoption services to be delivered via regional adoption agencies. Adoption Counts is responsible for recruiting adopters, family finding for children and providing support to adoptive families. In 2019/20 MCC invested £200k into the RAA to reflect the national challenge with identifying prospective adopters and the need for greater capacity to increase the number of adoptions opportunities for Manchester children. Re-negotiation and rebasing of Regional Adoption Agency recharge, has already realised saving of **£357k** in 2021/22 onwards.

Service Level Agreements with Schools

- 4.40 Education Services have reviewed their Service Level Agreements with schools. It is proposed that:
- The Newly Qualified Teacher offer current charge has been benchmarked against other providers and it is believed that the charge can be increased without reducing take-up.
 - Key Stage Two writing moderation is currently free to all our schools. It is proposed primary academies are charged £200 for MCC to be the moderation provider.

- Quality Assurance, the Council currently pay for every school to have a Quality Assurance Professional visit. This is a key aspect of the Council's assurance of our school system. It is proposed academies are charged 50% of the £475 cost per visit.

It is anticipated the activity above would generate **£30k** 2021/22 onwards.

Service Reductions

Families First

- 4.41 A review of the Family First Service in 2019/20 concluded that whilst there were benefits the resource should be better aligned to the developing locality delivery model and support earlier intervention via the Early Help Hubs which is one of our wider Directorate priorities. These changes were reflected in the report 'A five year workforce strategy to sustain and continually improve Children Social Care Services' that has previously been presented to Scrutiny Committee Members. Alternative opportunities have been created and accepted by staff and as a result a saving of **£445k** has been released this year and forms part for other 2021/22 options.

Section 17- Financial Assistance

- 4.42 Section 17 of the Children Act 1989 places a duty on local authorities to safeguard and promote the welfare of children within their area who are in need; and so far as it is consistent with that duty, to promote the upbringing of such children by their families. This support can include a wide range of services but usually includes accommodation and/or essential living expenses; often associated with families at risk of homelessness, including those with refugee status, limited leave to remain or discretionary leave; all of whom are eligible for an assessment and/or support. Guidance is to be provided to staff about when these payments can be made should lead to a modest efficiency of **£50k** 2021/22 onwards.

No Recourse to Public Funds (NRPF)

- 4.43 "No recourse to public funds" condition is imposed on almost all migrants granted limited 'leave to remain'. The Council supports NRPF families in this position through the NRPF team which supports people with their application to the Home Office and has a separate budget. Care Leavers subject to No Recourse to Public Funds are primarily supported through the Leaving Care budget. NRPF families also access support through the voluntary organisations, or Children's S17 budget.
- 4.44 In the last few years, and which has helped to increase efficiencies resulting in a current budget underspend, is that the length of time taken to resolve immigration issues has shortened. Work is on-going to forecast the additional spend as a result of Brexit. However, financial forecasting predictions indicate it is still expected that the spend will be £0.6m lower than the budget available 2021/22 onwards.

Workforce Development

- 4.45 Part of the aforementioned workforce strategy outlined in paragraph 2.9 a budget was earmarked for masters for social workers totalling £140k, as part of the efficiencies options it is proposed this budget is released 2021/22 onwards.

Legal Fees

- 4.46 The cost of legal support for Children's Services has increased in the last few years. The Strategic Director of Children's Services and the City Solicitor have considered the cost drivers and have worked together to manage need, reduce the use of experts, streamline decision making/legal advice processes to create solicitor capacity. Whilst the impact of this work is yet to be realised through continued focus on practice, work with the Family Courts (which has recently published its priorities to respond to Covid) and Legal Services it is anticipated that spend on legal fees can be reduced by **£260k** 2021/22 onwards.

Schools Quality Assurance

- 4.47 The School Improvement grant is currently £420k per annum; this is allocated based on the number of the maintained schools in the city. Part of the grant could be used to fund School Quality Assurance officers in order to release capacity in the council budget. All schools in the City are allocated a School Quality Assurance officer who is their single point of contact for the Council and who maintain an overview of the performance of the school. If we were to do this it would potentially save £300k in 2021/22. This would reduce to £150k 2022/23 onwards in order for the Directorate Education Service to be able to retain oversight of the quality of learning and leadership as well as broker some interventions where there are identified areas for improvement. This quality assurance model has proven to be highly successful and effective in supporting improvements in the school system as evidenced by the number of schools judged good or better in Manchester. It is worth noting, without this delivery model, Manchester's ability to respond to the challenges presented by the current pandemic across the entire education system may not have been as positive as they have been.

This reduced funding available within the school improvement grant will result in fewer interventions being available to support our maintained schools in response to identified or thematic issues and a far more targeted approach would be required. Maintained schools will also be required to fully fund any brokered school to school support which may be required. In recent years for example, this has included additional leadership support brokered from local National Leaders of Education.

- 4.48 As the impact of Covid and the 'local lockdowns' become increasingly clear and Ofsted resume its assurance visits in 2021 it will be important that the Local Authority is able to respond to identified issues in schools and gaps in learning. A reduction in the school Improvement Grant will reduce Manchester City

Council's ability to respond to this effectively. Consequently, there is a potential that the quality of education and learning in Manchester will be compromised.

Free Travel

- 4.49 In respect of the providing Free Travel, it should be noted a local authority is only under a statutory duty to provide transport assistance if the nearest qualifying school is not within statutory walking distance of the child's home. This is set out in the Education Act 1996 (as amended) or to certain children whose families are on a low income (Schedule 35B to the 1996 Education Act). Otherwise the provision of transport is at the local authority's discretion. This does not apply to children with Education Health Care Plans.
- 4.50 Manchester City Council's Free travel policy changed a number of years ago, as a result only where children meet the new criteria in this policy will they be entitled to transport assistance between their home and school. Transition to the new policy included honouring passes issued under the old policy until the child until they left the school. As the new policy has been in place for a number of years the number passes being honoured has reduced. In addition, the creation of more secondary school places across the City, subsequent reduction in number of passes issued and reduction in number of passes honoured against the old policy will realise a **£400k** saving against the Free Travel budget in 2021/22.

Strategic Business Support

- 4.51 This part of the service supports the service's social care system training offer to the workforce and information governance. The service is reviewing their approach to systems training and considering the unpredictability in demand for subject access requests, at this stage it is proposed this review would generate a saving of **£80k** 2021/22 onwards.

Child and Adolescent Mental Health Services (CAMHS)

- 4.52 In line with previous budget savings plans for the council and after working closely with colleagues in MHCC (Manchester Health and Care Commission) and providers to support a review of CAMHS. The aim of this work was to ensure CAMHS were aligned with the Future in Mind report and NHS Long Term Plan published in 2018.
The ambition of which is to maximise the investment of 10.4m to enhance and integrate a system wide mental health and wellbeing offer for all children in Manchester as set out in Manchester CAMHS Transformation Plan:
<https://www.mhcc.nhs.uk/publications/category/local-transformation-plan-children-and-young-peoples-mental-health-and-wellbeing>
- 4.53 The Transformation Plan promotes preventative approaches for all children and young people and their families who experience Mental Health problems or who may be vulnerable and at greater risk of developing Mental Health problems through a range of community, specialist CAMHS services and Voluntary sector organisations to deliver a range of universal, targeted and specialist services

such as the following and as shared with Committee members in previous sessions:

- Core CAMHS
- Kooth
- IThrive
- Mental Health in Schools Service
- No Wrong Door – Alonzi House Hub Mental Health Support
- CAMHS Looked After Children (LAC)
- CAMHS Learning Disability
- Specialist care – ADHD
- Specialist Care – Autism
- Integrated Community Response Service

4.54 The proposal is to redeploy 3.5fte posts currently delivering a specialist CAMHS to work exclusively with looked children who are at risk of placement breakdown as part of the No Wrong Door/Alonzi House Service. These staff will work with children and their carers in respect of attachment, life-work, relationships and liaise with specialist core CAMHS. This in turn links to the approach set out in paragraph 4.25 and will release **£148k** from current vacancies/uncommitted resources.

Early Years

4.55 The three proposals are an integral element of the Early Years Delivery Model (EYDM) and contribute to the first 1000 days/ Start Well Strategy. The proposals relate to the following interventions/service:

- Children and Parent Service (CAPs)
- Commissioned Speech and Language Offer
- Sure Start Children's Centre Core Purpose

4.56 The parenting commission has an annual budget of £1.5m and provides evidenced based interventions to a targeted cohort of families; meaning those at risk of harm and neglect and/or having clinical problems such as developmental delay, attachment disorders, conduct disorders, anxiety and depression. The current commission provides intervention and targeted support to approximately 1,000 families per year, at an average cost of £1,500 per family. A revised parenting commission will be developed with partners; it was initially proposed that the scale of the programme reduces to 800 families, this could generate a saving of **£300k** 2021/22 onwards. However, it is increasingly becoming evident the need for parenting is increasing rather than reducing alongside referrals to Children's Services due to domestic abuse/neglect. A reduction in this service presents a potential risk a family's needs become increasingly more complex and subsequently a more expensive and specialist intervention.

4.57 The original scale of investment in Early Years **speech and language**, £436k is not required in the medium term as a key aspect of this commission involves

training of the Early Years' and health workforce, which has already been delivered at scale. A revised speech and language therapy pathway that maintains a commitment to early intervention and prevention and Wellcomm screening will be redesigned with our partners. This will allow us time to respond to the disproportionate impact arising from Covid - 19. It is proposed there would be a phasing to the reductions incrementally over the next three years, the phasing would be over a three year period, starting in 2022/23 at a rate of **£100k** per annum.

- 4.58 The **Sure Start Core offer** is central to the integrated arrangements that underpin the delivery of the early years service. In 2019/20 the Early Years Service redesigned delivery arrangements in line with the Children's Locality Programme, Bringing Services Together and strengthened partnership with the Manchester Local Care Organisation requirements. As a result there is the opportunity to rationalise the number roles. However, the implementation of this redesign has been delayed due to the current pandemic situation. The implementation of the redesigned neighbourhood model has recommenced and is planned to be implemented in April 2021. This will deliver efficiency of **£200k** 2021/22 onwards.

Mitigation of Anticipated Covid-19 impact and pressures

- 4.59 As anticipated in December 2020 contacts and referrals for a Children's Social Care service have increased; attributed to increased vulnerabilities in the community such as family poverty, domestic violence and detrimental impact on mental health and associated with the impact of Covid19. In order to manage the increased need of children and their families for services it is intended continued investment in targeted, 'front door', edge of care services and approach to permanency as outlined previously and are all expected to have a positive impact on managing this increased pressures. This coupled with an ongoing high performing Early Help service would indicate that the service is potentially resilient to meet the highly likely increase in need as a result of Covid-19 it is proposed that **£1m** of additional costs can be avoided 2021/22 onwards.

Use of Reserves

- 4.60 Section 4 the report sets out the options which are recommended to take forward. Not all the options can be fully realised in 2021/22. It is proposed that the following reserves are used to smooth out transition to reductions in budget.
- Dedicated Schools Grant (£1m) - Increase in contribution to support to multi-agency placements, 2021/22.
 - Children's Services Reserve (£311k) - reduction in current year reserve drawdown 2021/22.
 - Children's Services Reserves (£1.409m) - reduction in 2022/23
 - Troubled Families Reserve (£1.150m) - this reserve was planned to be used to manage shortfalls in Troubled Families grant. The Trouble Families grant is continuing 2021/22, this reserve will not be needed to off-set grant reduction in 2021/22.

5.0 Key To The Report Since November Scrutiny

- 5.1 Following the 25th November 2020 Spending Review announcements and feedback from the committee a number of changes have been made to the proposals. Key changes to this report since the January scrutiny paper are outlined below.
- 5.2 The November 2020 Scrutiny report included further savings options of £7.529m and whilst were deliverable there was also a risk that they will negatively impact on the deliverability of the Directorate's transformation plans and ability to be safe, effective and efficient. The need for further savings options have been reviewed following the 25th November 2020 settlement announcement have been removed from the officer proposals.
- 5.3 Following feedback at the November committee this report seeks to further clarify the Free Travel, paragraph 4.50 and No Recourse to Public Funds proposals, paragraphs 4.44 and 4.45 .
- 5.4 Child and Adolescent Mental Health Services (CAMHS) – confirmation that the saving is being realised through redesign of the service rather than a reduction in support, paragraphs 4.52 and 4.53.
- 5.5 Due to the significant impact of the pandemic on schools the Schools Quality Assurance is at significant risk of not being achieved as there is a need to retain this support, paragraphs 4.47 and 4.48.
- 5.6 Children and Parents Service budget proposal is also at risk of not being deliverable and retain the commission due to impact of the pandemic. It is increasingly becoming evident the need for parenting is increasing rather than reducing alongside referrals to Children's Services due to domestic abuse/neglect. The cohort supported by CAPs are Manchester's most vulnerable pre-school children and their families, interventions are delivered to targeted families with clinically significant problems, if these problems are left untreated then there is a risk of harm and neglect, paragraph, 4.55.

6.0 Impact On Workforce

- 6.1 The Children and Educations Directorate currently has a budgeted workforce of 1,316 fte. The projected workforce impact of activity to deliver the savings options a reduction of 14 fte. This is not a significant change and it can be managed through the Council's mpeople principles, which focuses on supporting staff to move across the Council to meet its current and future need. The detailed impact on specific roles will continue to be identified as options are developed over the coming weeks and months. This process will be supported by continuous engagement with the workforce and Trades Unions.
- 6.2 Effective and robust workforce planning arrangements are in place to ensure that, as functions and roles change, the skills and focus of the workforce are

effectively developed to ensure the Directorate is able to meet its strategic priorities.

- 6.3 The workforce implications for children's and education services represent a continuation and improvement of existing priorities as expressed in the workforce strategy; which is to achieve a stable, confident and talented workforce through a culture of success, strengths-based approach and strong and effective leadership and management which will be achieved through:
- The continuing development and implementation of the Children's improvement plan
 - Implementation of the Children's Locality Model programme
 - Developing strong and effective leaders and managers; enabling them to create high performing and motivated team
 - Effective recruitment and retention; to ensure the Directorate has the skills to meet current and future needs.
 - Managing and improving the health and wellbeing of the workforce; with a specific focus on reducing absence and improving attendance.
 - Building a high impact learning culture which ensures staff feel empowered and equipped to practice to high standards.
 - Ensuring professionals that work with children and young people have manageable workloads
 - Continue to reduce the reliance on interim and agency workers

6.4 **Impact on Residents, Communities and Customers**

- 6.5 Children's and Education Services deliver core business in line with the Council's strategic equality objectives in particular improving Life Chances; where there are specific needs identified these are informed by an individual assessment that gives due regard to their race, culture, gender, sexual orientation and disability.
- 6.6 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases at both Corporate and Directorate levels to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.

7.0 **Summary**

- 7.1 In summary the council is facing a significant budget deficit and uncertainty in respect of demand for services during and post Covid. It is therefore imperative contingency planning and financial savings are considered whilst balancing the challenges associated with securing an immediate financial reduction that leads to a negative impact in the medium/longer term; as so can often occur in Children's Services. The proposed revenue budget for 2021/22

sets out the budget proposals as part of the preparation of the Council's budget. It is a one year budget which recognises that the Children and Education budget is under significant pressure due to increased complexity and need.

- 7.2 Since 2016 significant progress has been made in the quality and subsequent impact of Children and Education Services on the lives and outcomes of Manchester's children; whilst acknowledging there is more to do to realise our ambitions for their welfare and future. However, whilst there are risks (as indicated in paragraph 6.4) the benefits of this progress and an effective commissioning arrangement has informed the proposals as outlined in section 4 along with the planned demography and anticipated pressure arising from Covid-19.
- 7.3 Should the proposed savings options be agreed and applied this would lead to a reduced budget of £11.295m.
- 7.4 Table three below summarises the projected budget for 2021/22, which is reflective of demographic and proposed growth; as well as the all officer options set out in the report.

Table three: Budget Summary 2020/21 - 2021/22

Net Budget £000's Service Area	2020/21	2021/22
Children's Safeguarding	110,083	105,319
Education	17,436	15,781
Directorate Core and Back Office	4,679	4,469
Total	132,198	125,569

- 7.5 Finally it will be important to consider the interdependence and impact of proposals to be considered by other scrutiny committees in due course such as Facilities Management, Public Health and Manchester Fayre.

8.0 Next Steps

- 8.1 The savings options set out in this report are being considered as part of the production of a draft budget in early February 2021. Members are asked to comment on the options and identify areas where they would like further information to be considered as part of the scrutiny committee cycle.
- 8.2 Members of the public who wish to comment on these options will be able to do so.
- 8.3 Following consideration of the reports by the Executive on 11th November an eight-week formal public consultation was launched on specific identified options and the general consultation on all of the Council's budget options will

also be launched. The general consultation will run through to the Executive in early 2021. The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees. Final budget proposals will be made to Scrutiny and Executive in February 2020.

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Manchester City Council Report for Resolution

Report to: Health Scrutiny Committee - 12 January 2021
Executive – 20 January 2021

Subject: Health Budget Options for 2021/22

Report of: Chief Executive Manchester Local Care Organisation and the Executive Director of Adult Social Services

Summary

As a result of the COVID Pandemic there has been an additional demand for services and impact on the Council's income (as set out in the November reports to Executive and Scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17 December suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report details the service and financial planning and associated budget strategy work that is taking place for adult social care with partners across the health and care system.

It details the identified and proposed opportunities to make savings in 2021/22 aligned to the remit of the Health Scrutiny Committee, to support the City Council to achieve a balanced budget in 2021/22.

As adult social care is both within the MHCC health and care pooled budget, works in partnership and is increasingly focused on integrating with community health services through the Manchester Local Care Organisation (MLCO); this report is jointly presented to the Scrutiny Committee by the key partners of MHCC, MCC and MLCO, noting the areas that will be led by MLCO.

It is important to note that the health contribution to the pooled budget is currently unknown as the NHS has not published the financial regime for 2021/22 yet.

Recommendations

The Committee is asked to consider and make comments on the savings proposals identified prior to being considered by Executive 20 January 2021.

The Executive is asked to endorse the savings proposals.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

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

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Background documents (available for public inspection):

Not applicable.

1.0. Introduction

- 1.1. As a result of the COVID pandemic there has been an additional demand for services and impact on the Council's income (as set out in the November reports to Executive and Scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17 December suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.
- 1.2. Manchester City Council's Adult Social Care (ASC) services support people who have been assessed and meet the eligibility for care and support under the Care Act 2014. Following an assessment, a support plan sets out how the needs of people will be met and services are arranged to meet that need and help people to continue to live as independently as possible.
- 1.3. The Population Health (PH) commissioning and strategic role is set out in the Manchester Population Health Plan, the City's overarching plan for reducing health inequalities and improving health outcomes for residents across the life course.
- 1.4. The 2020/21 budget for ASC and PH, as approved at the start of the year, was £221m of which £217m is included in the health and social care pooled budget overseen by Manchester Health and Care Commissioning (MHCC). The vast majority of the ASC and PH budget is now delivered through the Manchester Local Care Organisation (MLCO). The ASC and PH budget for 2021/22 is planned to be increased for the key inflationary and demographics pressures, together with funding in relation to Covid-19, which is set out later in the report, and the MLCO has been asked to determine how a savings target of £20m will be met across a range of programmes of work and this report sets out how this will be delivered. This report has been updated to reflect:
 - (i) Further detail on the ASC transformation programme on improving pathways and focusing support for independence. This programme is now in mobilisation and is named 'Better Outcomes, Better Lives';
 - (ii) The ASC related detail from the recent spending review and provisional finance settlement for the City Council; and
 - (iii) An outline of the MLCO timetable for the 2021 Operational Plan.
- 1.5. This report details the service and financial planning and associated budget strategy work that is taking place for ASC with partners across the health and care system and opportunities to make savings in 2021/22, whilst continuing to meet the statutory duties of the Care Act 2014 and maintaining standards for

safety, effectiveness and reliability of services for adults with care and support needs and/or their carers in Manchester.

- 1.6. As ASC is both within the MHCC health and care pooled budget, works in partnership and is increasingly focused on integrating with community health services through the Manchester Local Care Organisation (MLCO); this report is jointly presented to the Scrutiny Committee by the key partners of MHCC, MCC and MLCO, noting the areas that will be led by MLCO.
- 1.7. The City Council is working with NHS Partners to strengthen the MLCO with both continuing the planned transfer of functions and actions to accelerate health and social care integration through the LCO in the city. This is a critical area of development given the challenges faced by the response and recovery from Covid-19, the financial circumstances of all partners, widening of health inequalities in the city, and potential national policy and legislative changes for the NHS and social care.
- 1.8. This work is currently in progress and looks to support stronger, integrated offers around health and social care delivery and commissioning and is likely to include changes for all organisations across the City. Further briefings will be provided as this work progresses.

2.0. ASC Statutory Responsibilities - Services, Eligibility, Care and Support

- 2.1. Manchester City Council has statutory responsibilities to meet the requirements of the Care Act 2014. The Act entitles all adults to a social care assessment, and, subject to meeting the threshold for eligibility, the care and support required to meet their needs and outcomes set out in the Act.
- 2.2. This support ranges from advice and information (minimal cost) to very intensive services (potentially costing several hundreds of thousands of pounds per person per annum). Whilst the Care Act 2014 places a statutory duty on ASC to meet assessed needs and outcomes it does not prescribe how these should be met. In discharging its statutory duty ASC retains discretion to determine how an individual's needs and outcomes should be met within available resources.
- 2.3. Adults Eligibility: The Care and Support (Eligibility Criteria) Regulations 2014 sets out the eligibility criteria and determines an adult meets the eligibility criteria if:
 - (i) the adult's needs arise from or are related to a physical or mental impairment or illness;
 - (ii) as a result of the adult's needs the adult is unable to achieve two or more of the outcomes specified below; and
 - (iii) as a consequence there is, or is likely to be, a significant impact on the adult's well-being.
- 2.4. The outcomes that are specified for adults are: Managing and maintaining nutrition; Managing and maintaining hygiene; Managing and maintaining

toileting needs; Being appropriately clothed; Being able to make use of the home safely; Maintaining a habitable home environment; Developing and maintaining family and personal relationships; Accessing and engaging in work, training, education or volunteering; Making use of necessary facilities or services in the local community including public transport, recreational facilities and services; Carrying out any caring responsibilities the adult has for a child.

2.5. For the purposes of this regulation an adult is to be regarded as being unable to achieve an outcome if the adult:

- (i) is unable to achieve it without assistance;
- (ii) is able to achieve it without assistance but doing so causes the adult significant pain, distress or anxiety;
- (iii) is able to achieve it without assistance but doing so endangers or is likely to endanger the health or safety of the adult, or of others; or is able to achieve it without assistance but takes significantly longer than would normally be expected.

2.6. These eligibility criteria apply equally to Carers, where the carer's physical or mental health is, or is at risk of, deteriorating and is unable to achieve similar outcomes; unable to achieve care without assistance; without causing the carer significant pain, distress or anxiety; or is able to care without assistance but doing so endangers or is likely to endanger the health or safety of the carer, or of others.

3.0. 2020/21 Budget Context

3.1. The Adult Social Care and Population Health budget priorities relate to the Corporate Plan priority theme of 'Healthy, Cared for People'. This is to work with partners to enable people to be healthy and well and support those who need it most, working with them to improve their lives:

- Support Mancunians to be healthy, well and safe
- Improve health and over time reduce demand by integrating neighbourhood teams, that are connected to other services and assets locally, delivering new models of care
- Reduce the number of people becoming homeless, and enable better housing and better outcomes for those who are homeless

3.2. The Adult Social Care Improvement Programme in Manchester that commenced in 2018 has been driving change and longer term sustainability through investment in workforce, a shift of focus to 'our people in place' via the mobilisation of Integrated Neighbourhood Teams (INTs) and transformation to new ways of working underpinned by 'our culture' and the Our Manchester strategy. Significant investment has been made within the programme to deliver safe, effective and sustainable services that take a 'strengths based' approach to assessment and care and support planning. Mobilised INTs are beginning to realise tangible outcomes relating to joint visits with improved communication between health and social care (i.e. district nurses, social workers, GPs, care navigators, community mental health teams), streamlined

referral processes and multi-agency meetings. The outstanding work of this programme has been rolled into the ASC transformation programme; Better Outcomes, Better Lives to ensure the investment made is optimised and benefits and impact realised.

- 3.3. The Homecare market has been re-procured and is being mobilised to integrate at place level with INTs and to better collaborate in care and support to enable better outcomes. Investment has been made in new and existing care models for example, the expansion of the Reablement Service to reach more people and to better support timely hospital discharge pressures alongside the development of a new Complex Reablement Service to support people who require a specialised, longer term approach to enablement. Plans around housing support options continue to mature with new capacity of Extra Care accommodation from 2020/21. These housing options create longer term sustainable responses to care and support, reduce pressures and cost in the system and improve personal choice and independence.
- 3.4. The Care Market is a vital component of the ASC system supporting Manchester to meet statutory responsibilities and supporting Mancunians to live as independently as possible. During 2020/21 considerable work was prioritised to support our care market in response to Covid-19 and ensure services continued to be delivered to support vulnerable people. Focussed work during 2021/22 will evaluate our current and future needs and the capacity, quality and sustainability of our independent care market. There is potentially a need for capital investment to allow market intervention, enabling a response should market failure occur to ensure continuity of service. This may be short-term in nature, but could be of vital importance to limit the impact of such market issues on residents. Linked to collaboration work with partners, investment may also be needed to build capacity, and in particular creating capacity for specific care needs to ensure that there is appropriate provision for vulnerable residents. This may require new build facilities, or the acquisition of existing buildings which can be tailored to care models.
- 3.5. Progress is being made to implement integrated health and social care that improves outcomes for residents. The new ways of working in the INTs are starting to deliver changes and the new care models are starting to demonstrate improvements in outcomes.
- 3.6. The 2020/21 base budget, approved at the start of the year, was £221.253m and the current 2020/21 budget is £221.003m and is broken down in the table below. The key changes to the budget are as follows:
 - (i) Reduction to reflect the updated employer superannuation rate and pay award allocation (£-0.303m); and
 - (ii) Other minor budget amendments (£0.053m).

Service Area	Narrative	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budget £'000
Localities	INT Social workers and primary assessors	13,945	8,494	278.19
Reablement	Core reablement	8,802	5,361	334.67
Learning Disability	Social workers, supported accommodation, short breaks, shared lives and external care	77,744	70,216	617.05
Mental Health	Emergency duty, social workers, external care, supported accommodation	29,101	27,111	7.00
Other Care	Day centres, equipment, community alarms, information and advice, cash PBs, carers, homecare, residential and nursing care, external supported accommodation, day care	71,153	47,544	113.50
Public Health	Wellbeing, sexual health, drugs and alcohol, childrens, health visitors, staffing	42,539	39,717	46.50
Commissioning	Extra care, sheltered housing, homelessness, staffing	11,675	11,442	37.20
Specialist and support services	Staffing	9,862	3,686	95.00
Demography, Inflation and National Living Wage	Remaining balance (to be allocated) of the allocation to reflect population changes and for annual uplifts	2,576	2,576	0
Pooled Budget		267,398	216,147	1529.11
Asylum		2,982	57	7.00
Voluntary & Community Sector (Adults)		2,096	2,097	0

Safeguarding	Staffing	2,702	2,702	45.50
Other ASC		7,781	4,856	52.5
Total		275,179	221,003	1581.61

- 3.7. Whilst all of the ASC service budgets are considered to be statutory with regards to the responsibilities set out in the Care Act 2014, the scale of preventative services remains discretionary. The most significant areas of prevention are public health and ASC reablement services.

In-Year Financial Position 2020/21

- 3.8. The Global Monitoring Report to the Executive in December 2020 reported that the Adult Social Care 2020/21 budget is forecast at a £6.721m overspend. Covid-19 related expenditure is forecast to be £9.883m (additional funding of c£13m is being included in the 2021/22 budget to reflect the ongoing nature of these costs), this is offset by underspends totalling £3.162m in areas including reablement, day care, short breaks, homecare and from the revised timetable for extra care expansion.
- 3.9. Within the position detailed above are increased costs within in-house supported accommodation for people with learning disabilities (£1m is currently estimated as the impact on 2021/22). This relates to additional demand and the expansion of capacity through the new build accommodation programme at Freshwater, Northfields and Scout Drive which in total have added 60 units of capacity. As at 14 December, 38 of the 60 new build units are occupied with 14 further places allocated. Clients include both movers from other tenancies and clients not previously in receipt of this type of service. The increase in capacity and type of accommodation is a significant development and has enabled:
- (i) Individuals to live in new purpose built accommodation with their own front door with the aim of increasing independence;
 - (ii) A more responsive service over the Covid-19 period;
 - (iii) The opportunity to pilot Technology Enabled Care including 'just roaming' devices; and
 - (iv) An opportunity to build teams around people ensuring we deliver person centred care and support.
- 3.10. A new establishment structure for the new build is in development. With the development of the new sites it was envisaged that there would be opportunities to decommission four of the older properties in the portfolio, however discussions are ongoing about the future use of these sites and a decision is still to be made. This requirement necessitates both additional support workers and provision for additional management capacity to support the expansion of the service. Work is ongoing to look at all options to maximise resources to ensure the delivery of the highest quality support enabling residents to live a good life in their communities.

- 3.11. Discussions are taking place with colleagues across GM including Wigan and Salford to share best practice and to look at how we can build a team with the right skills and capacity to deploy across the expanded sites. This will include peer review activities with officers from Wigan from which is hoped to gather learning including information about use of a mobile supporting excellence team to ensure rota management arrangements are flexible and optimal through active management. At this stage there is a 2021/22 cost estimate of £1m.
- 3.12. In addition, the in-year position on Public Health is a forecast underspend of £1.5m. This reflects the focus of the service being on Covid-19 and workforce being reassigned to specific related work programmes. New investments for 2020 have also not progressed on the timeline envisaged. It is proposed the underspend will be carried to support the 2021/22 budget strategy.

4.0. Covid-19 Pandemic and the ASC Improvement Programme - Context and Impact on Adult Social Care

- 4.1. The Covid-19 pandemic presents a unique challenge for the country and Manchester. It also presents a challenge to ASC to undertake its functions of assessment, support planning, monitoring, review and safeguarding (the five core responsibilities of social work within the service) and the commissioning and delivery of care and support through internal services and the social care market within Manchester.
- 4.2. ASC has played a critical role in supporting vulnerable people across the city to remain safe and as independent as possible, continuing to live within the community and preventing crisis and the need for more intensive health and social care services. In addition, throughout the pandemic, work has continued with the hospitals on rapid discharge arrangements to discharge people as soon as people are medically fit, ensuring valuable capacity is available in the hospitals.
- 4.3. From the outset, ASC's response plan was structured around clear objectives:
- (i) Continuity of care for vulnerable people assessed under the Care Act;
 - (ii) Minimising risk of harm/fatality; and
 - (iii) Protecting the credibility and reputation of health and social care and partners (it is important at times of national crisis that Manchester people see that our social care and health system has acted in the best interest of people and in a joined up way that has met their needs - this deepens the trust and future co-operation as public services and residents face future challenges together).
- 4.4. Focusing on these three objectives has meant that the service has responded well to the pandemic including ongoing support to care providers, ensuring supply and provision of PPE, testing of citizens and staff, recruiting additional support workers to meet capacity gaps and undertaking safe and well calls to support vulnerable citizens and those not accessing services. The service has been able to keep a close overview of issues and challenges within social

work teams, in house provider services and the external care market throughout the response period, which has meant that support provided has been targeted and managed and there has been no need to enact Care Act Easements provisions at stage 3 and 4 introduced through emergency legislation nationally. Only a very limited number of services were paused (within Provider Services) whilst other services have continued to operate throughout the pandemic, adapted to be delivered in a different way.

- 4.5. Central to making this possible was the support from the Council over the last 18 months to invest to re-build front line staffing levels, to improve leadership and support to the social work assessment function and the commitment to the Improvement Programme within ASC. The investment for 2019/20 and 2020/21 to stabilise and build strong foundations in the service provided significant resilience to be able to work through the challenges of the pandemic.
- 4.6. Limited work has continued on the Improvement Programme in 2020/21 with capacity being required to respond to Covid-19. The work has included reducing waiting times across the service and improved leadership and performance management. The investment has led to a significant reduction in the waiting list and other improvements in practice. Between November 2019 and November 2020 (latest data) there has been a 69% reduction in waiting lists for those entering the service prior to allocation (i.e. 69% fewer citizens waiting), a 42% reduction in waiting lists for work ongoing and 38% reduction in waiting lists for reviews. There is ongoing work to further reduce the waiting lists.
- 4.7. The rest of the year will present a particular challenge as ASC is likely to face increased contact from citizens for support and will need to make assessments and set up care and support within the best practice of social distancing and PPE to prevent / mitigate the risks of a local outbreak of the virus. In addition, safeguarding enquiries are increasing which puts significant pressure on neighbourhood and specialist community teams. The recent move to Tier 3 and Covid-19 Wave 2 adds significant additional risk into service and financial planning.
- 4.8. There are still a number of areas of focus for ASC going forward, which will need to be prioritised as part of wider recovery planning within our health and social care LCO and through the Better Outcomes, Better Lives programme. This will need to ensure that the work to stabilise and strengthen the service continue. This includes ensuring that the processes within Liquid Logic and the financial system (contrOCC) are working effectively and support practice and payments; continued roll out of strengths based working including strength-based practice framework; further strengthening management and supervision arrangements.

5.0. Planning to Support Council Budget 2021/22 Onwards

- 5.1. Before moving to 2021/22, it is important to recognise the baseline position for transformation and integration for which Manchester has set up and developed

the Manchester Local Care Organisation (MLCO), Manchester Health and Care Commissioning organisation and the joint working with health on developing a single hospital system.

- 5.2. It is also important to recognise the impact of the Covid-19 Virus and the strengths shown from the health and social care integration, to jointly plan and respond to the pandemic.
- 5.3. As a result of the national response to Covid-19, MLCO implemented national guidance relating to the provision of essential community health services from 26th March 2020. The response and the learning from that has reconfirmed the importance of the journey to integrate health and care services with wider public services to support residents to be well and live independently. It also confirms the need for an increasing focus on our Neighbourhoods as the places from which to do this and join up local community resources and responses to support people where they live.
- 5.4. The MLCO priorities for 2020/21 have been developed and are set out below:
 - (i) Review and restart community services based on national guidance and evidence / learning from recent months, supporting our staff to work safely;
 - (ii) Develop the Operating model for community services to build from our understanding of learning from recent months, ensuring coherence with the GM ADASS 'Living well at Home' programme and the Locality plan;
 - (iii) Continue to support the timely and effective flow through the Integrated Control Room from acute into community and ensure the requisite community offer is in place to enable that;
 - (iv) Lead system work on the development of an offer for people with Long-Term Conditions that enables a multi-disciplinary proactive offer built through the INTs and our wider service offer;
 - (v) Work with partners on the substantial programmes focused on financial resilience;
 - (vi) Develop an approach with system partners to improve the services we provide to those with Learning Disabilities and support through transition; and
 - (vii) Prioritise our transformation programmes to ensure our people can effectively connect and support their design, delivery and development.

Adult Social Care – Scope for Change and Supporting the Budget Challenge

- 5.5. As identified above the most critical aspect of ASC is that following an assessment of need and setting out a care and support plan, there is a legal obligation to continue to support that person until there is a change in their care needs. Therefore it is not possible to simply stop services, as the need remains and the legal obligation remains.
- 5.6. It is not possible to choose to scale back services as they are meeting each person's individual needs and can only be changed following an assessment and revision to the support plan.

- 5.7. It is possible to scale back prevention services, which are provided outside assessed and eligible needs, however, those services (such as reablement) often reduce, prevent or delay the need for statutory care and support requirements. Therefore, careful assessment and evaluation is needed before a policy / strategy decision to reduce these areas, as a budget saving in this area may simply result in an increase in statutory long term care, leading to higher overall expenditure.
- 5.8. Having taken into account the statutory responsibility and accountability of the Council for ASC; the investment and improvement programme; the interconnectedness of statutory and prevention expenditure; the established Manchester transformation / integration journey and the scale of the financial challenge for the Council, the programmes of work have been identified for consideration and development within the policy / strategy and financial framework for the Council and are set out further below.

6.0. Financial Planning Assumptions and Approach

- 6.1. The annual business and budget plan for Adult Social Care and Population Health is part of the MHCC Plan which reflects the refreshed Manchester Locality Plan and is supported by the Manchester Local Care Organisation (MLCO) Operational Plan. The Council determines the scale of its contribution into the pooled budget. The health and social care annual pooled budget for Manchester is £1.2bn.
- 6.2. The Council's contribution to the pooled fund will be increased by £19.9m for 2021/22. This is to cover:
- (i) The costs of non-pay inflation and an allowance for the National Living Wage (NLW) increase (£3.7m). This figure has been adjusted for the changes to NLW (to increase to £8.91 an hour, up 2.2%. Previously expected to be £9.21) and for the public sector pay freeze. If the position on public sector pay changes then any pay award will be funded;
 - (ii) Increased demand associated with population growth (£2.8m); and
 - (iii) £13.4m for the estimated ongoing impact of Covid-19. This is to cover the full year effect cost of discharges (£9.3m), costs for PPE (£2.5m), social work capacity (£0.8m) and population health (£0.8m).
- 6.3. In addition, due to the difficult financial situation facing local government, a £20m savings target was agreed for Adult Social Care. In total this would mean a small net reduction of £0.1m to the Pooled Fund contribution.
- 6.4. The savings target is being achieved via the ASC Transformation Programme, aiming to improve care pathways and focus support on independence for Manchester People, now renamed as 'Better Outcomes, Better Lives'. The report provides more detail on the programme and whilst the overall savings

target is achievable (subject to significant system wide support to delivery arrangements and to specifically address the conditions of success and preventative investment recommendations) this will take 4 years to achieve in full, with a £6m net saving for 2021/22. The report to November Scrutiny Committee and Executive therefore set out that the balance was expected to be met from one off system support funding and likely additional central government funding for social care.

- 6.5. A total of £5.5m system support has now been identified to support the budget position in 2021/22 including a recommended carry forward of £1.5m public health funding from 2020/21, where the focus on Covid-19 related activities has meant that the full allocation has not been spent.
- 6.6. Since the drafting of the November Report, the Spending Review has been announced and the Provisional Finance Settlement has now been published. This included the provision for a 3% social care precept and a one-off £6.3m Social Care Grant for Children's and Adults Services. The grant will not be built into the funding base for 2022/23. It should be noted that the Council has already made provision for the additional costs relating to Covid-19 and demographic growth in the allocation to the pooled budget. The announcements for Public Health grant have not been received, although it has been indicated that there is unlikely to be an inflationary uplift.
- 6.7. The Council is currently out to consultation on the 3% precept which closed on 24 December. The Council is minded to take the full 3% increase and the funding, worth £5.1m, would be added to the Pooled Budget to support the funding of the £19.9m investment required to meet the ongoing costs from Covid-19 and demand and inflationary pressures detailed. This would reduce the savings target from £20m to £14.9m. The £14.9m will be met as followed:
- 6.8. £6m from the £18.4m savings programme through Better Outcomes Better Lives will be delivered in 2021/22, with the full amount being delivered by 2023/24.
- 6.9. In 2021/22 the remaining £8.9m of the £14.9m savings requirement will be met from one-off measures. This includes £5.5m from system support (including the £1.5m public health carry forward) and £3.4m from additional government grant funding. The level of savings will increase in future years and replace the one-off grant and support funding provided.
- 6.10. The Social Care grant is a one-off amount of £6.3m. As stated above, £3.4m will be required to support the reduced savings target leaving a balance of £2.9m of grant funding available.
- 6.11. For 2021/22 the budget proposals represent a total additional investment of £19.9m to the pool and £6m of savings to be delivered in 2021/22. This represents a net growth in funding of £13.9m funded from MCC resources and the proposed precept increase. This is felt to be reasonable in the light of the pressures and risks faced. The position for the delivery of the £14.9m reduced target is outlined in the table below:

Delivery of savings target	2021/22 £'000	2022/23 £'000	2023/24 £000
Better Outcomes Better Lives	6,000	13,100	18,400
Social Care Grant	3,400	0	0
Health and Social Care System Support	5,500	0	0
To be identified	0	1,800	0
Total	14,900	14,900	18,400

- 6.12. If the remaining balance of the social care grant is allocated to the pool this would bring the net additional investment in the pool up to £16.8m. The options for its use include the following which are new areas of spend since the November Scrutiny Committee Report:
- (i) Supplementing the demographic funding by £1m to support increased capacity within the in-house supported accommodation for people with Learning Disabilities to fund the costs of supporting the new units as outlined earlier in the report;
 - (ii) One-off funding for additional capacity, including external support, of £600k to support the implementation of the Better Outcomes, Better Lives programme. The transformation programme and associated savings builds on the areas of previous Adult Social Care savings which due to issues with capacity with the need to implement the Improvement Plan and more recently the impact of Covid-19, have not been fully realised. The additional support is to provide the capacity and rigour to ensure delivery; and
 - (iii) The potential to establish a £1.3m public health reserve. There has been an underspend this year while the team have focused on COVID, but it is anticipated that demand for services will increase and in particular, there will be cost pressures if no inflationary funding is provided.
- 6.13. As the Social Care grant is one-off permanent funding solutions will need to be found for the new Learning Disability units which were originally going to be met through the associated reduced use of other provision as well as for any public health requirements that are ongoing in nature.
- 6.14. The above will also need to be balanced against any priorities identified in Children's Services and the views of both Scrutiny Committees, along with the outcome of the precept consultation, will be taken into account when at Executive on 20 January, where the draft Executive Budget for consultation will be agreed.
- 6.15. It is important to note that this report only covers the Council's contribution to the Pooled Fund for Adult Social Care. The Health contribution to the Pooled Budget has not been confirmed and that the NHS Financial Regime for 2021/22 has not been published yet. Before the Pooled Fund can be agreed it

will be necessary to see the full financial position. In addition, prior to agreeing the Pooled Fund for 2021/22 a full report will be brought to Scrutiny and Executive Committees with the updated S75 agreement and the full budgets in scope of the Pooled Fund from the Council and Health Partners.

- 6.16 The MLCO are progressing a number of work programmes aimed at maintaining or improving outcomes through improved service delivery arrangements and addressing the budget savings requirements. They include:
- (i) the ASC transformation programme; aiming to improve pathways and focus support for independence for Manchester people, now renamed as **Better Outcomes Better Lives**;
 - (ii) Advancing integration across the system through the MLCO;
 - (iii) Working with partners to provide system financial support to maintain community-based care, especially where there is an interim requirement until improved pathways are embedded;
 - (iv) Commissioning programmes and realising the expected benefits from developing an integrated commissioning, contracting and placement function in the MLCO; and
 - (v) Working in a focused way over winter to mitigate the impact of Covid-19 on 2021/22.
- 6.17. The MLCO 2021/22 draft financial plan (ASC component) is now in a balanced position, albeit recognising an element of the assumptions are non-recurrent and specific to 2021/22. At this stage, whilst the City Council has significant financial challenges, it has been possible, for 2021/22, to avoid the need to identify more difficult service reductions across preventative areas.
- 6.18. The City Council, MFT and MHCC will be working with the MLCO Executive to ensure governance arrangements are further developed to provide the key levers for change to realise the ambitions for advancing integration and realising the benefits of a genuinely pooled budget. This will include, for example, effective risk share arrangements between Manchester system partners.
- 6.19. The ASC budget can be considered in three parts:
- **the workforce** including social work practice,
 - **prevention and reablement** – services provided to help reduce, prevent or delay the need for ongoing formal care or services to help people regain their independence and ability to meet their own needs
 - **long term care provision** - ongoing formal care to meet the needs of people to help them to continue to live as independently as possible.
- 6.20 Significant progress has been made to invest in structures in recent years to ensure the workforce establishment infrastructure is fit for purpose through the

improvement plan. Reductions in prevention can have a significant impact as those services often prevent, delay or reduce the need to statutory care and support requirements. The service and finance work programmes are therefore focused on long term care.

- 6.21. It is not currently expected that budget work in view in this report will have consultation implications for the existing City Council workforce. However, work to accelerate progress towards health and social care integration in the city may lead to further organisational change in due course.

7.0. Improving Pathways and Focusing Support for Independence (Better Outcomes Better Lives)

- 7.1. Better Outcomes Better Lives is a key programme of work to support people to live as independently as possible and maintain control over their lives. The approach is one of service improvement, ensuring our services are supporting people with strengths-based assessments and better ways of delivering care and support services. Of key importance is prevention and intervening early, as this is the best way to ensure people get the services that are responsive to their needs and prevent, reduce or delay the need for longer term care. We will always meet the long term care needs of individuals where required.

- 7.2. A significant piece of work on improving pathways and focusing support for independence has been undertaken, starting with how to do this in adult social care. This involves:

- (i) Working with individuals using strengths based assessments, empowering citizens to take control of their lives and be able to manage their own conditions where they have the ability to do so. This may be using their own strengths, family and friends or support within the community. This will involve changing expectations across the system, focusing more on independence and working with people through individual assessments
- (ii) Acting earlier to prevent problems occurring or escalating;
- (iii) Ensuring additional interventions are not being caused by the service failing to get something right first time or unintentionally reinforcing dependency;
- (iv) It does not involve: tightening eligibility criteria, restricting access, or stopping non-statutory services.

- 7.3. The programme has been supported by a commissioned diagnostic piece of work from IMPOWER, a specialist ASC support agency with experience and proven track record with a number of other local authorities to undertake diagnostic work to support the development of evidence-based, sustainable opportunities. Some of the key activities that have been included within this diagnostic work include:

- (i) Comprehensive review of available performance and spend data, benchmarked to other local authorities
- (ii) Staff survey with over 220 responses;
- (ii) Case reviews;
- (iii) Observations - contact centre, INTs and hospital site; and
- (iv) A trial behaviour change intervention to apply behavioural science techniques to social care and embed these in frontline practice.

7.4. The insights from the programme included:

- (i) There is an opportunity to improve pathways and focusing support for independence in order to prevent, reduce or delay long term care, to some degree, in almost half of the cases reviewed. In some cases this maybe a minor change whereas in others a more substantial opportunity. The challenge is how to release the opportunity consistently through the complexity of first contact / assessment / review and expectations or legal challenge of the population being supported;
- (ii) There are opportunities emerging to build on the foundations developed in the last 2 years across ASC, to embed strength based practice consistently across all teams; awareness and use of community assets; broadening the Technology Enabled Care (TEC) offer, whilst building confidence in practitioners and people to use TEC; building on the positive impact of reablement by increasing access; implementing the positive changes in the carers offer and changing the front door to be a more co-ordinated preventative offer to prevent flow to community teams.
- (iii) These opportunities will only be maximised if underpinned by a responsive approach to commissioning and effective performance management at all levels.

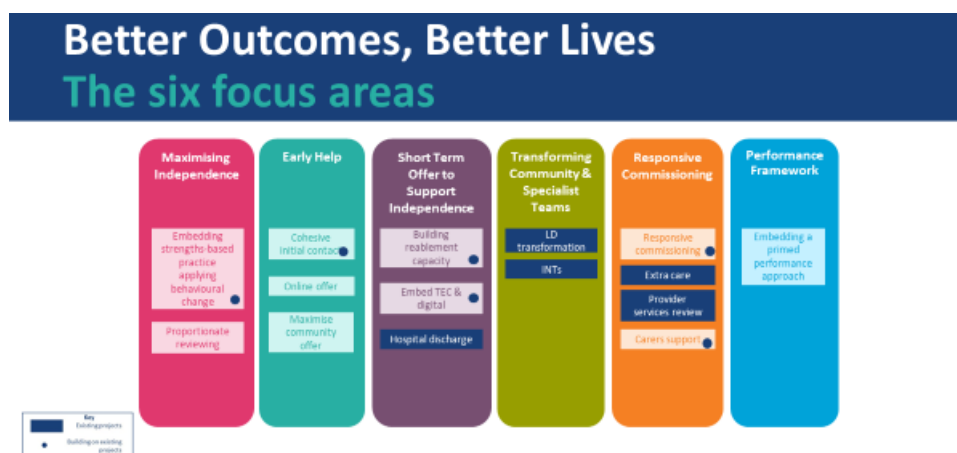
7.5. With a properly resourced change infrastructure and clearly set out conditions of success, this suggests a significant opportunity for savings **over three years**. The phasing of savings is currently being finalised. **The target for 2021/22 is £6m and this will increase to £18m by 2023/24 (net of investments)**. Some of the key conditions of success include early and full engagement of staff; investment in prevention, clear and agile performance management and governance; securing early impact from change to build momentum and capacity and capability to deliver the change. In addition, significant system support is integral to successful delivery. A Better Outcomes Better Lives delivery partner will help support the programme and provide substantial capacity and depth of experience from similar work. This is a substantial investment, over 2020/21 (£0.3m) and 2021/22 (£0.6m) with funding set aside within the 2020/21 forecast budget position and in relation to 2021/22, a proposal to use the grant funding detailed above.

7.6. The key changes in metrics arising from the proposed 'Better Outcomes, Better Lives' programme, based on commencing implementation in 2020

quarter 3, against the 'Do-Nothing' scenario projected to 2021/22 are detailed in the table below.

Metric	2019/20 Baseline	Do-nothing by 2021/22	Potential Impact by 2021/22
Nursing Care clients	672	688	-11
Residential Care clients	1,352	1,384	-40
Supported Accommodation clients	743	770	-28
Homecare clients	2,671	2,890	-57
Reablement clients	1,869	n/a	+518

- 7.7. Further work is under way to identify what the improvements in outcomes for individuals will be associated with these metrics, such as improved levels of wellbeing, self-care and greater independence.
- 7.8. This programme has now been developed into an implementation plan supported by IMPOWER which addresses and secures the conditions of success. A key element of this is integration with existing MLCO transformation projects set out below into one refreshed programme of change for the next three years.
- 7.9. The option presented for Better Outcomes Better Lives aims to deliver better outcomes, experience of services for the people of Manchester and better use of resources. This will require significant commitment from all health and social care partners, in order to provide the capacity and capability required to deliver this scale of complex change at speed. It needs to be recognised as the substantive piece of work which will underpin the system's approach to meeting care and support needs across Adult Social Care with many of the principles transferrable to health services.
- 7.10 The Better Outcomes Better Lives programme is key programme in the MLCO established transformation portfolio. The Portfolio is overseen by the MLCO Recovery and Portfolio Board and is a key responsibility of the Director of Strategy. It comprises a range of transformational and enabling programmes from Neighbourhood development to the work programme of the Care Homes Board, from Workforce to Estates.
- 7.11 The programme is comprised of 6 work streams as illustrated below



7.12 Maximising Independence

This is a critical piece of work and builds from work already delivered by the ASC improvement programme which implemented strengths based assessment and support planning into adult social care. This work will focus on further embedding strengths-based practice, applying behavioural change as well proportionate reviewing.

7.13 The work will target specific teams where there are the biggest opportunities to influence demand and increase independence/ensure the most appropriate packages of support in place – specifically the INTs, LD teams and reablement. Four months of intensive support will take place with teams building on the trial intervention which took place with the LD south team. This work has already commenced or will commence in 2020, as part of a sequenced plan across teams

7.14 Early Help

This will build on work already underway to strengthen the front door to adult social care as part of the wider health and social care system. It will include strengthening 'initial contact' by ensuring that staff within the contact centre have the right skills and knowledge available to effectively triage contacts, and signpost to alternative support and equipment that could meet their needs.

7.15 It will also involve strengthening the information and advice offer online – increasing the number of people addressing their needs independently without intervention from adult social care. Further work, building on the covid-19 community response, will take place to expand the voluntary and community sector offer and engagement in prevention and early intervention. This work will all be prioritised in year 2 of the programme.

7.16 Short Term Offer to Support Independence

This work will build on the effectiveness of our reablement offer, building an approach that maximises the independence of citizens being discharged from hospital through 'discharge to assess' (D2A) aligned to 'home first' principles. It will look to increase capacity in the reablement service – including ensure that those who are currently not receiving reablement (but would benefit from it) are able to do so.

7.17 Alongside the reablement offer, further work to build awareness and confidence of frontline staff in using technology enabled care (TEC) and digital options as a 'default' will continue as well as a review of the TEC offer to ensure it reflects the support people need.

7.18 Reablement and TEC are priorities in delivering the desired financial trajectory and therefore will be early priorities for delivery.

7.19 Transforming Community and Specialist Teams

This work will continue the programmes already underway to integrate and transform community teams across health and social care both in LD services but also maximising the opportunities created by the Integrated Neighbourhood Teams. This will align to the work to embed strengths-based practice and ensure that a joined-up approach to assessment and 'care management' is in place across professional groups thus reducing demand in all parts of the system. This work is already a priority, is underway and being monitored as part of the wider MLCO transformation portfolio referred to above.

7.20 Responsive Commissioning

Again, building on work already in train this work will seek to ensure that a commissioning plan and approach are in place that supports the change priorities. This will be integral in developing care market supply of the right quality and price, and support the changing demand trajectories set out within the IMPOWER modelling and the work going forward.

7.21. Dedicated commissioning capacity working alongside social work teams will be key during the work described above ('maximising independence') which will align with work to review the contracts register and procurement plans going forward as well as work inherited from the improvement programme around the efficiency of the interactions between the case management system (LiquidLogic) and payments system (contrOCC) which will need to continue to be prioritised. This work will also include further strengthening the commissioned offer to carers building on the positive work delivered over the last 12 months.

7.22 This work is already a priority and will align to work already underway to review high cost packages of care as well as work to create an integrated commissioning approach within the MLCO across health and adult social care.

7.23 Strengthened Performance Framework

The programme will be supported by a strengthened performance framework which will need to be designed as part of the programme plan, in order to understand progress, delivery and the impact (outcomes and financial) of the objectives described.

7.24 This will need to align to the existing arrangements within the MLCO and these will be clarified as part of the transformation programme. The delivery of such an ambitious, wide ranging and comprehensive programme will not come without significant challenges.

- 7.25 The service is still responding to the covid-19 pandemic and as such will need to ensure that this transformation work is prioritised alongside continued, immediate and changing demand into the service.
- 7.26 The right capacity to support the programme will therefore be critical; both programme management support as well as ‘change’ resources to work alongside teams and individual professionals. They will embed the new ways of working, ensure continued focus on the desired outcomes and ongoing management as well as understanding of performance and delivery to planned financial trajectories. These resources are being confirmed – and include consolidating existing capacity and capability within MLCO, with partners and investing in additional capacity as required.
- 7.27 It will also be critical that partners and senior stakeholders are collectively and continually supporting the delivery of the programme as a key priority for the city’s health and social care system. There will not be capacity for MLCO and the service to take on additional and competing priorities. The opportunities are however significant, and will be realised if the right attention, focus and priority is given to work going forward.

8.0. MLCO Operational Plan 2021

- 8.1. The MLCO is developing its process to compose an Operational Plan for 2021/22. It will be supplemented by a Financial Plan for 2021/22.
- 8.2 The scope of the Plan will be all the functions currently held by the MLCO, as well as the functions agreed to be in the LCO by the Manchester Partnership Board from April 2021.
- 8.3 The Operating Plan will be developed in the context of national policy and planning frameworks, such as the NHS Planning Guidance and the recent ICS consultation, as well as the Our Manchester strategy and locality plan. However the narrative in the Operating Plan will be driven and informed by our service plans that will set out how we will further integrate health and social care services in neighbourhoods and take a population health management approach to reducing health inequalities.
- 8.4 The service plans will ensure our services are meeting the needs of the residents of Manchester using data and the intelligence we are gathering through our neighbourhood teams.
- 8.5 There will be an expectation that our service plans for our neighbourhoods are shared with the relevant elected members and other key stakeholders as they are developed.
- 8.6 The timetable to develop and finalise the Operating Plan takes into account the budget setting and plan approval timescales for Manchester City Council, MHCC and MFT, as well as the MLCO internal governance.
- 8.7 The overall timetable for the production of the Operating plan is:

December 2020

- Finalise the process, timescales, templates and guidance for service leads
- NHS Planning guidance for 2021/22 published (*date tbc*)

January 2020

- MLCO Executive and MLCO Accountability Board approve the process
- First draft service plans shared across teams for feedback and to inform the first draft MLCO Operating Plan

February 2020

- Draft plans continue to be iterated based on feedback from across the teams and further local / national context
- Progress report provided to MLCO governance and partner governance as agreed

March 2020

- Final service plans and MLCO Operating Plan with accompanying financial plan developed and presented to MLCO Executive and MLCO Accountability Board for approval; service plans will be appended to the plan
- Final Plans shared through partner governance

9.0. Health and Social Care System

- 9.1. The information contained in this report should be considered as a key component of the health and social system. Three key updates are provided below covering discharge arrangements and the approach to mitigate the pressures arising from Covid-19, in relation to new care models and the approach to mitigate the loss of GMTF from 2021/22 and sustain the investment in these priority services that are integral to the MLCO operating model, and finally in relation to non-recurrent financial support for 2021/22.

Discharge Arrangements

- 9.2. New national hospital discharge guidance has been in place since March 2020 and the current updated guidance will run to the end of the financial year. Substantial costs in 2020/21 are being met from NHS Covid-19 funding. Following completion of care assessments for the clients discharged from hospitals, the City Council will again become responsible for funding care arrangements. The current financial planning assumptions provide for £9.3m additional cost into 2021/22 as the full year effect from discharges from hospitals since March 2020 and modelling of forecast discharge numbers to the end of March 2021. MLCO is working with partners on discharge arrangements, with an effective system based control room and placement function to mitigate the risk of additional placements over the rest of 2020/21. Winter planning arrangements are integral within this. This is very challenging in the context of 2nd wave predictions. Government funding through the extension of the Infection Control Fund also allows further financial support to be passed to providers for manage risks around infection, prevention and

control. Through the following key actions the MLCO are aiming to be able to minimise the £9m requirement which would allow any excess funding to be released, in effect a saving.

- (i) The 'Control Room' will work with the acute hospitals to identify people as soon as they no longer need to be an acute hospital bed and will facilitate next steps in care. The Discharge to Assess service will support people to move out of hospital and will assess ongoing needs and appropriate next steps in a non-acute setting – preferably in a person's own home, but otherwise in a non-acute Discharge to Assess bed;
- (ii) Strength based assessments will facilitate maximising each person's independence; and
- (iii) Access to reablement, where appropriate, will improve each person's baseline and maximise independence.

New Care Models

- 9.3. The 2020/21 budget included non-recurrent investment from GMTF and from MCCG on the care models detailed in the table below. The programme of time limited investment into new care models from GMTF is now winding down. In order to sustain current levels of activity, the following cost requires funding in 2021/22 and is currently factored into MHCC Health financial planning assumptions for 2021/22 on a non-recurrent basis. This is key support in ensuring arrangements continue to be sustained. Longer term financial planning is however dependent on the Government also setting out multi-year financial settlements. These care models are now an integrated part of the Health and Social care system and savings are substantially incorporated into baseline budgets, albeit work is on-going on the evaluation to ensure scale and capacity continue to be reviewed in a dynamic changing operating environment and the additional challenges under the Covid-19 pandemic.

Care Model	Funding	2021/22 £'000
Crisis	Health	182
D2A	GMTF	1,584
Extra care expansion programme	GMTF	233
INT – Leads and social work team managers	GMTF	1,044
Total		3,043

- 9.4. The recommendations included in the substantial programme aimed at improving pathways and focusing support for independence includes further investment in areas such as reablement and technology enabled care and the savings are incorporated into this programme.

Working with Partners in the Health and Care System

- 9.5. It is important to note that the health contribution to the pooled budget is currently unknown as the NHS has not published the financial regime for 2021/22 yet. However financial planning assumptions with health partners are including additional non-recurrent financial support for 2021/22, aimed at smoothing the transition until the work on Better Outcomes Better Lives realises the savings trajectory ambition. £5.5m of additional support is the current planning assumption for 2021/22 (an increase of £1.5m from £4m reported to Health Scrutiny in November).

10.0. Population Health

- 10.1. The Population Health (PH) commissioning and strategic role is set out in the Manchester Population Health Plan, the City's overarching plan for reducing health inequalities and improving health outcomes for residents across the lifecycle. The social and economic impact of Covid-19 has further exacerbated health inequalities in the city.
- 10.2. The Manchester Population Health Team is currently leading the City's public health response to Covid-19 as set out in the 12 Point Action Plan which is updated on a monthly basis. The Plan includes the detail of key actions to be undertaken in relation to the Manchester Test and Trace Service, managing outbreaks, community engagement and communications, work with schools, universities and businesses and specific sections on our most vulnerable residents and care homes.
- 10.3. The Population Health Team is also responsible for commissioning a range of preventative services (children's public health, wellbeing, drugs and alcohol, and sexual health services) totalling approximately £34m. These services address health impacts upstream to reduce demand on more expensive health and social care services.
- 10.4. The majority of these services are mandated responsibilities, i.e. services that must be provided such as Health Visiting, Schools Nursing, Open Access Sexual Health Services and Health Protection Services.
- 10.5. The Public Health Grant was reduced by 6.2% (£3.3m) in 2015/16, with further reductions of 2.2% in 2016/17, 2.5% in 2017/18, 2.6% in 2018/19 and 2.6% in 2019/20. The impact on Manchester's public health funding was a £8.652m reduction by 2019/20. There was a major redesign and recommissioning of all public health services from 2015 and significant savings were delivered across all key programme areas including 25% savings for drugs and alcohol, 33% savings for sexual health, 50% savings across wellbeing services and 15% savings across children's public health.
- 10.6. Despite the capacity challenges of Covid-19 the Manchester Population Health Team continue to work on the overarching Wellbeing Model for 2022, which will bring all services together in an integrated way under the MLCO arrangements. This model will deliver a significant return on investment over a longer term timeframe and improve health outcomes for residents.

- 10.7. Clearly if the overall savings requirement for the Council is more challenging then all public health services will be impacted including children's public health, sexual health, drugs and alcohol and wellbeing services. Further discussions will be progressed through the MLCO with providers as necessary.
- 10.8. Finally, the Chief Finance Officer at Manchester Health and Care Commissioning and the Director of Public Health are also exploring all options for non-recurrent savings to offset pressures in 2021/22 and will also take account of any delegated responsibilities and resources from the disestablishment of Public Health England.

11.0. Summary

- 11.1. For 2021/22 the budget proposals represent a total additional investment of £19.9m to the pool and £6m of savings to be delivered in 2021/22. This represents a net growth in funding of £13.9m funded from MCC resources and the proposed precept increase. This is felt to be reasonable in the light of the pressures and risks faced.
- 11.2. Subject to the outcomes of the consultation and decision on the precept increase, funding worth £5.1m, would be added to the Pooled Budget to support the funding of the £19.9m investment required to meet the ongoing costs from Covid-19 and demand and inflationary pressures detailed. This would reduce the savings target from £20m to £14.9m. The £14.9m will be met as followed:
- (i) £6m from the £18.4m savings programme through Better Outcomes Better Lives will be delivered in 2021/22, with the full amount being delivered by 2023/24;
 - (ii) £3.4m from the additional government funding; and
 - (iii) Working with partners has identified short term financial support £5.5m (including the £1.5m public health carry forward) for 2021/22.
- 11.3. The level of savings from within the Better Outcomes Better Lives programme will increase in future years and substantively replace the one-off grant (£3.4m) and support funding provided (£5.5m).
- 11.4. Whilst the financial challenges facing the City Council are severe, more difficult service reductions across preventative areas, have been avoided.
- 11.5. If the remaining balance of the social care grant (£2.9m) is allocated to the pool, this would bring the net additional investment in the pool up to £16.8m. The options for its use include the following which are new areas of spend since the November Scrutiny Committee Report:
- (i) Supplementing the demographic funding by £1m to support increased capacity within the in-house supported accommodation for people with Learning Disabilities to fund the costs of supporting the new units as outlined earlier in the report;

- (ii) One-off funding for additional capacity, including external support, of £600k to support the implementation of the Better Outcomes, Better Lives programme. The transformation programme and associated savings builds on the areas of previous Adult Social Care savings which due to issues with capacity with the need to implement the Improvement Plan and more recently the impact of Covid-19, have not been fully realised. The additional support is to provide the capacity and rigour to ensure delivery; and
- (iii) The potential to establish a £1.3m public health reserve. In particular there will be cost pressures if no inflationary funding is provided.

11.6. The MLCO will continue to progress work in the following areas to improve financial sustainability:

- (i) MLCO commissioning and transformation programmes;
- (ii) Fully realising the benefits from integration; and
- (iii) MLCO discharge planning to mitigate the financial impact of Covid-19 on 2021/22.

12.0. Consultation / Co-production

12.1. At this stage no specific consultation requirements have been identified.

12.2. Co-production is integral to working with Manchester people and is fundamental to the Better Outcomes, Better Lives programme. The programme will build on approaches already developing within learning disability services including:

- (i) Embedding co-design into the design and transformation process. As part of this we want to provide a meaningful voice for people with learning disabilities to influence strategic decision making and also to get involved in the design of future service delivery. The first stage of this approach is to co-design a refreshed approach to strategic engagement for the city.
- (ii) Understanding what has worked well previously and what people would like to see as part of a refreshed approach. This work is taking place in collaboration with three of our voluntary sector partners; Breakthrough uk, Pathways Associates and People First. We are also keen to widen the scope of engagement with strategic decision making to provide the widest possible representation across the city and also to include the views of parents and carers.
- (iii) Ensuring a co-production approach across the programme and at workstream level. Once the strategic engagement approach has been established, we will be working to ensure that people with lived experience are included and consulted across the programme. At this stage we cannot be prescriptive about what form this will take given that

we intend to keep co- production principles at the heart of the approach that will be designed in collaboration with people with lived experience, their families and carers and members of the voluntary sector who support them.

13.0 Conclusions

- 13.1. Financial planning arrangements for the health and social care pooled budget are progressing well. The NHS has not published the financial regime for 2021/22 yet.
- 13.2 The report presents the second staging post of the work in a variety of programmes which are currently being brought together into one overarching programme of change under MLCO programme management and governance arrangements.
- 13.3. At this stage no specific consultation requirements have been identified. The approach to care management will continue to put meeting clients needs first and foremost but will look to change the approach to doing so, primarily through prevention, building upon the approach to strength based practice and enabling citizens to take more control of their lives, maximising independence and achieving better outcomes and through strengthening commissioning and contracting arrangements.
- 13.4. The report outlines the steps towards a sustainable financial plan for ASC for 2021/22. The report details 2021/22 the budget proposals that represent a total additional investment of £19.9m to the pool and £6m of savings to be delivered in 2021/22. This represents a net growth in funding of £13.9m funded from MCC resources and the proposed precept increase. The report details the delivery of the reduced savings target (£14.9m) through the Better Outcomes Better Lives savings (£6m), working with partners in the health and social care system to provide interim support (£5.5m) and from additional Government financial support (£3.4m). The level of savings from within the Better Outcomes Better Lives programme will increase in future years and substantively replace the one-off grant and support funding provided.
- 13.5. Further MLCO programmes are also progressing aimed at contributing to financial sustainability including integrated commissioning; fully realising the benefits from integration; and discharge planning to mitigate the financial impact of Covid-19 on 2021/22. The MLCO arrangements for developing the Operational Plan for 2021/22 are underway and the budget proposals will be incorporated accordingly.
- 13.6. The financial challenges facing the City Council are severe however the more difficult service reductions across preventative areas, where there is some discretion, have been avoided for 2021/22.
- 13.7. The report outlines if the remaining balance of the social care grant (£2.9m) is allocated to the pool, this would bring the net additional investment in the pool

up to £16.8m and the options for its use which are new areas of spend since the November Scrutiny Committee Report:

14.0. Recommendations

14.1. As presented at the front of the report.

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**Manchester City Council
Report for Resolution**

Report to: Neighbourhoods and Environment Scrutiny Committee – 13
January 2021
Executive – 20 January 2021

Subject: Homelessness Directorate Budget and Savings Options 2021/22

Report of: Director of Homelessness

Summary

As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the Government's spending review on 25 November and provisional local government finance settlement on 17 December suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report provides the high-level budget context and priorities for Homelessness across 2021/22 and the feedback from the budget conversation, which has been used for the development of savings options 2021/22 and investment requirements to fund population driven and other budget pressures.

Recommendations

1. The Neighbourhoods and Environment Scrutiny Committee is asked to consider and make recommendations to the Executive on the budget options which are within the remit of this Committee.
 2. The Executive is asked to consider the officer cuts and savings options, taking into account the feedback from this scrutiny committee.
-

Wards Affected: All

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

Encouraging commissioned and inhouse services to reduce CO2 emissions and reduce their use of plastics will contribute to a low carbon city. Introducing climate change conversations with homeless people will support them in adopting a low carbon lifestyle.
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Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Helping people to stay in their accommodation through prevention work will help them to thrive. Reducing the number of people who are homeless or placing them in appropriate accommodation with help to access employment and learning opportunities will contribute to Manchester becoming a thriving and sustainable city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Having public, private and voluntary sector organisations working together to help people who have personal insight into homelessness into volunteering and employment will contribute to the objective of having a highly skilled city. Employment breaks the cycle of generational benefit dependency and will encourage children to access school and employment in later life
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Supporting people who are homeless to access employment and accommodation will unlock their potential to help them become independent citizens who contribute to our city. Working with the Homelessness Partnership to ensure that the views of people with personal insight into homelessness influence ways of working.
A liveable and low carbon city: a destination of choice to live, visit, work	Encouraging commissioned and inhouse services to reduce CO2 emissions and reduce their use of plastics will contribute to a low carbon city. Introducing climate change conversations with homeless people will support them in adopting a low carbon lifestyle.
A connected city: world class infrastructure and connectivity to drive growth	Promoting inclusive growth for the benefit all Manchester citizens

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Background documents (available for public inspection):

Not applicable

1.0 Introduction

- 1.1 The report outlines the financial position and sets out Officer options for savings against Homelessness aligned to the remit of the Neighbourhoods and Environment Scrutiny Committee to help achieve a balanced budget in 2021/22.
- 1.2 The report has been updated to reflect the Comprehensive Spending Review and Financial Settlement for the City Council which have resulted in a reduction in the Homelessness savings target of £0.5m. The City Council's current indicative Medium-Term Financial Plan (MTFP) modelling still includes a £2.335m savings target but provides for the additional resources linked to the ongoing impact of Covid-19 and increased grant allocation of £7.546m as well as increased need of £1.391m, a net increase of £6.602m. Where possible service reductions have been avoided by utilising the investment linked to the Covid-19 response to mainstream services and to create a journey through the service to ensure no one returns to the streets as a result of reduced bed spaces. This includes the protection of Housing Related Support budgets as well as utilising two of the properties currently used to support A Bed Every Night (ABEN). This recognises the reduction in funding for ABEN but protects the sites and retains value for money whilst delivering the outcomes for residents.
- 1.3 In addition, it is proposed to reduce existing discretionary housing payments budget by £1m, this budget sits outside of the Homelessness remit. This has reduced from the previous £1.5m proposed and a detailed report was taken to the December's Resources and Governance Scrutiny meeting outlining the demand for this funding. The Government currently provide £2.538m grant support for discretionary housing payments, and it is proposed that City Council mainstream resource of £1m rather than the original £1.5m, that supplements the Government funding is withdrawn from 2021/22. Although there will still be a significant reduction on the available support to residents at a time when the demand for this support will potentially be increasing, it is anticipated that some of the impact will be mitigated because there have been temporary increases to the Local Housing Allowance Rates, that increases the level of benefit entitlement towards tenants rents, and the £20 increase in universal credit has also led to a reduction in the call on the DHP budgets and that the reduced level of the cut should enable demand to be met.

2.0 Background

- 2.1 Homelessness has been at the forefront of the Council response to Covid-19 and effectively delivered the government's 'Everyone In' programme since its inception, providing accommodation for people sleeping rough in the city. Working with colleagues from the Greater Manchester Combined Authority (GMCA), voluntary sector, internal partners and other local authorities across Greater Manchester, 12 separate venues were secured, mainly within Manchester itself, representing 372 bed spaces, with 277

people who were sleeping rough and who are currently accommodated have been placed by Manchester City Council. This is a significant achievement but has come at considerable cost with an indicative additional cost in 2020/21 of £7m. Ongoing funding of £7m has been allocated to maintain this provision beyond March 2021 (£6.277m general fund and £0.723m increase in Homelessness Prevention Grant), however as noted in the November Scrutiny report, if costs could be managed for less this will provide mitigation for the level of cuts which need to be made and this is the revised approach which has been taken. The reported Homelessness overspend in Period 7 2020/21 was £5.167m, linked to Covid-19 response.

- 2.2 In the longer-term, greater unknowns include the potential homelessness related economic impact of Covid 19 on individual households, such as unemployment, debt, arrears and home/tenancy loss. There are real risks of increasing homelessness through residents who lose tenancies and/or are no longer able to access affordable housing, so there is a real risk around any potential reductions to preventative or support services as activity levels and increased need could increase exponentially. Presentations in 2019/20 were 9,840, 21% higher than in the previous year. Despite Covid-19 restrictions, presentations from April to September 2020 (Quarter 2) are 4,851 and are expected to increase significantly once the impact of expected increases in unemployment and subsequent evictions are experienced across the City.
- 2.3 The Homelessness budget report for 2020/21 identified the greatest risk to the priorities of the service and the budget strategy is the continuing rise in need and the uncertainty of short-term funding and temporary staffing capacity. These risks have increased due to the impact of Covid-19. A key focus is on cost avoidance through preventing Homelessness and benefits maximisation, any reductions to preventative services will result in increased costs in future years.
- 2.4 Over the last three rounds of budget setting, Homelessness have received a net investment of £9.2m to protect front line services and to invest in preventative measures. However, continually escalating demand is placing critical and constant pressure on the system which is building cumulatively. This is due to the continually growing imbalance between need and the availability of affordable solutions to meet this. This will be exacerbated by the impact of Covid-19, particularly in terms of pent-up demand for homelessness services due to mental health, domestic abuse and the insecurity and unhealthiness of overcrowding and shared accommodation. Therefore, the key solution for Manchester City Council is to take a broader system-wide focus and re-design the system in the city for people in housing need and at risk of homelessness.
- 2.5 The vision for the Homelessness Directorate mirrors the Homelessness Charter vision and the Homelessness Strategy for the City (2018-23) developed with Manchester Homelessness Partnership. The Partnership consists of people with personal insight into homelessness, and

organisations working to reduce homelessness and has agreed the following three key priorities:

- Homelessness a rare occurrence: increasing prevention and earlier intervention at a neighbourhood level.
- Homelessness as brief as possible: improving temporary and supported accommodation to be a positive experience.
- Experience of homelessness to be a one-off occurrence: increasing access to settled homes.

2.6 Since August 2019, the Directorate has adopted 4 key aims to focus on and to provide a clear, strategic direction. These are embedded into service plans, will continue to be in the future, and will form the core of the activities for the service in 2021/22. The 4 key aims adopted are:

- Reduce rough sleeping
- Reduce the use of temporary accommodation
- Reduce the cost of temporary accommodation
- Increase prevention

2.7 The 2020/21 business plan and budget recognised the continuing challenge of availability of affordable housing in the city. Welfare Reforms such as the freezing of Local Housing Allowance, the 'bedroom tax', the benefit cap, application of the shared room rate to single households under 35 and a stricter sanctions regime have all contributed to the increase in demand and also the ability of the Directorate to prevent and relieve homelessness. In addition, recent case law relating to the purpose of benefits payments will also make the prevention of homelessness and the rehousing of homeless households in receipt of benefits potentially more difficult.

2.8 The private rented sector has grown significantly in the last decade and rents have increased three times faster than wages nationally. This tenure is increasingly unaffordable for families on low incomes, particularly to households in receipt of Local Housing Allowance. The loss of a private rented tenancy has recently become the prime reason for people who are accepted as statutorily homeless. Work is ongoing with Private Rented Sector landlords to investigate the extent of arrears and provide support to landlords and their tenants to prevent loss of tenancy.

3.0 Budget Strategy

3.1 The overall approach to budget strategy has been to align with the 4 key strategic aims of the service as detailed in 2.6, above and to utilise the investment to maintain frontline delivery in support of these aims, keeping service reductions to a minimum. The budget strategy for Homelessness has been to contain the cost of rising need for temporary accommodation within available resources whilst also prioritising resources towards service developments that will achieve the service's priority to prevent and reduce the incidence of homelessness. This has been supported by significant

additional investment from the Council, maximising draw down of Housing Benefit income that the Council can claim and seeking opportunities for accessing external funding.

- 3.2 The greatest risk for the priorities of the service and the budget strategy is the continuing rise in need which is likely to be exacerbated by the impact of Covid-19 and the uncertainty of short-term funding. Primarily, key services designed to deliver homelessness prevention and rapid rehousing, underpinned by time-limited funding are the ones presenting most risk as these have the greatest impact on reducing the use of temporary accommodation and in enabling more housing solutions to reduce the length of people's stay. The 2020/21 budget process allocated £1m of funding to support the key teams at significant risk, the Section 21 team and the Private Rented Sector Team where 33 staff are employed to improve outcomes for people and supporting service priorities.
- 3.3 The number of people and families in temporary accommodation has continued to rise from 1,491 in March 2019 to 1,901 in November 2020. This is following a significant increase over the last few years where numbers in temporary accommodation are now ten times what they were five years ago. Unsupported temporary accommodation (Bed and Breakfast) usage during November averaged 248 households in this form of accommodation - 223 single people and 25 families per night.
- 3.4 Successful management of pressures and risks must be addressed in the context of continually increasing demand and footfall, with over 9,840 households approaching the service in 2019/20. Presentations for April to September 2020 (Quarter 2) are 4,521, with numbers expected to increase in the latter half of the year. Funding for increased need of £0.979m was applied to support the budget position this year as part of the budget setting process for 2020/21 based on estimated growth in demand and assuming increases continued along a trend of 5 properties per week, with a further budget increase of £1.391m allocated for 2021/22.
- 3.5 The Service Transformation Programme will form the core of the approach to tackling and reducing homelessness over the next three years. It will be the framework in which reductions in temporary accommodation and rough sleeping will be achieved through a radical reorganisation of the Homelessness Service and its activities. The programme will focus on five key areas; the strategic vision, redesigning the journey through the system, prevention, accommodation and communication and development.
- 3.6 Several individual projects make up the programme as a whole, addressing each part of the system and redesigning it. Examples of bespoke projects include improving prevention and move-on through more cost-effective enhanced incentives for private landlords to increase the level of property available in order to rehouse households, at lesser cost than expensive and unsuitable temporary accommodation and bed-and-breakfast. The service will

work with Early Help, Education Services and Integrated Neighbourhood Teams providing a multiagency/multi-modal prevention response to those households identified as being at risk of homelessness before they hit crisis point and critically before they need to present as homeless.

4.0 Directorate Budget

4.1 The current Directorate budget for 2020/21 is summarised in the table below.

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Post £'000
Homelessness	37,914	15,521	270
Homelessness Commissioned Services	5,922	5,922	6

4.2 The budget for 2021/22 by Business Area is provided at Appendix 1. The approved adjustments to the current base budget reflect:

Homelessness Budget	Original Cash Limit	Cash Limit	Savings	Covid-19 Adj	Growth / Other Adj	Cash Limit
Financial Year	2020/21 £'000	2020/21 £'000	2021/22 £'000	2021/22 £'000	2021/22 £'000	2021/22 £'000
Homelessness Budget	15,285	15,521	0	6,823	2,114	24,458
Homelessness Commissioned Services	5,915	5,922	0	0	0	5,922
Total	21,200	21,443	0	6,823	2,114	30,380

One Off Funding 2020/21

4.3 £2.000m from the Ministry of Housing, Local Government and Communities or Homelessness Service linked to Covid-19 expenditure from July 2020 to March 2021

- £1.700m for the Next Steps Accommodation Programme. This will contribute towards the longer-term offer for those who have been sleeping rough prior to the Government's directive of 'Everyone In' linked to the Covid-19 response. The estimated cost of the rough sleeper offer, including the £500k A Bed Every Night (ABEN) shortfall and additional capacity in the winter months to cover cold weather provision, is £3.7m. Including ABEN this is 250 bed spaces available each night from July 2020 to March 2021.

- £300k is to be spent on incentives to landlords to secure properties in the private rented sector specifically for people who were rough sleepers and have been provided with accommodation as a result of the Covid-19 response.
 - £2.530m Next Steps Capital has been awarded to Manchester City Council and Registered Providers to bring on board an additional 80 bedspaces by 31st March 2021. This is supported by £134k additional revenue per annum from MHCLG.
- 4.4 Rough Sleeper Initiative funding of £0.724m funds a number of different initiatives and services that work together as an RSI Partnership, with the objectives of preventing people from rough sleeping and finding accommodation for people already rough sleeping. This funding includes the provision of a Rapid Rehousing Pathway programme of £215k for 4 Navigators and 1 Team Leader. These are attached to the Council's Outreach Team and the Navigators develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation. It is anticipated that this funding will continue at similar levels to this financial year with a co-produced bid likely to be submitted to MHCLG in the coming months.
- 4.5 The new burdens funding of £461k is being utilised to provide capacity to reduce demand, this funding has now been included in the Homelessness Prevention Grant and is permanent funding from 2021/22. This funding provides additional capacity which is needed for:
- Housing Solutions Officers to increase prevention work and reduce flow into the system
 - Private Rented Sector (PRS) team to develop a PRS offer for homeless people
 - Investment to reduce floating support caseloads to allow meaningful work in moving people on and ensuring people are appropriately safeguarded
- 4.6 Funding of £1.6m has been awarded by GMCA, supported by Housing Benefit of £400k, to fund 165 beds spaces in Phase 3 of A Bed Every Night which has been extended to cover the period July 2020 to March 2021, indicative costs are £2.5m. Therefore the shortfall in funding is approximately £500k which has been included in COVID-19 costs in year.
- 4.7 Protect Programme funding of £450k allocated to support the ongoing efforts to provide accommodation for rough sleepers during the pandemic, this is targeted additional funding awarded to ten areas in England with high numbers of rough sleepers. The additional funding is to be utilised for both accommodation and specialist support in the form of specialist mental health and substance misuse support.

5.0 Savings Options and Proposals

- 5.1 The approach to savings will be based on the proposed Service Transformation Programme which gives a strategic direction and framework to services, based on a focus of outcomes and partnerships. Following the receipt of the Provisional Settlement, the Council is likely to require cuts in the region of £50m, the Homelessness options if approved would deliver £2.335m in 2021/22, detailed in Appendix 2. These proposed reductions will allow the Council to plan effectively to deliver a balanced budget in 2021/22. The Homelessness Service have utilised the investment money linked to Covid-19 to create a journey through the service for individuals and protecting front line services such as properties used at present for ABEN and Housing Related Support with a key focus on move on delivered through greater direct control over the commissioning of these services and embedding them within a move-on pathway to make the most efficient use of the beds available.

Covid-19 response and Everyone In.

- 5.2 Initial indications are that the annual cost of provision for providing accommodation for those previously sleeping rough in response to Covid-19 and Everyone In is £7m. However the Directorate are working with partners to confirm the expected provision beyond March 2021 which recognises the longer term needs of those who were sleeping rough and recognises the longer term accommodation needs. Positive discussions are ongoing with MHCLG to bid for funding to maximise recouping of MCC costs, work will also continue to maximise housing benefit claimed to support the new schemes in the long run, thereby providing better value provision as a legacy. Therefore current plans are to ensure that provision can be maintained at £1.4m below the original estimate of £7m as rough sleepers are moved out of temporary hotel accommodation and into more permanent accommodation ensuring residents do not return to the streets. If these costs can be managed for less than that will provide some mitigation for the level of cuts required. It is essential that this investment is utilised to fund move on schemes as well as Hotels to ensure that there is a journey through the system allowing individuals to move through the system and ultimately be housed in Housing Related Support or the Private Rented Sector.
- 5.3 Manchester City Council and Registered Providers (RP's) in Manchester have bid for funding from MHCLG to bring additional properties on line by 31st March 2021. To date bids have been approved to bring on board an additional 80 bed spaces. These bids aim to supply additional properties for use and are supported along with maximising Housing benefit and grant funding. The creation of these properties would create the vacancies in housing related support, to move the people from the 'Everyone In' hotels, ensuring appropriate support. This proposal is dependent upon keeping Housing Related Support accommodation open though, as otherwise there will be no accommodation to move people into.
- 5.4 We know that there are a number of people still sleeping rough, and that we will see an increase in people sleeping rough due to the economic

impact of Covid-19 and the lifting of the eviction embargo. We want to ensure that there is a rapid offer of accommodation and support available so that their time spent on the streets is minimised, thus reducing cost pressures.

- 5.5 Review of A Bed Every Night provision, provision in Manchester currently stands at 165 bed spaces per night, this not a statutory service and funding at present is one off with MCC underwriting c£500k unfunded by GMCA. We are working with colleagues in Revenue & Benefits to identify whether this gap can be closed through higher levels of housing benefit income and will also be discussing options with GMCA to review the funding settlement for Manchester and/or the delivery model to fit the available funding envelope. The long-term viability of the A Bed Every Night programme in its current form will be impacted by the outcome of these discussions. The proposal is to reduce the ABEN provision in Manchester from 165 bed spaces to 110, but to retain the 55 beds at Hope House and Stanley Road, funding them from the mainstream investment. This allows the retention of the schemes with the greatest value for money and deliver good outcomes. Additional benefit is delivered through greater direct control over the commissioning of these services and embedding them within a move-on pathway to make the most efficient use of the beds available.

Externally Commissioned Homelessness Services

- 5.6 Review of the Housing Related Support Budgets c£6m, work is ongoing to identify value for money achieved and the outcomes delivered for each of the schemes to ensure each contract is delivering against the objectives. With indicative savings options of £0.621m.
- 5.7 Discussions with housing providers at present are centred around maintaining current service delivery as far as possible with improved outcomes. It is proposed to utilise £0.621m investment funding linked to the Rough Sleepers Covid-19 response referenced in 5.2 to repurpose the Housing Related Support Complex Pathway provision as move on from Hotel accommodation, retaining the services which deliver the greatest value for money for Homelessness. This replaces the proposal in the November Homelessness paper to reduce funding to Housing Related Support by £1.2m, £600k in 21/22 and 22/23, which would have impacted significantly on service delivery and would have led to the closure of some services and therefore protects accommodation schemes, resettlement and other support services.
- 5.8 The proposed approach will avoid the need to reduce funding to Housing Providers and the number of units currently available for move-on, these services provide essential support to some of our city's most vulnerable residents, including young people and people sleeping rough. Housing Related Support (HRS) services support the key objectives in the city's homelessness strategy; they work to ensure that a person's experience of homelessness is as brief as possible by supporting them to develop the

skills to move on to independent living, and they help to make homelessness a one off, and not a repeated experience by providing resettlement support to allow people to maintain their settled homes on an ongoing basis.

- 5.9 A review of the Homelessness Commissioned budgets have identified £66k of budget reductions which can be implemented without impacting on the number of bed spaces available and minimal impact on service delivery.

Homelessness Management

- 5.10 A full service redesign was already planned in Homelessness as the Directorate aims to focus on prevention and improving the flow of residents through temporary accommodation, this redesign will take place within Homelessness which will include a review of the management structure, including the Directorate Management Team. The management structure at Grade 10 and above is 9 FTE supported by a budget of £639k. As part of 2020/21 budget setting, funding was assigned for 3 FTE grade 10 posts to lead on the service redesign, this work will now be undertaken within existing resources. These posts were proposed as 18-month posts so reduction in posts would deliver £89k of savings in 2021/22.
- 5.11 33 FTE additional management posts support the service between grades 7-9, with a budget of £1.383m. The redesign aims to reduce management levels and replace them with a more consistent structure. At this stage it is not known what level of savings can be delivered to maintain appropriate management to staffing ratios across the service, but it is anticipated that there will be minimal reduction in FTE across all grades, with an expected reduction of 4 FTE with a saving of £159k subject to staff consultation.
- 5.12 As part of the redesign the provisional assumption is a more coherent split into three defined service portfolio areas : Accommodation, Access and Assessment (including Housing Solutions and Rough Sleeping) and Commissioning, Strategy and Policy. Each portfolio will contain re-aligned services in a more efficient arrangement and with a more coherent and consistent management structure beneath. This includes the proposed removal of tiers of management from within the structure.
- 5.13 The Programme will deliver a more joined-up system based around locality based prevention. The current legislative-based process does not serve people well in terms of delivering outcomes and so the aim is to deliver a more person-centred service based on needs, with more people taken out of the formal statutory process altogether.

6.0 Workforce Impact

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. The development of the service workforce and the *Our Ways of Working* approach has been supported through a programme of

activity that includes building rapport, Our Manchester context, introduction to strengths, and the Our Manchester behaviours.

- 6.2 Key elements of improved and increased service delivery within Homelessness have been reliant on time limited funding and therefore temporary posts. Previous proposals to put in place funding to enable a permanent staffing structure to be implemented in April 2020, therefore avoiding the need for 33 time limited placements are no longer viable given the accelerated requirement to deliver considerable levels of savings in the next financial year.
- 6.3 Working to move the service from a 'developing' to 'maturing' Our Manchester approach across all areas will be extremely challenging in regard to the capacity of the service and managers in light of the level of savings facing the service. The increased demand likely to be placed upon Homelessness Services as recession deepens, set against the need to deliver savings and the resultant reduced service offer as a result of budget reductions within the sector, both in-house and within Commissioned Homelessness Services, will undoubtedly impact upon the workforce's ability to further develop their approach and behaviours to delivering services; supporting citizens to develop personal resilience and break the cycle of poverty and homelessness.
- 6.4 Current savings options for Homelessness which would contribute to the £50m 'least worst' option for the Council would result in an FTE reduction of 7 FTE. If there is a requirement to deliver deeper cuts the likelihood is that schemes will need to close which result in a significant increase in the number of FTE impacted.

7.0 Recommendations

- 7.1 The recommendations appear at the front of this report.

APPENDIX 1 - Budget Control Totals based on 2020/21 Budget Reports

Service Area	2020/21 Net Budget £'000	Savings £'000	Covid-19 £'000	Growth and Other Adjustme nts £'000	2021/22 Net Budget £'000
Singles Accommodation	1,676	0	6,277	723	8,676
B&B's Room Only	4,063	0	0	0	4,063
Families Specialist Accommodation	299	0	0	0	299
Dispersed Temporary Accommodation	3,586	0	546	1,391	5,523
Homelessness Management	668	0	0	0	668
Homelessness Assessment & Caseworkers	2,629	0	0	0	2,629
Homelessness PRS & Move On	792	0	0	0	792
Rough Sleepers Outreach	397	0	0	0	397
Tenancy Compliance	201	0	0	0	201
Commissioned Services	1,210	0	0	0	1,210
Total	15,521	0	6,823	2,114	24,458

A further £5.922m of commissioned services budgets are in the MHCC pool but are managed by the Director of Homelessness.

APPENDIX 2 – Officer Savings Options

Service Area	Description of Saving	Type Of Saving	Rag Deliverability	Rag Impact	21/22 £000's	FTE's
Homelessness Commissioning budgets	Realign service provision to support move on from single rough sleeper provision funded via investment	Efficiency	Amber	Amber	621	0
Homelessness Commissioning budgets	Budget reductions in Homelessness Commissioned services with minimal impact on service delivery	Service Reduction	Red	Red	66	0
Management posts	Management reductions for G10 and above	Service Reduction	Amber	Amber	108	2
Service Redesign Posts	As part of 2020/21 funding was assigned for 3 FTE grade 10 posts to lead on the service redesign, this work will now be undertaken within existing resources	Service Reduction	Green	Green	89	3
Homelessness - full service redesign	Full service redesign linked to VS/VR offer	Service Reduction	Amber	Amber	51	2
Rough Sleeper Provision	New Provision Rough Sleepers, utilising established schemes and ensuring there is move on available through the system	Efficiency	Amber	Amber	1,400	0
Total					2,335	7

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 12 January 2021
Executive – 20 January 2021

Subject: Corporate Core Budget Proposals 2021/22

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

Summary

As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report provides a further update to the Scrutiny committee on the savings proposals being proposed as part of the 2021/22 budget process and reflects any feedback from the November Scrutiny committees. The savings proposals will be considered by all six Scrutiny Committees for those areas within their remit, prior to going out to public consultation.

Recommendations

The Committee is asked to consider and make comments on the savings proposals identified prior to being considered by Executive on 20 January 2021.

The Executive is asked to endorse the proposals.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Providing the leadership and focus for the sustainable growth and transformation of the City's neighbourhoods and highways
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Ensuring residents are connected to education and employment opportunities across the City.

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The savings proposals included within this report are proposed as part of the 2021/22 budget preparation work and will contribute towards ensuring that the Council can deliver a balanced budget.

Financial Consequences – Capital

There is already an approved capital investment programme for the Directorate, and some capital investment is required to assist in delivering some of the currently identified proposals included within this report.

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Background documents (available for public inspection):

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

Corporate Core Budget 2020/21 - Executive 12 February 2020

Corporate Core 2021/22 Budget Options – Executive 11 November 2020

1 Introduction

- 1.1 This report should be read in conjunction with the City Council budget covering report and sets out the budget reductions proposed to support the work required to deliver a balanced budget in 2021/22. As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient to bridge next year's gap. The report of the Deputy Chief Executive and City Treasurer, also on today's agenda provides a more detailed update on the finance settlement.
- 1.2 Following on from the November Scrutiny Committees, all Directorates have continued to develop and work through the budget proposals, and this work has taken into consideration the feedback from the November meetings. Overall savings proposals from all Directorates total around c.£50m. Wherever possible consideration has been given to protecting front line services and to protect the capacity to support the recovery planning. Inevitably this means a larger proportion of savings falling on the Corporate Core which will have a significant impact on Core capacity at the time the Council most needs it.
- 1.3 To support the proposed reduction in staffing across the Core, a targeted voluntary efficiency scheme was opened up to staff, and this closed 11 December, there were 196 applications from across the Core, and these are currently being considered as part of each service areas proposed reductions, and decisions are expected mid January.
- 1.4 The report also includes those areas of service which are within the remit of Resources and Governance Scrutiny Committee but not within the Corporate Core, namely operational property, facilities management, the investment estate from Growth and Development, business units and Commercial operations from Neighbourhoods Directorate. Details of the proposals within these areas are set out in section 5 of this report.
- 1.5 Currently the Core has identified proposed budget reductions of £6.281m, and this requires a reduction of c.115.6ftes. As part of advance preparation for the proposed budget reductions and the need to reduce staff numbers, services have not been recruiting unless the post is essential and there are currently c.33 vacancies. Whilst it is forecast that total savings of c£50m will enable a balanced budget in 2021/22, it is anticipated that further cuts will be required in future years which will be subject to member approval as part of future budget process.
- 1.6 As part of identifying the proposed budget reductions consideration has been given to minimising the impact on other Council services and residents, although this is not always possible. The feedback from the earlier Scrutiny

meetings and Executive has also been taken into account. The key changes made to the initial options within the remit of this Committee are as follows:

- The reduction to the City Council contribution towards Discretionary Housing Payments will be £1m rather than the £1.5m initially proposed. A detailed report was provided to the December Scrutiny meeting that set out the levels of demand for this support and suggested a smaller reduction that would minimise the impact on residents. The £1m remaining contribution is in addition to the Government grant support of (£2.53m in 2020/21 and revised each year). Based on future allocations being broadly similar to this year, this will provide total DHP of c£3.5m available to support the most vulnerable residents. This is dependent on the level of Government grant remaining at 2020/21 levels
- Revenues and Benefits – concerns were also expressed about the levels of reduction within Housing Benefit and the Revenues services at a time when the services are under immense pressure from covid-19 related activity as well as seeing increasing demand in the regular activities. The service is currently undertaking the following activities within existing resources, Test and Trace Support Payments, discretionary grants to residents and a number of business rates grants and schemes that are expected to continue into the next financial year. The proposed cut has subsequently been reduced by £340k to protect core capacity in these areas, leaving proposed savings of £160k.
- Car Parking – The initial options included additional income of £4.5m from off street car parking, following the cessation of the joint venture and the bringing back in house of the car parks. Further works have been done to understand the operational costs of the car parks, and the original savings proposal of £4.5m has been revised down to £4.1m due to higher than anticipated costs.

2 Corporate Core Directorate Background and Context

2.1 The Corporate Core plays a key role in supporting the delivery of the Our Manchester Strategy and the eight Corporate Plan priorities providing specific support to other parts of the Council. This includes supporting relationships with a wider range of key partners across Manchester, Greater Manchester, nationally and internationally to deliver the Corporate Plan priorities and the wider vision for the city. Current areas include:

- Manchester's approach to place-based reform - Bringing Services Together for People in Places
- Integration of Health and Social Care through partnership arrangements with the NHS
- Delivery of the Local Industrial Strategy which will deliver inclusive and green growth for the City
- Delivery of Our Transformation - a new Council-wide portfolio of programmes which has been set up with a view to changing how we work

as an organisation to ensure we can deliver our corporate priorities and specifically ensure that we are a 'well managed council'.

- Continuing to ensure that the 'Our Manchester' approach is the way we do things here, rather than a thing we do
- Leadership for the Council's action plan to being zero carbon by 2038 at the latest, and support arrangements with partners to meet the city's ambition to live within the science-based carbon budget and be zero carbon by 2038 at the latest.

2.2 The Core also has a direct delivery role in delivering our Corporate Plan '**well managed council**' theme through providing effective support services such as Capital Programme Delivery, Communications, Financial Management, HROD, Legal Services, Policy, Performance and Reform and Innovation and Procurement.

2.3 The Core provides a range of important universal services to residents which include:

- Revenue and Benefits
- Customer Contact Centre
- Shared Service Centre
- Coroners
- Registrars

2.4 Finally, the Corporate Core has an important role in ensuring effective governance and assurance as well as supporting the Council's democratic role.

3 Corporate Core 2020/21 Budget Position

3.1 The Corporate Core has a net budget of £71.9m, with 1,823fte's employees. The breakdown by service area is provided in the table below:

Table 1: 2020/21 base budget

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE)
Legal Services	12,864	7,129	262
Elections	1,177	1,079	12
Coroners & Registrars	3,691	2,348	56
Executive Office	987	987	12
Communications	4,834	3,371	83
CEX Corporate Items	1,561	545	-
Chief Executives Sub Total	25,114	15,459	425
Procurement & Commissioning	1,710	1,414	32
Commercial Governance	332	259	6

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE)
Revenue & Benefits	212,465	9,856	345
Financial Management	5,898	5,532	150
ICT	13,796	13,746	161
Human Resources & Organisational Development	4,318	4,091	89
Audit, Risk & Resilience	1,906	1,483	43
Shared Service Centre	1,719	1,132	93
Customer Services	4,288	4,217	175
Policy, Performance & Reform	20,525	15,590	178
Capital Programmes	607	(31)	90
Parking & Bus Lane Enforcement	17,956	(983)	36
Corporate Items	299	226	-
Corporate Services Sub Total	285,819	56,532	1,398
Corporate Core Grand Total	310,933	71,991	1,823

- 3.2 The 2020/21 cash limit budget is £71,991m and this is net of the £3.449m savings that were approved as part of the 2020/21 budget process.

Current In year forecast Position at October 20 (Period 7)

- 3.3 As at October 2020 the Directorate was forecasting a net overspend of £1.824m, this includes COVID-19 related pressures of £5.377m, offset by in year savings and other mitigations of £3.553m. The costs include the increased costs for ICT to support more staff to work flexibly and in the Coroners Service. In addition, there is a reduction in sales, fees and charges income of £2.4m including £1m reduced capital fee income due to the slowing down of capital schemes. The remainder is from reduced registrars' income and reduced fee income in legal services and communications, a reduced take up of the annual leave purchase scheme and lower court fees in revenues and benefits.
- 3.4 The pressures are partly offset by forecast savings of £3.027m from holding additional vacancies in advance of the budget cuts and reduced running costs across all Core services.

4 Savings Proposals

- 4.1 Heads of Service reviewed all the budgets across the Core in order to identify savings and cuts proposals for consideration by members. These were reported to the November Scrutiny Meeting and include the work to review existing working practices in order to streamline and automate or increase the amount of self-service that can be undertaken. This includes looking at how services such as ICT, Finance, HR/OD and the Shared Service Centre can reduce the level of

resources through increasing triage support to managers on the back of improved ICT applications such as the new intranet. Good progress has been made with work already undertaken to improve ICT infrastructure resilience and capability, the migration to Microsoft 365 with increased collaboration functionality and the successful launch of the new intranet in November 2020. However, the real process improvements will not come until the replacement of SAP and the budget cuts will therefore lead to a real reduction in the level of support that can be provided.

- 4.2 Although the proposals set out in this report are around reduced City Council resources the impact on work with health partners will also need to be considered. As will the impact on the other Directorates in the council that will see a reduction of the capacity available to them, as well as the impact their planned changes will have on the Corporate Core.
- 4.3 The proposals identified from the Core as part of the wider £50m savings equate to **c£6.281m** with a **reduction of 115.6fte**. Further details on these proposals is set out in the paragraphs below.

Legal Services - £170k -3fte's

- 4.4 A review of business support has identified an opportunity to reduce administration and business support requirements with **initial savings of c£96k through a reduction of 3fte**.
- 4.5 Efficiency in operations through the increased use of single justice procedure for bulk prosecutions is expected to lead to further increases to external income. This alongside reductions of existing supplies and services budgets will deliver savings of **£49k in 2021/22, increasing by a further £25k 2022/23**.
- 4.6 As part of considering any further reductions to Legal Services the implications of the changes across all Directorates will need to be reviewed. The objective is to continue to restrict the use of external legal services in order to minimise costs to the Council as externalisation of legal work is more expensive than the in- house service. Further efficiencies will be delivered when a case management system is in place in 12 to 18 months' time and this will be factored into savings proposals for 2022/23.

Coroners and Registrars - £198k -7fte's

- 4.7 Following the successful introduction of the new Coroners case management system and resulting efficiencies it is proposed to reduce the current headcount by **7fte which will deliver savings of £198k**.

Executive Office -£15k

- 4.8 Savings of **£15k** have been identified as part of the initial proposals through reductions in supplies and services budgets, including reductions in travel costs due to the changes in working practices.

Communications - £300k – 4fte's

- 4.9 Strategic communications cover the communications and digital teams as well as commercial translations, presentations, design and print services (under the M-Four brand). To deliver savings in 2021/22, the service will need to stop some traditional activities where there is alternative provision. Service reductions and efficiencies **totalling £163k** are proposed. This includes providing council tax and business rate information booklets online only, as well reviewing all other commitments including spend on statutory notices. Other measures include a reduction in sponsorship and a move to second class mail only.
- 4.10 These measures will be supplemented by a reduction in **4fte posts (£137k)** from across the team which will reduce capacity within Communications.

Procurement & Commissioning and Commercial Governance - £158k -2fte's

- 4.11 The proposed cut will reduce the senior capacity available to support other Directorates in commissioning services and the delivery of procurement savings. They will be achieved through a reduction of 2fte saving £122k, along with increasing external income £28k from commercial arrangements undertaken by Manchester Professional Services Ltd providing company secretary functions and cutting supplies and services budgets by £8k.

Revenue and Benefits - £1.160m -5.5fte's

- 4.12 As part of reviewing proposals the objective has been to protect the core areas of assessment and revenue collection as far as possible. It should also be noted that the service is under increasing pressure due to the need to implement specific COVID-19 related support schemes across welfare payments and Council tax support schemes, Business Rates grants and payments to people who must self-isolate. In order to protect the capacity to maintain these services, it would be proposed that the implementation of these reductions is phased to avoid an unacceptable drop in service delivery and maintain revenue collection. Following the feedback from the last committee meeting and the continuing increased capacity demands on these services in administering COVID-19 related activity the initial proposed reductions of £0.506m which would have required a reduction of 16.5fte have been reduced by £340k to £160k which will require a reduction of 5.5fte.
- 4.13 Revenue and Benefits staff will continue to work closely with homeless staff in order to support individuals with applications for housing benefit as early as possible in order to ensure they receive maximum support and that financial support and budgets are maximised and managed effectively. This will include support in crisis as well as using discretionary budgets to maintain and sustain tenancies.
- 4.14 There are 2 current vacancies with Revenue and Benefits along with a number of vacancies within other services within the service area (parking and customer services) which the Director will look to fill or delete as appropriate which gives

some flexibility for delivering the staffing reductions. The nature of the roles means that there are significant transferable skills within the functional areas.

- 4.15 In addition it is proposed to **reduce existing discretionary housing payments budget by £1m**. This has reduced from the previous £1.5m proposed and a detailed report was taken to the December scrutiny meeting outlining the demand for this funding. The Government currently provide £2.538m grant support for discretionary housing payments, and it is proposed that City Council mainstream resource of £1m rather than the original £1.5m, that supplements the Government funding is withdrawn from 2021/22. Although there will still be a significant reduction on the available support to residents at a time when the demand for this support will potentially be increasing, it is anticipated that some of the impact will be mitigated because there have been temporary increases to the Local Housing Allowance Rates, that increases the level of benefit entitlement towards tenants rents, and the £20 increase in universal credit has also led to a reduction in the call on the DHP budgets and that the reduced level of the cut should enable demand to be met.
- 4.16 There have also been amendments in the benefit rules that changes how homeless families in dispersed accommodation are treated and this has also reduced the DHP spend in this area compared with previous years.

Shared Service Centre - £252k - 8.8fte

- 4.17 There will be a reduction of 8.8fte. and savings of £252k. These posts are already vacant, and this is formalising planned reductions within the service.

Customer Services - £0.614m -19.3fte

- 4.18 A different offer for how the Council provides help and advice to residents is being developed and there will be a separate consultation and engagement process for this. The offer will take into account Members views of the future service offer, and this will include ensuring that the revised offer must be accessible and meet the needs of all members of our communities including those affected by digital and financial exclusion. This new offer will move away from the current city centre based face to face offer with the capability to provide enhanced telephone services including those for residents with additional support needs, more support online and targeted one to one support in localities, but only where it is really required.
- 4.19 All staff in the CSC have been undertaking non-face to face roles during the period of the closure of the CSC in the Town Hall that has been closed since Mid-March. During this period new models and access channels have been developed and improved with more work to do in the months ahead including the development of an IT platform that will support the new approach. With the introduction of a new ICT platform and more remote/virtual working this will lead to a reduction **c16fte and save annual costs of c£0.538m**. There are currently 8 vacant posts within the team.

- 4.20 In addition, there will be a reduction **of 3fte for the Neighbourhood Services Contact Centre to save £76k**. Whilst this will impact on response times these posts are already vacant and this is formalising the current position. In order to avoid a detrimental impact on service delivery this is being aligned to the new telephony system and other system enhancements, but it could lead to a small increase in customer wait times.
- 4.21 As outlined above, these proposals were reported to the December Scrutiny meeting and an extensive programme of engagement is underway to shape the final offer.

Financial Management - £0.843m – 20fte

- 4.22 The number of posts will be cut by **20fte saving £0.8m**. This includes the disestablishment of 7 vacancies and a reduction in the support provided to services from across Financial Management. Services that provide direct support to residents, including Client Financial Services who safeguard residents' finances through the provision of appointeeship and deputyship services and the statutory welfare funerals service will not be reduced. Whilst the aim is to maintain some of the previous levels of service through introducing more automation, streamlining support provided to partner organisations and introducing more self-service, this does mean that Directorates will receive less support and there will be a reduction in the frequency of some of the monitoring activity. In addition to the staff reductions **£43k is proposed through the reduction of existing supplies and services budgets**, including training and travel along with increased income.

ICT - £1m – 10fte

- 4.23 There is a planned reduction of **10fte that will save c£400k**. The ICT Target Operating Model is being reviewed, and this has identified several areas that will need to change as the ICT Strategy is progressed. This will include a different Service Desk and Know It All offer that is more focussed on "get it right first time" and a different model for Service Delivery and Operations based on the skills that will be required to support the system changes being implemented, for example with the moves to Microsoft and Liquid Logic and the changes to ICT infrastructure and those that are planned such as the replacement of SAP. There are currently 10 vacancies within the service and there is a mismatch of current skills and those that will be required in the future that will need to be addressed once the target operating model is established.
- 4.24 There will be a **£200k reduction in telephony and printing costs** through rationalisation of the estate and changes to working practices with fewer devices across the estate. The telephony budgets will include both mobile devices, and desktop phones. Currently Directorates hold mobile telephony budgets, and this will need to be looked at across all Directorates.
- 4.25 It is also proposed to review all systems and infrastructure costs in order to identify opportunities to reduce and rationalise the numbers of systems in line

with the needs of the Council going forward. The savings from licence renewals are phased with **£100k in 2021/22 increasing to £400k in 2022/23**.

Human Resources - £0.543m – 13fte's

- 4.26 The cuts below are predicated on moving to a new operating model and having a more effective 'front door' service. The real efficiencies will only come with the replacement of existing systems, which is still 18-24 months away and there will be a reduction in the service that is offered. The changes involve a reduction **of 13fte**, and this will require a review of the existing service offer and target operating model.
- 4.27 It is recommended that the reductions in the support for service change and some delivery capacity are deferred for nine months to support the service reorganisations across the Council and the potential move to bring the ALMO back in house with five posts retained during that period to ensure that this work can be supported. This would require the £0.543m savings to be phased £306k 2021/22 and £237k in 2022/23.
- 4.28 In response to the pandemic and looking to identify additional opportunities for young people to access employment it is proposed that 28 trainees will be recruited as part of the Kickstart programme. The young people will be deployed across the Council. The funding for the scheme is based on paying the national living wage. It is proposed that they are paid the Manchester Living Wage which will require additional investment of c£50k. This funding is included within the proposed budget for the Corporate Core.

Audit, Risk and Resilience - £118k -3fte

- 4.29 There will be a reduction of 3fte across insurance, health and safety and internal audit. These will be met through a restructure which will include the removal of two existing vacancies.
- 4.30 There will be an impact on the scale of the audit plan and core risk management, resilience and safety work will require additional self-service from managers around claims investigation and safety competence within services.

Capital Programmes

- 4.31 Whilst services in this area are funded from the capital programme, work is being carried out to deliver savings. Due to the current construction market it has been possible to fill a higher number of technical roles which has reduced the reliance on external consultancy. In addition, there remain 17 vacancies within the team which will only be filled if they are required to deliver the future capital programme.

Policy, Performance and Reform - £0.910m – 20fte's

4.32 The proposals include a reduction of up to 20 posts across the service in addition to seven-time limited posts where the funding ends in this financial year. The reductions include the following:

- *City Policy* – the Policy and Partnerships and Resourcing and Programmes functions will be brought closer together to focus on thematic areas. The current proposals include the reduction of **4fte** from within the existing structure, in addition to savings from **non-staff budgets for consultancy and subscriptions, these total £270k**. The review will include a reappraisal of priorities to be agreed with Members in line with the Our Manchester Strategy reset and the Corporate Plan. The actual reduction in posts will be less if additional external funding is secured from ERDF.
- *Performance (PRI - Performance, Research and Intelligence)* – The service will be reduced from five teams into three which will focus on People, Core and Place. This will achieve a net reduction of **13fte and save c£0.5m**. As a result, there will be less capacity to carry out work for data governance, performance reporting for Directorates and bespoke research and analysis. The offer for health and social care will need to be reduced and aligned with resources from system partners. Until new system improvements are put in place with the ‘data integration layer’ and enhanced reporting that will come with Liquid Logic, the impact on what can be produced will be significant and will need to be agreed with Strategic Directors.
- *Reform and Innovation (R&I)* – The proposed savings include **3fte which will save £140k**. The impact will be the ending of the R&I support to Our Manchester Engagement work, a significant reduction in the governance and planning capacity and moving back to a core offer for health and social care.

5. Other Proposed savings within the Remit of Resources and Governance Committee

5.1 This section includes the proposed budget reductions for other service areas outside of the Corporate Core which form part of the remit for Resources and Governance Scrutiny Committee. The details are set out in the following paragraphs and are shown in a separate table at the end of this report.

Growth and Development

5.2 **Operational Property -£0.636m -1.4fte**, since March 2020 the Council have made huge progress with the flexible working agenda, and this has provided an opportunity to replan for a smaller, higher quality, lower cost and lower carbon estate. This will be delivered alongside the Future Council work and link in with the ICT strategy. The work is focussing on the use of office space rather than community-based assets. There will be a need for some limited capital investment on an invest to save basis to ensure space can be used more flexibly. The work will target reductions in leased buildings as well as looking at whether more space can be shared with partners to generate rental income. The £0.6m savings will be delivered over a four-year period.

- 5.3 In addition to the review of the estate it is proposed to reduce the headcount by 1.4fte and save £36k. This will be achieved through the deletion of 1.4 existing vacant posts.
- 5.4 **Facilities Management - £270k -10ftes** the service includes building cleaning, security and repairs and maintenance, of which cleaning is provided in house, whilst the other two contracts are external contracts. As part of the recent procurement exercise for security it was agreed that the contractor would undertake a review of all existing security arrangements after an initial period of operation. Unfortunately, because of the Covid-19 impact the contractor has not yet worked under usual business conditions. Work is ongoing to identify possible savings proposals although these will need to be balanced against the increased risk, and these will be considered as part of the 2022/23 budget options.
- 5.6 Currently there are **10 vacant positions** with Facilities Management, and it is proposed to delete these posts to achieve **savings of £270k**.
- 5.7 **Investment Estate - £0.675m** - this will be achieved through increased income from the following areas: -
- Review existing fees for surveyors and ensure projects are covering the appropriate fee costs - £75k
 - New ground rental portfolio to be secured against long leasehold disposal of land as part of Northern Gateway development - £300k (2023/24)
 - Maximising income generation or reducing expenditure on assets through increased partnership arrangements - £300k.
- 5.8 in addition a review of all commercial interests will be undertaken with a view to rationalising the estate through the identification of non-surplus generating assets which could then be sold to generate income and reduce ongoing costs.

Neighbourhoods Directorate

- 5.9 **Operations and Commissioning - £5.985m**, - In continuing to develop the commercial offer and seeking to maximise external income, proposals have been identified that could provide **income of c£5.985m**, although £225k of this will be only realised in 2022/23, this includes:
- 5.10 Advertising - The tenders for the small format advertising contract were received in September and the new contract goes live from January 2021. It is proposed that the income target will be increased by £1.3m per annum, following the award of the new contract.
- 5.11 Generation of a further £0.5m through advertising revenue. This will include A New large format site at Dawson St (£50k), and the introduction of a large new advertising screen in Piccadilly Gardens. The latter screen will be developed as part of the Piccadilly Gardens community scheme and could generate around £450k per annum. This will require planning permission and if planning approval

is granted there will be a lead time of around six months following planning approval.

- 5.12 The existing **off-street parking** joint venture ended 31st December 2020. The new arrangements are that the car parks are to be managed in house from January 2021 once the City Council takes on responsibility for the ongoing management and maintenance of the City Council car parks, this will be funded through the parking fee income generated through the use of the car parks. It is forecast that the net surplus income retained by the City Council will be £4.1m per annum, this does assume that parking levels return to normal during 2021/22.
- 5.13 **Bereavement Services** operate as a business unit with agreed charges linked to the service offer. An increase of 1.9% above inflation is proposed which will bring fees and charges in line with other local authority areas, and result in an additional £85k income per year.
- 5.14 City Council markets operate on a cost recovery basis, with the exception of Wythenshawe indoor market which continues to require financial subsidy from the Council. It is proposed to close the indoor market in order to remove the need for the annual £110k subsidy requirement. Work will progress to support the traders to access alternative sites, either in the outdoor market or elsewhere within the City. The outdoor market will remain operational

6 Workforce Implications

- 6.1 The proposals set out in this report will lead to the deletion of c.115.6fte posts in the Corporate Core, of which 33fte are vacant.
- 6.2 in order to support the workforce reductions a time limited targeted Voluntary efficiency scheme was opened, and this closed on 11 December, the total number of applications received was 196. All applications are currently being considered within each service area against the need for the savings proposed within this report and the final decisions will be made in mid-January 2021.
- 6.3 Consultations have started with Trades Unions on the MPeople processes to ensure that the Council does not lose the focus on providing support for our workforce to develop and progress and where relevant to reskill into different roles, with a view to focussing on giving excellent support to those at risk of redundancy in finding suitable alternative employment.

7. Equalities

- 7.1 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases within the Directorate to identify the differential experiences of individual identity groups in Manchester accessing Council

services, and proactively respond to make these as fair and equitable as possible.

- 7.2 Each of the proposals outlined, if taken forward, will need to consider the requirement and completion of an Equality Impact Assessment. The outcome of which will inform the future planning and delivery to ensure that no residents are disproportionately affected by the changes to services.

8. Conclusion

- 8.1 The Council continues to face a period of significant change and there are increased demands for services alongside the need to make budget cuts. Following the recent spending review and the additional one off funding the 2021/22 budget gap is forecast to be around £50m, which has reduced from the initial £105m reported in November. A programme of cuts of c£50m are required at this stage that can be implemented from 1 April to ensure a balanced budget can be achieved. The proposals put forward in this report set out the recommended proposals to achieving the £50m. The future council work is ongoing which will set out what sort of Council we want to be in the longer term, building on the feedback in the Our Manchester Strategy reset, considering the major changes the Council is facing and the fact that there will be less resources available in the future. This will also provide the framework for future budget decisions.

- 8.2 The Directorate budget proposals in this report have been refined following feedback from the November Scrutiny Committee.

9. Recommendations

- 9.1 The recommendations appear at the front of this report.

Appendix 1

	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	21/22 £000's	22/23 £000's	23/24 £000's	24/25 £000's	Total £000's	FTE's
Legal Services	Reduce staff resources - 3fte's	Efficiency	Green	Green	96				96	3
	Increased income and reduced supplies and services	Efficiency	Green	Green	49	25			74	
Coroners & Registrars	Reduce staff resources - 7fte's	Reduction	Amber	Green	198				198	7
Executive	Travel/subsistence expenses reductions	Efficiency	Green	Green	15				15	
Communications	Reduce staff resources - 4fte's	Reduction	Amber	Amber	137				137	4
	Reduce printing costs, increase recharges and postage	Efficiency	Green	Green	163				163	
Procurement, Commissioning and Commercial Governance	Reduce staff resources - 2 vacant posts	Reduction	Green	Red	122				122	2
	Increase income and reduce supplies and services	Reduction	Green	Amber	36				36	
Revenues and Benefits	Reduce staff resources - 5.5fte	Reduction	Amber	Red	160				160	5.5
	Reduce Discretionary Housing Payments	Reduction	Green	Red	1000				1000	
Financial Management	Reduce staff resources - 20fte's,	Reduction	Amber	Amber	843				843	20

	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	21/22 £000's	22/23 £000's	23/24 £000's	24/25 £000's	Total £000's	FTE's
	(includes 7 vacant posts)									
ICT	Reduce staff resources - 10fte's	Reduction	Amber	Amber	400				400	10
	Savings on system running costs and telephony	Efficiency	Amber	Amber	300	300			600	
HR/OD	Reduce staff resources - 13fte's	Reduction	Amber	Amber	306	237			543	13
Audit	Reduce staff resources – 3fte's, and staff travel (£10k)	Reduction	Amber	Amber	118				118	3
Shared Service Centre	Reduce staff resources – 8.8fte's (All vacant posts)	Reduction	Green	Green	252				252	8.8
Customer Services	Reduce staff resources - 19.3fte's	Reduction	Amber	Amber	614				614	19.3
City Policy	Reduce staff resources -4fte's and special projects budget	Reduction	Amber	Amber	270				270	4
PRI	Reduce staff resources -13fte's	Reduction	Amber	Red	500				500	13
Reform & Innovation	Reduce Staff resources – 3fte's	Reduction	Amber	Red	140				140	3
Corporate Core Totals				5,719	562			6,281	115.6	
Other Service Areas within										

2023
 2024
 2025

	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	21/22 £000's	22/23 £000's	23/24 £000's	24/25 £000's	Total £000's	FTE's
Resources and Governance Remit										
Growth & Development										
Operational Property	Reduce office costs through reduced estate	Efficiency	Green	Green	610	591	304	(905)	600	
	Reduce staff resources – 1.4fte's (Vacant)	Reduction	Green	Green	36				36	1.4
Facilities Management	Reduce staff resources – 10fte's (Vacant)	Reduction	Green	Green	270				270	10
Investment Estate	Revise Surveyors Fee Scales	Income	Green	Green	75				75	
	Maximise income generation from assets	Income	Green	Green	300				300	
	Increased ground rent -long leasehold	Income	Green	Amber			300		300	
Neighbourhoods Directorate										
Operations & Commissioning	Increased Income from small format contract	Income	Green	Green	1300				1300	
	New Advertising screen – Piccadilly Gardens	Income	Red	Red	225	225			450	

	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	21/22 £000's	22/23 £000's	23/24 £000's	24/25 £000's	Total £000's	FTE's
	Large Format Advertising screen – Dawson St	Income	Amber	Amber	50				50	
	In House car park operation – Post JV	Income	Green	Green	4,100				4,100	
Bereavements	Above inflationary price increase	Income	Green	Green	85				85	
Other Directorates Total				7,051	816	604	(905)	7,566	11.4	

**Manchester City Council
Report for Resolution**

Report to: Neighbourhoods and Environment Scrutiny Committee- 13 January 2021
Communities and Equalities Scrutiny Committee – 14 January 2021
Executive – 20 January 2021

Subject: Neighbourhoods Directorate Budget Proposals 2021/22

Report of: Strategic Director (Neighbourhoods)

Summary

As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report provides a further update to the Scrutiny committee on the savings proposals being proposed as part of the 2021/22 budget process and reflects any feedback from the November Scrutiny committees. The savings proposals will be considered by all six Scrutiny Committees for those areas within their remit, prior to going out to public consultation.

Recommendations

The Committee is asked to consider and make comments on the savings proposals identified prior to being considered by Executive.

The Executive is asked to endorse the proposals.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Providing the leadership and focus for the sustainable growth and transformation of the City's neighbourhoods and highways

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The savings proposals included within this report are proposed as part of the Neighbourhood service 2021/22 budget preparation and will contribute towards a balanced Council budget.

Financial Consequences – Capital

There is already an approved capital investment programme for the Directorate, and some capital investment is required to assist in delivering some of the currently identified proposals included within this report.

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Background documents (available for public inspection):

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

Neighbourhoods Directorate Budget 2020/21 - Executive 12 February 2020
Neighbourhoods Directorate Budget Options 2021/22 – Executive 11 November 2020

1.0 Introduction

- 1.1 As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.
- 1.2 The Neighbourhoods Directorate has a revenue budget of circa £95.5m of which £47m relates to waste collection, street cleansing and waste disposal. Outside of these areas the majority of the budget relates to staffing.
- 1.3 In response to the identified Council wide budget gap and the proposal to start to consult on a programme of cuts of **c£50m** for **2021/22**, all budgets have been reviewed in order that any efficiency savings or opportunities for increased income are identified as well as proposals for cuts. These were initially considered by Members in November 2020, and this report takes account of members feedback and now sets out the proposed budget reductions for the Neighbourhood Directorate. Savings within the overall Neighbourhoods directorate include proposals of **£7.376m** requiring an fte reduction of **2**. Due to lead in time around investments etc, the £7.376m would be phased over the period 2021/22- 2024/25, with an initial £6.683m being delivered in 2021/22.
- 1.4 As all identified proposals are being considered by the relevant Scrutiny Committee, this report is focussed on the proposals under the remit of the Neighbourhood and Environmental, and Communities and Equalities Scrutiny Committees. These **proposals total £1.391m** over the four years, with £0.923m in 2021/22 and require a reduction of 2 fte. Further details on the savings proposals are set out in section 5, with a summary table included at Appendix 1.
- 1.5 Although it is anticipated that the overall c£50m budget savings will be sufficient to ensure a balanced budget in 2021/22, it is anticipated that there will be a requirement for further savings in future years. As part of developing the current budget reductions, attempts have been made to minimise the impact on residents and communities wherever possible, but this will be more difficult if further savings are required in future years.

2.0 About the Neighbourhoods Directorate Background and Context

- 2.1 The Neighbourhood Directorate plays a pivotal role in delivering the Council priorities, working with Manchester's communities to create and maintain clean, safe and vibrant neighbourhoods that residents can be proud of and

where businesses and investors want to invest, bringing employment opportunities for our residents.

- 2.2 Teams work collaboratively with partners and local members within our neighbourhoods to enable people living in our communities to be healthy, well and safe and reduce demand by integrating neighbourhood teams that are connected to other services and assets locally.
- 2.3 Libraries, art galleries, leisure centres, parks, play areas, events and youth services as well as our cultural activity provide an offer to the city that enhances the experience of people living and working in the city; as well as supporting our children and young people, to be happy, healthy and successful, fulfilling their potential and contributing to their educational attainment.
- 2.4 Our world class offer also contributes to the vibrancy of the City and its neighbourhoods. Widening participation to ensure that the users of our community services reflect the diverse communities of Manchester remain a key priority.
- 2.5 The development of commercial activity across our parks and leisure and events have previously reduced the demand on revenue as well as increasing investment in our community assets impacting positively on the perception of the city and the opportunities for our residents.
- 2.6 The Directorate is fully committed to Zero Carbon Manchester and to reducing carbon throughout all programmes of work and raising awareness of carbon usage and looking for 'greener' alternatives. Key initiatives include driving forward the electric fuelling infrastructure, plant and equipment for all Council services.
- 2.7 The quality of our highways, number of potholes repaired and gully cleansing remains a priority for our residents and road resurfacing is now happening at a greater scale. We are currently on target to deliver the 5 year highway investment programme. Investment and the maintenance of our highways beyond the current 5 year programme will be an essential consideration in our future strategy.
- 2.8 Waste and recycling is the largest budget area for the Directorate including both the cost of waste disposal and collection/street cleansing (almost 50%) The current contract for Waste collection and street cleansing will come to the end of the first 8 years in 2023 and decisions on the future delivery model for this service will fall within the timeframe of the 5 year budget strategy. We have achieved our highest overall levels of recycling (40%) and lowest levels of residual waste over the last 10 years. However, as the City grows and as more people work at home this will continue to have an impact on the demand for these services which need to be managed. In addition, the impact of COVID over the last 9 months has led to more people being required to stay at home and this has led to increased levels of waste and contaminated recycling bins.

- 2.9 Investment in compliance and enforcement resources has led to an increase in business compliance, better managed neighbourhoods and measures to impact on flytipping have seen a positive impact in our neighbourhoods. Demand from anti-social behaviour impacting on the quality of the places people live continues to rise and despite investment is still less than 50% of capacity in 2011.
- 2.10 The impact of COVID has impacted on our Parks, Leisure and Events functions which rely on income as well as the Cultural sector in the city. The latter in particular will take some time to recover if this is even possible in all areas.
- 2.11 The priority for the Directorate remains supporting communities and building resilience whilst maintaining safe, clean, well managed and connected neighbourhoods in line with the expectations of local members and residents in a city that continues to grow and within the limitations of resources available.
- 2.12 Developing partnerships to enable more effective models of delivery through The Bringing Services together for People in Places programme remains key to improving the offer at a local level for residents and to support a reduction in demand on key public services.
- 2.13 Our universal youth, leisure and culture offer combined is an offer to our residents that sets Manchester apart. The refreshed strategy has set out the city's commitment to our young people however this is an area that has struggled with the impact of COVID 19 and will take some time to recover.

3.0 Neighbourhoods 2020/21 Budget Position

- 3.1 The Neighbourhoods Directorate has a gross budget of £164.5m, and a net budget of c.£95.5m, with 1,420 FTE's employees. The breakdown by service area is provided in the table below:

<i>Table 1: 2020/21 base budget</i>	2020/21 Gross Budget	2020/21 Net Budget	2020/21 Budgeted Posts (FTE)
Service Area	£'000	£'000	£'000
Compliance and Community Safety	16,405	10,903	297
Highways	27,403	14,738	236
Libraries, Galleries and Culture	12,854	9,316	270
Management and Directorate Support	1,120	1,120	18
Neighbourhood Teams	2,854	2,627	51
Commercial and Operations	82,904	48,750	461
Other Neighbourhoods	1,649	455	4
Parks, Leisure, Youth and Events	19,355	7,594	83
Grand Total	164,544	95,503	1,420

- 3.2 The 2020/21 cash limit budget is £95.5m, this is net of the £2.324m savings that were approved as part of the 2020/21 budget process.

4.0 Current In year forecast Position at October 20 (Period 7)

- 4.1 As at October 2020 the Directorate is forecasting a net overspend of £8.675m, this includes Covid-19 related pressures of £11.243m, offset by in-year mitigation of £2.568m.
- 4.2 The Covid-19 pressures are made up of a combination £4.236m increased cost pressures, with the main pressure being the in year financial support of £3.38m being provided to the external leisure operator to fund the ongoing costs of maintaining the City Council leisure assets during the initial closure, and subsequent reduced operations through until March 2021. Sport England have made funding of £100m available to Local Authorities who partner with external providers in delivery of Leisure services. The deadline for the submission of bids is 8th January, and Manchester will submit a bid for financial support to ensure Leisure facilities are COVID secure, and for the loss of income following the reopening of facilities.
- 4.3 In addition to the additional costs, there is £7.007m reduced income through sales, fees and charges. This includes a combination of reduced trading income (£4.989m) within operations and commissioning services, reduced sales income (£235k) in libraries because of closure of venues, and subsequent lower footfalls, loss of events and other income (£1.001m) in Leisure, Parks and Events, reduced income of (£348k) through off street parking and fees and permit income in Highways and reduced income of (£434k) from penalty notices and license income in Community Safety and Enforcement.
- 4.4 As part of the ongoing work seeking to mitigate the above pressures in year forecast savings of £2.568m have already been identified, this is largely due to staff savings because of vacant posts and reduced running costs across all services.

2021/22 Budget Pressures

- 4.5 As part of the Neighbourhood service budget planning a key consideration is the projected growth in the number of households across the City. Given the ongoing national response to the Covid-19 pandemic, and the uncertainty around both the level and duration of any restrictions that will apply in 2021/22 there are significant risks of further budget pressures across the Directorate. These will be monitored and reported as part of the monthly budget monitoring process. Detailed below are likely pressure areas that are already known, although they have not yet been quantified.
- 4.6 **Leisure Services Provision** – The existing leisure operator was appointed in 2019, and as part of their submission they included an initial income forecast of £12m and expected to increase this over the life of the contract and reduce the level of subsidy required from the Council. Due to the initial closure of

leisure facilities, and subsequent reduced capacity as part of the conditions on the reopening of facilities which is expected to continue into 2021/22 it is extremely unlikely in light of the impact of COVID 19 that the original income projections as part of the tender submission will be achieved and further support from the Council could be required. Work is ongoing with the contractor to determine the likely scale of any further support, and this will be included as part of the February budget report. As highlighted above an application for external grant funding is to be made in January 2021, if this bid is successful then the additional resources will help mitigate the overall Council position.

- 4.7 **Waste Collection** – Due to the ongoing requirements for individuals to stay at home wherever possible this has led to an increased volume of domestic waste to be collected and disposed of. In addition, and unlike other areas in Greater Manchester it was agreed to collect any additional side waste left out by residents. This has created a pressure on the existing waste collection contractor to collect the increased volumes and has also increased the volume of waste requiring disposal and therefore the costs to the Council. In this financial year the additional costs of waste disposal have been offset by a rebate from the Greater Manchester Waste Disposal Authority (GMWDA). If the current position continues into 2021/22 this will likely result in further cost pressures that will need to be managed as part of the overall Council budget.
- 4.8 **Costs of replacement waste bins** - there has been an increased number of requests for replacement of both residual and recycling waste bins, this can be due to loss or damage and in some instances in order to increase household capacity. There is also evidence that in some cases this is to replace bins that have been contaminated. The budget to fund replacement bins is coming under increasing pressure because of the number of replacements being requested. Currently residents are charged £20 towards the costs of replacement of grey residual bins. As part of managing this pressure and looking to encourage behaviour change an option to introduce charging for replacement of all bins is being developed. This will need to consider a number of factors including individuals' personal circumstances and the ability to pay as well as the required changes to the existing computer system. Further work will be undertaken to understand the options and implications in full including the potential impact on fly tipping, and to identify what changes are required prior to formally considering any changes. This **will not be considered for 2021/22** and a report will be brought back to members at an appropriate point.
- 4.9 **External Income** – As part of the Directorate overall net budget there is an income budget of c£47m. If the restrictions linked to COVID 19 continue or are increased, then the external income budgets will be adversely affected into 2021/22. MHCLG have indicated as part of the recent finance settlement that the support to local authorities through the sales fees and charges return will be extended through until the end of June 2021, and this will provide some mitigation against any potential ongoing loss of external income.

5.0 2021/22 onwards Savings Proposals

- 5.1 The Neighbourhoods Directorate has a net revenue budget of circa £95.5m of which £47m relates to waste collection, street cleansing and waste disposal. Outside of these areas the majority of the budget relates to staffing. In response to the identified Council wide budget gap all budgets have been reviewed in order that any efficiency savings or opportunities for increased income are identified and included for consideration by members. As part of the wider £50m savings The Neighbourhoods Directorate has identified an initial **£6.683m** in 2021/22 increasing to **£7.376m** by 2024/25 with an **FTE impact of 2** across the Neighbourhoods Directorate.
- 5.2 In seeking to minimise the impact on residents and neighbourhoods, all opportunities for maximising external income sources were considered and the overall Directorate proposals includes £5.985m of increased income generation, and these proposals will be considered by Resources and Governance Scrutiny Committee as part of the budget process. The proposals to be considered in this report total **£1.391m** and further details of the initial proposals under the remit of this Scrutiny Committees are set out in more detail below whilst the table at appendix 1 provides a summary view along with RAG rating.

Budget Savings Proposals

- 5.3 **Parks and Leisure service have identified** savings proposals of **£0.582m**, these will be delivered through a combination of continuing to develop and increase the level of commercial income generated and increasing collaboration across leisure operators. There would be a lead in time to delivering these proposals with **an initial c£127k** being delivered in 2021/22 and the savings would increase over the following three years, the total £0.582m savings would be achieved through the following;
- Within the current approved capital programme there is c.£12m approved for investment in parks, and as part of developing the business cases to utilise this funding it is proposed that any investment decisions will include the ability to increase the income generation opportunities. Given the need for capital investment, and the time required to implement the required changes the £427k savings will be phased over a four year period, with an **initial £127k in 2021/22**. Given the need to generate more commercial income the required capital investment will be focused on the larger parks, rather than the community parks.
 - Within the **Leisure sector** there are a number of different arrangements in place, both within Manchester and wider across Greater Manchester, this includes both different operators and different operating arrangements. In an attempt to streamline the existing arrangements and deliver savings through economies of scale work will be undertaken to look at opportunities for collaborating with other Authorities in an effort to generate savings or increase income depending on the model adopted. Initial analysis indicates that savings of **c£155k** could be achieved but given the lead in time this would not be achieved until 2022/23. As part of the work to look at the

proposals the impact of Covid-19 on leisure operations would need to be considered, and as referred to above, the likely ongoing support could make this saving more difficult to achieve, but this would be looked at as part of developing any business case.

- 5.4 Within the **Compliance and Enforcement function total proposals of c£164k** have been identified and this is made up of, the following;
- 5.5 £80k increased income from a combination of (£60k) fixed penalty notices, and (£20k) from introducing new charges for providing advice to businesses.
- 5.6 As part of looking at the overall staffing costs, savings of £20k are proposed this will be achieved through a small number of staff voluntarily taking up part reductions in their working week. This is forecast to provide savings of up to **£20k**
- 5.7 The **animal welfare service** is currently provided in house, and it is proposed to look at an alternative delivery model for this service which would impact on **2FTE's**. A tender exercise will be undertaken in order to move the service provision onto a contracted basis which is likely to reduce the flexibility that currently exists but could provide cost reductions of **£64k** subject to tender.
- 5.8 It is proposed to use additional time limited **grant funding of £137m** to replace existing mainstream budget provision within Compliance and Enforcement, particularly around the food inspection activity at Manchester Airport. This will be a one year saving only because of the time limited funding.
- 5.9 Within the **Highways service** significant work has progressed over the last two years to restructure and reorganise the function to enable it to better deliver for the residents of the city. Savings proposals of **c£0.645m** over 2021/22 and 2022/23 have been identified with minimal impact on the quality of service delivered, this includes a combination of reviewing existing charges and ensuring that income is maximised where possible, the initial proposals include identifying further opportunities to make eligible charges to the capital programme - **£270k**, seeking to ensure that any damage to highways infrastructure is recovered from the perpetrator or insurance company - **£25k**, increase the existing rates for permits and other rechargeable works. - **£75k** and increase the volume of commercial arrangements for provision of winter gritting service - **£25k**.
- 5.10 In addition to the proposals above a further saving of **£250k** is proposed through a reduction in costs of accident claims/legal fees over the period. This is due to a combination of the ongoing highways investment and improved roads and footways and the reduced footfall level within the City. This would be phased £100k in 2021/22 and £150k in 2022/23.

6.0 Workforce Implications

- 6.1 The workforce implications related to the savings proposals are a reduction 2fte, and this can most likely be managed within existing turnover.

- 6.2 As part of supporting Directorates to achieve staffing reductions, the Council Opened a limited voluntary redundancy/voluntary retirement scheme. The scheme was initially for the Corporate Core who have a larger number of posts to lose, but on a limited basis for time limited or other posts and in other areas where there are savings or changes that need to be achieved. The scheme closed on 11th December.
- 6.3 Consultations have started with Trades Unions on the M:People processes to ensure that the Council does not lose focus on providing support for our workforce to develop and progress and where relevant to reskill into different roles, with a view to focussing on giving excellent support to those at risk of redundancy in finding suitable alternative employment.

7.0 Equalities

- 7.1 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases within the Directorate to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.
- 7.2 As part of implementing the savings proposals an Equality Impact Relevancy Assessment will be undertaken for each of the proposals. The outcome of which will inform the future planning and delivery to ensure that no residents are disproportionately affected by the changes to services.

8.0 Risk management

- 8.1 The Directorate will seek to manage all expenditure within the approved budget available and performance against budgets will be monitored and reported to members on a regular basis, this will include a risk register with any mitigations identified.

9.0 Legal

- 9.1 There are no legal implications arising from this report.

10.0 Conclusion

- 10.1 The Council is facing a period of significant change, and there are growing demands on capacity alongside the need to make budget cuts. The 2020/21 budget gap is currently forecast to be around c£50m, but this increases further in 2022/23. Directorates have identified savings proposals of c£50m that can be implemented from April 2021 to ensure a balanced budget in 2021/22.

Appendix 1

Service	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	Amount of Saving					FTE's
					2021/22 £000'S	2022/23 £000'S	2023/24 £000'S	2024/25 £000'S	Total £000'S	
Compliance & Community Safety	Externally contract the Animal Welfare Service	Efficiency	Amber	Amber	64				64	2
	Increased income from fixed penalty notices	Income	Amber	Amber	80				80	
	Time limited grant funding.	Income	Amber	Green	137	(137)			0	
	Salary savings through increased part time working	Efficiency	Amber	Amber	20				20	
Parks, Leisure, Events & Youth	Generate additional income in parks	Income	Red	Green	127	100	100	100	427	
	Increased collaboration across leisure operators	Income	Red	Amber	0	155			155	
Highways Services	Reduction in accident trip claims	Efficiency	Green	Green	100	150			250	
	Increase income from permits and other rechargeable works	Income Generation	Green	Green	125				125	
	Increase charges to capital for eligible works	Income Generation	Green	Green	270				270	
Total					923	268	100	100	1,391	2

Manchester City Council Report for Resolution

Report to: Economy Scrutiny Committee – 14 January 2021
Executive – 20 January 2021

Subject: Growth and Development Directorate Budget Proposals 2021/22

Report of: Strategic Director (Growth & Development)

Purpose of Report

As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report provides a further update to the Scrutiny committee on the savings proposals being proposed as part of the 2021/22 budget process and reflects any feedback from the November Scrutiny committees. The savings proposals will be considered by all six Scrutiny Committees for those areas within their remit, prior to going out to public consultation.

Recommendations

The Committee is asked to consider and make comments on the savings proposals identified prior to being considered by Executive 20 January 2021.

The Executive is asked to endorse the proposals.

Wards Affected: All

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Providing the leadership and focus for the sustainable growth and transformation of the City's neighbourhoods and highways
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Ensuring residents are connected to education and employment opportunities across the City.

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The savings proposals included within this report are proposed as part of the 2021/22 budget preparation work and will contribute towards ensuring that the Council can deliver a balanced budget.

Financial Consequences – Capital

There is already an approved capital investment programme for the Directorate, and some capital investment is required to assist in delivering some of the currently identified proposals included within this report.

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Background documents (available for public inspection):

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

Growth and Development Directorate Budget 2020/21 - Executive 12 February 2020
Growth and Development Budget Options 2021/22 – Executive 11 November 2020

1. Introduction

- 1.1 As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on December 17 suggest the Council will not be facing the worst-case scenario for 21/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient to support a balanced budget for 2021/22. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.
- 1.2 Following on from the November Scrutiny Committees, all Directorates have continued to develop and work through the budget proposals, and this work has taken into consideration the feedback from the November meetings. Overall savings proposals from all Directorates total around c.£50m. Wherever possible consideration has been given to protecting front line services and to protect the capacity to support the recovery planning.
- 1.3 Overall the Growth & Development Directorate has identified proposed budget reductions of **c. £2.314m**. This would require a reduction of **c22** full time equivalent (FTE) posts. Due to lead in time around required investments and timing on the ability to exit some contracts/leases, the £2.314m would be phased over the period 2021/22- 2024/25, with an initial £2.024m being delivered in 2021/22. Further detail is set out in the table below.
- 1.4 The proposals identified that are under the **remit of this Committee total £0.733m and requires a reduction of 11fte's**, further details on these proposals are included in section 4 of this report.
- 1.5 As part of identifying the proposed budget reductions consideration has been given to trying to minimise the impact on residents, businesses and other stakeholders, although this is not always possible.

2. Growth and Development Directorate Background and Context

- 2.1 The Growth and Development Directorate ("Directorate") has a pivotal role in driving the **sustainable economic growth of the city that benefits everyone**. They achieve this by securing new commercial development, attracting inward investment, generating employment growth across the city, and also supporting businesses and communities to thrive. The directorate has the leading role in the economic recovery of the City following the decline due to Covid-19. The Directorate is delivering the City Council's Residential Growth Strategy which underpins the city's economic growth trajectory. The management of the City Council's land and property assets to promote growth is closely aligned with the management of the City Council's operational and investment estates. The planning, building control and licensing functions further enhance the strategic planning and place shaping function.

- 2.2 The Work and Skills and Adult Education services ensure that **Manchester residents directly benefit from the economic growth and development of the city and associated jobs creation**. The Directorate also works with a range of stakeholders to enable people to better support their **children's learning, fulfilling their potential** and to be active citizens contributing in their communities. For an increasing number of residents, this means support to manage the impact of welfare reform and transition to universal credit.
- 2.3 The Directorate has the central role in **ensuring the delivery of the right mix of affordable housing for Manchester residents to have a good choice of safe and secure homes**. We will accelerate and sustain the delivery of more housing, including enough which is affordable for our residents on low and average incomes and will intervene, where necessary, to speed up the delivery of housing across the city, including developing homes ourselves.
- 2.4 The Directorate also works directly with colleagues in the Neighbourhood Directorate in the planning and delivery of new **neighbourhoods** making sure these meet the needs of our diverse and complex communities. We work proactively in partnership with businesses, residents and partners to make sure our developments meet local needs to deliver neighbourhoods people want to live in and are designed to enable quality neighbourhood management services (such as waste collections and recycling).
- 2.5 Supporting Manchester's commitment to be a zero carbon city by 2038 is a priority for the directorate by reducing the Council's direct CO2 emissions through continued rationalisation of the operational building estate and improving energy efficiency in council owned buildings. The Directorate will also use its influence and leadership role across the city to encourage others to reduce CO2 emissions in industry, commercial and residential sectors through developing planning policy and influencing contractors through procurement and commissioning arrangements.
- 2.6 The Directorate strives to be **well managed, to balance our budgets** and to provide additional efficiencies and **increase income** from the Council's property portfolio to help underpin the council's budget.

3. Growth and Development 2020/21 Budget Position

- 3.1 The Growth and Development Directorate has a gross budget of c.£65m, and a net budget of c.£9.2m, with 636.5fte's. The breakdown by service area is provided in the table below:

Table 1: 2020/21 base budget

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE) £'000
Operational Property	12,061	8,145	35.8
Facilities Management	14,943	9,687	176

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE) £'000
Investment Estate	8,198	(11,904)	28.8
Growth & Development	397	164	2.6
City Centre Growth and Infrastructure	1,773	527	11.9
Housing & Residential Growth	5,376	1,445	34.9
Planning, Building Control & Licensing	7,442	(588)	133.1
Work & Skills	1,891	1,773	25.6
MAES	10,389	0	182
Our Town Hall Project	2,385	0	5.8
Grand Total	64,855	9,249	636.5

- 3.2 The 2020/21 cash limit budget is £9.249m and this is net of the £0.690m savings that were approved as part of the 2020/21 budget process.

Current In year forecast Position at October 20 (Period 7)

- 3.3 As at August 2020 the Directorate is forecasting a net overspend of £3.86m, this includes Covid-19 related pressures of £7.305m, offset by in year mitigation of £3.445m.
- 3.4 The Covid-19 pressures are made up of a combination of £4.718m reductions in income and increased cost pressures of £2.581m. The main loss of income has arisen within the Investment estate due to tenants not being in a position to pay their rents because their business has been impacted by Covid-19. In the majority of cases any support has been provided in the form of deferment of rent, rather than write off. This is in order to support businesses with cash flow, whilst also seeking to protect the Council overall position although the level of bad debts is likely to increase.
- 3.5 In addition to the income reductions, there have been increased costs with the main costs being in respect of supporting the Corporate response to supporting the City's most vulnerable residents with food support as part of the Community Hub during the Covid crisis, this is forecast to cost over £2m in the current financial year.
- 3.6 As part of the ongoing work seeking to mitigate the above pressures in year forecast savings of £3.445m have already been identified, this is largely due to staff savings because of vacant posts and reduced running costs across all services.

4. 2021/22 onwards Savings Proposals

- 4.1 In response to the identified Council wide budget gap all budgets have been reviewed and the proposed Growth and Development identified savings equate to an initial **£2m** in 2021/22 increasing to **£2.3m** by 2024/25, although this does require a 22fte reduction across the Directorate. This report sets out

the proposals that are relevant to this Committee, and these **total £0.733m and include a reduction of 11fte's**. Further details of the proposals are set out in more detail below whilst the table at appendix 1 provides a summary view along with RAG rating.

Proposed Savings

- 4.2 **Housing and Residential Growth - £190k**, growth agenda continues to be a priority, current work streams include the establishment of the Housing development vehicle, review of the housing ALMO, and ongoing development including increasing the supply of both affordable social housing and private housing.
- 4.3 In light of the above, savings of £190k having been identified through increased rental income from a recently completed development, it is likely that this income could increase year on year as rent levels increase.
- 4.4 **Planning, Building Control and Licensing - £393k -11fte**, the service operates on a fee recovery basis, and there are certain ring fencing arrangements in place around how the fee income can be utilised. There are elements of the service that are statutory functions and any cuts will need to consider these statutory functions.
- 4.5 There are currently 11 existing vacancies across both planning and building control and holding these posts vacant will save c£393k. It is proposed that the posts will only be filled if additional funding is identified.
- 4.6 **Work and Skills - £150k** - The Government have recently announced they will provide £100k additional financial support for youth unemployment it is proposed to use this funding to offset existing mainstream budget provision. Given the likely increase in youth unemployment arising from the current economic uncertainty this does not allow resources for any increased support for youth unemployment.
- 4.7 In addition to the above a further **£50k reduction in commissioning** activity in business support & employment is proposed.
- 4.8 Both the above savings proposals will reduce the level of resources available and will impact on the team's ability to respond to the unemployment crisis and contribute to Manchester's economic recovery. It will mean some areas of work cease, such as sector based work, and reduce the team's ability to coordinate skills, training and employment support offered at a local level.

5. Workforce Implications

- 5.1 The City Council is seeking to avoid compulsory redundancies, and the workforce implications related to the proposals included in this report require a reduction of c.11fte's of which all posts are currently vacant.
- 5.2 As part of supporting Directorates to achieve staffing reductions, the Council

Opened a limited voluntary redundancy/voluntary retirement scheme. The scheme was initially for the Corporate Core who have a larger number of posts to lose, but on a limited basis for time limited or other posts and in other areas where there are savings or changes that need to be achieved. The scheme closed on 11th December.

- 5.3 Consultations have started with the Trade Unions on the MPeople processes to ensure that the Council does not lose the focus on providing support for our workforce to develop and progress and where relevant to reskill into different roles with a view to focussing on giving excellent support to those at risk of redundancy in finding suitable alternative employment.

6. Equalities

- 6.1 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases within the Directorate to identify the differential experiences of individual identity groups in Manchester accessing Council services, and proactively respond to make these as fair and equitable as possible.
- 6.2 As part of implementing the savings proposals an Equality Impact Assessment will be undertaken for each of the proposals. The outcome of which will inform the future planning and delivery to ensure that no residents are disproportionately affected by the changes to services.

7. Risk management

- 7.1 The Directorate will seek to manage all expenditure within the approved budget available and performance against budgets will be monitored and reported to members on a regular basis, this will include a risk register with any mitigations identified.

8. Legal

- 8.1 There are no legal implications arising from this report.

9. Conclusion

- 9.1 The Council is facing a period of significant change, and there are growing demands on capacity alongside the need to make budget cuts. The 2020/21 budget gap is currently c£50m, but this increases further in 2022/23. Directorates have identified savings proposals of c£50m that can be implemented from April 2021 to ensure a balanced budget in 2021/22.

Appendix 1

Service	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	Amount of Saving			FTE's
					21/22 £000's	22/23 £000's	Total £000's	
Planning, Licensing & Building Control	Hold/delete 11 vacant posts	Reduction	Green	Amber	393		393	11
Housing & Residential Growth	Additional income from housing redevelopment	Income	Green	Green	190		190	0
Work & Skills	Reduction in commissioning activity	Reduction	Green	Green	50		50	0
	Government Funding for youth unemployment,	Income	Green	Green	100		100	0
Total					733		733	11

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**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny - 14 January 2021
Executive – 20 January 2021

Subject: Housing Revenue Account Delivery model- Northwards ALMO Review

Report of: The Chief Executive

Summary

This report provides Executive with the conclusion of the test of opinion of tenants and leaseholders. The report provides a summary of the opinions indicated and recommends that the decision to insource the housing management and maintenance function is now confirmed.

The report includes a summary of key actions and milestones, risks and process to develop post-transfer governance arrangements.

Recommendations

Economy Scrutiny Committee is invited to comment on the report and endorse the recommendations to the Executive.

Executive is asked to:

1. Note the outcome of the "test of opinion" consultation and the support for the council's proposals.
 2. Note the proposals contained within the report about how the new council-controlled service governance is being developed and how tenants will be involved and empowered in the decision making about services to homes and communities.
 3. Note the appointment of a project lead, and the indicative project stages and timetable for the delivery of the insourcing project.
 4. Members confirm support for the retention of "Northwards" as a brand identity for the council housing service.
-

Wards Affected:

Higher Blackley, Charlestown, Crumpsall, Harpurhey, Moston, Cheetham, Miles Platting and Newton Heath

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

The retrofitting of existing homes managed by Northwards is a key aspect of this proposal. The HRA cannot currently support the level of investment required to achieve a level of retrofit to meet Zero Carbon. Measures need to be taken to manage the projected deficit in the HRA in order to meet Zero carbon and other policy aspirations.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	As the largest single landlord in the City the Housing service is a major source of contracts and supplies that ideally are sourced locally
A highly skilled city: world class and home-grown talent sustaining the city's economic success	A major employer the Housing services for the council stock currently employs c350 people and supports apprenticeships and wider skills development.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The housing service is the largest single community influencer in North Manchester alongside the City Council.
A liveable and low carbon city: a destination of choice to live, visit, work	Central to this report is the investment needed to retrofit existing homes in order to achieve a Zero carbon housing stock.
A connected city: world class infrastructure and connectivity to drive growth	The housing service is a major contributor to the North Manchester infrastructure.

Financial Consequences

The “due diligence” exercise provided robust and externally validated financial analysis of the available options. Indications of the revised HRA budget position has been previously reported.

The budget to conclude the prices and transfer the service into the Council is £1.4m. This can be funded using HRA reserves.

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Background documents (available for public inspection):

- Housing Revenue Account 2016/17 to 2018/19, Executive, 17th February 2016.
- Housing Revenue Account 2016/17 to 2018/19, Finance Scrutiny, 25th February 2016.
- Housing Revenue Account and the Council's Housing Management Contracts, Executive, 11th January 2017
- Housing Revenue Account Delivery model- Northwards ALMO Review, Executive 3 June 2020
- Housing Revenue Account Delivery Model-Northwards ALMO review, Executive 9 September.

1.0 Introduction

- 1.1 Manchester City Council owns nearly 15,500 council homes. These are managed on behalf of the council by a mix of delivery methods:
- The majority of the homes (12,700) are managed by Northwards Housing Limited (NHL);
 - 527 homes in Ardwick are managed by Grove Village Limited;
 - 1,469 homes in Miles Platting and Newton Heath are managed by Renaissance Miles Platting Ltd;
 - 741 homes in Brunswick are managed by Solutions for Brunswick (S4B); and
 - Guinness Partnership - manage 171 Council properties in West Gorton
 - Peaks and Plains Housing Association - manage 11 bungalows in Alderley Edge
 - Avro Hollows Tenant Management Organisation (TMO) - manage 312 properties in Newton Heath
 - Shout Tenant Management Organisation - manage 94 properties in Harpurhey
- 1.2 The Council established Northwards Housing Limited (NHL) in 2005 with the primary objective of securing government funding to deliver the Decent Homes standard. Although the decent homes funding has now ceased, the Council has retained NHL and has continued to commission housing and additional services including the City-wide allocations scheme, Manchester Move and the delivery of the capital investment programme for Council housing.
- 1.3 On 3 June 2020 Executive considered the position of the delivery of the Housing service in the context of the Housing Revenue account (HRA). The current HRA 30-year business plan shows that reserves fall below the c£60m level required to avoid having to pay increased interest charges on debt in 2027/28, and the reserves are forecast to be exhausted by the end of the 30-year business plan leaving a deficit. The investments provision in the current business plan is primarily aimed at maintaining decent homes.
- 1.4 The June report reflected that there is additional pressure and demands on the HRA including enhanced fire safety works, new build schemes and retrofitting to achieve full Zero carbon of existing homes by 2038. Combined, these areas lead to a projected deficit in excess of £400m by the end of the 30-year business plan.
- 1.5 Following consideration of the issues and options in reports in June and September Executive agreed to:
- approve consultation on the preferred option (insourcing) identified as part of the HRA review to bring the ALMO back in-house;
 - noted the outcomes from the due-diligence exercise of the Northwards ALMO, which had included consultation with staff, unions, tenants and local stakeholders.

- 1.6 The “due diligence” review was undertaken by Campbell Tickell and the conclusions and findings were reported in September. The significant elements of the report were;
- 1.7 Campbell Tickell concluded with some key points about the issues facing all Housing services and in regard to Northwards and North Manchester specifically.
- In common with every other local authority and social housing landlord, MCC has experienced a significantly tougher regulatory and operating environment over recent years, driven by the four-year -1% rent reduction which has reduced expected levels of income, and the ongoing response to the Grenfell tragedy with significant investment being made in life-saving fire-safety improvements. However, complex these challenges may be, the impact of the Covid-19 pandemic is system threatening, and has forced a full reset of operating environment priorities and working models for everyone delivering public services, currently operating in little more than safe mode.
 - Covid-19 has created a new operating reality for public services and its impact on people’s lives, and the increased demand that this will place on housing services will be experienced for many years to come. Against this backdrop, Manchester must examine its own operating model to ensure it is optimally configured to deliver a sustainable level of service, whilst targeting resources in the most cost efficient, productive and needs focused manner possible.
 - Whilst Northwards has demonstrably achieved what the council has expected of it over time, faced with an unforeseen and stark operating reality, it is opportune moment to ask what whether an ALMO represents the best vehicle to deliver the housing service for both the Council on behalf of its tenants.
 - Not unsurprisingly, at fifteen years old, the rolled over Management Agreement is in need of review as in many respects it does not meet the needs of either party in optimising efficiency, making the best use of resources or in raising the quality of services
 - In summary the evaluation of Northwards itself is that it has regard to efficiency, and that annual operating surpluses have been made year-on-year prior to 2019-20. Northwards benchmarks comparatively strongly with other Manchester providers in respect of overall costs per unit, and income collection. However, overhead costs are high compared with other providers.
- 1.8 Campbell Tickell also concluded that staying as we are currently operating is not an option and that the ALMO has too many weaknesses in terms of Governance, performance, structure and delivery that need to be addressed. Whatever option is chosen will have to be in the context of a significant service delivery improvement programme.
- 1.9 The decisions from the September Executive were:-

1. To note the review had concluded that doing nothing was not an option and that there was an opportunity to achieve savings of at least £77m over the 30-year business plan by ending the current arrangements under which the Council's housing stock is managed by Northwards Housing Limited (NHL).
2. To agree that for the service to remain outsourced there would need to be demonstrable benefits for tenants. To confirm that insourcing the service remains the preferred option and the intention to take over direct management of the Housing Service into the Council from 5 July 2021 subject to a "test of opinion" involving all tenants and leaseholders.
3. To note the proposals contained within the report about how the new council-controlled service offer would be developed and how, in future, tenants were to be involved and empowered in the decision making about services to homes and communities.

1.10 Government issued guidance in 2011 to Local Authorities considering the future of their ALMO housing management services. Councils are advised to undertake a cost-benefit and risk analysis exercise before reaching a final decision. These exercises have been completed and the results previously reported.

2.0 Test of Opinion

- 2.1 Tenants and leaseholders have been consulted on the proposal to take direct control of the management of the housing service from 5 July 2021. This was conducted by virtue of an information document and series of questions which tenants and leaseholders could vote on either on the document or online. The independent agency that ran the test of opinion UK Engage Ltd, used a barcoding system to ensure security and to avoid duplicated or multiple voting from one tenancy. A copy of the documentation that was issued is at Appendix 1.
- 2.2 An independent tenants advisory service was employed and supplied by Campbell Tickell. The role was to support tenant and leaseholders engage in the process, respond to any issues or concerns about the process and act as an honest broker independent of both Northwards and the Council.
- 2.3 The test of opinion commenced on 3 December 2020 and concluded on 4 January 2021. As well as the direct mailing of the documentation, publicity was issued on both Northwards and the Council websites and via social media.
- 2.4 Tenants and leaseholders were invited to attend one of four on-line briefings led by the Director of Housing and Residential Growth. These sessions allowed tenants and leaseholders to question the council directly on the rationale for the proposal and the implications for services.
- 2.5 The test of opinion closed at 5.00pm on Monday 4 January 2021. A total of 1633 people voted (1572* tenants and 54 leaseholders). This is 12.52% of those able to participate (12.57% tenants 11.87% leaseholders). (*two papers were spoilt)

- 2.6 In response to the question “Do you support the proposal to bring the management of your council home into direct management by the council?” 1524 voted in support. 1474 tenants voted yes, 89 voted no and 9 did not vote. 50 leaseholders voted yes, 4 voted no. This constitutes 93% of the votes cast, an overwhelming majority. The certified results are at Appendix 2.
- 2.7 It should be noted that this process was a “test of opinion” and not a ballot. The result is not binding but is one of the factors that are to be considered in making the decision about the future management of the service. However, the scale of the majority supporting the proposal creates a compelling argument.
- 2.8 The turnout fulfils the research and statistical tolerances that the council employs when conducting community consultations. This is predicated on the three elements:
- i. The **population** i.e. the total number of tenants and leaseholders able to vote. The population for this exercise is **12981**
 - ii. The **confidence interval** (also called margin of error) is the plus-or-minus figure usually reported in newspaper or television opinion poll results. For example, if you use a confidence interval of 4 and 47% percent of your sample picks an answer you can be "sure" that if you had asked the question of the entire relevant population between 43% (47-4) and 51% (47+4) would have picked that answer. The council use a confidence interval of **3**
 - iii. The **confidence level** tells you how sure you can be. It is expressed as a percentage and represents how often the true percentage of the population who would pick an answer lies within the confidence interval. The 95% confidence level means you can be 95% certain; the 99% confidence level means you can be 99% certain. Most researchers use the 95% confidence level. The council use **95%**

By putting these three indicators (above in bold) into an online calculator it provides the number required to have confidence in the result. In this case confidence can be gained from any vote above 986 people.

- 2.8 The response rate of 12.54% is consistent with other Local Authorities who are proposing to or have recently taken their ALMO services in-house. Kirklees concluded their consultation in September 2020 and had an 11% response rate; Gateshead council concluded their consultation in October 2020 with a 12% response rate; The four Local Authorities who made up East Kent ALMO concluded their consultation in December 2019 and had a 15% response rate although voting was made available to wider community and voluntary groups.
- 2.9 Those that have responded have supported the proposals. It should be noted that residents who attended the briefing sessions and contacted the tenant’s advisor were supportive of the proposal and were mostly raising serious concerns about the quality of the repairs service.

- 2.10 As the final stage of the consideration the “test of opinion” consolidates previous considerations reported in June and September and therefore seeks Executive ratification to bring the management of the housing management services, currently provided by Northwards Housing Limited, under the direct management of the council with effect 5 July 2021.
- 2.11 One of the questions in the test of opinion was “Are you interested in taking a more active role in the management of housing services?”. 532 people have indicated that they would be willing to be actively involved and have provided their contact information. In total 963 participants indicated a willingness to be involved but not all provided their contact details. We have all respondents addresses so will follow up on all expressions of interest.

3.0 Returning the service to the council project plan

- 3.1 The proposal that is being recommended and was put to tenants is known as a “lift and shift”. This means that the operational functions will continue and so, initially, the tenants and leaseholders will have continuity of service. It allows the council to take the service into direct supervision whilst minimising the initial impacts and risks on service and tenants’ experience.
- 3.2 The practical steps of delivery of the transition are:
- 3.2.1 The council are appointing a dedicated project lead who will work across the council and Northwards to manage all of the critical stages of the transition of services. The Northwards Chief Executive retired on 31 December 2020 and Northwards have appointed an Interim Director of Transition to lead the service transition from Northwards perspective.
- 3.2.2 Following the Executive decision, the council, in partnership with the Northwards Board and management, will be able to engage in direct communication with staff at Northwards and with tenants and leaseholders. The interaction with Northwards staff will include conducting an “Our Manchester” Listening in Action exercise to establish areas of concern and attention. This exercise will contribute to retaining key personnel through this transition. There will be a regular dialogue with staff, tenants and unions throughout the transfer programme.
- 3.2.3 Formal due diligence will commence that address issues such as contract transference, TUPE, Insurances, premises and any assets and liabilities. As of 20 January, Northwards will be required to consult the council before entering into any new or extended contracts, making any job offers or any other activities that may impact the due diligence exercise.
- 3.2.4 The TUPE due diligence work will be a significant workstream involving over 350 Northwards officers and requiring extensive and continuous consultation. This will be challenging, commencing within the current national lockdown. Working closely with Northwards management team and the Unions we will ensure that a comprehensive process is supported.

- 3.2.5 As outlined in Section 4 it is intended that a shadow board will work with the Northwards Board to have oversight of the transition project.
- 3.3 Manchester Move. Northwards manage Manchester Move on behalf of the City Council and the 15 registered providers who are members of the scheme. The Council pays additional fees to reflect that most members are agreeing to allocate using Council Allocation policy. Manchester Move is overseen by a Housing Access Board which is made up of the members of the scheme. There will need to be a dialogue with the members about the future management of Manchester Move. This will be progressed as a specific and separate workstream.
- 3.4 YES. YES is a wholly owned subsidiary of NHL. Once NHL ceases to trade as a legal entity YES could, by default, transfer to the council. There is a stated commitment to retaining and developing YES. There will be a specific workstream that will manage this process to create the long-term framing of YES. It is likely that we will find a new way of YES being governed which will allow it to retain a level of independence. By being part of the council some of its grant funding and fund raising would be compromised.
- 3.5 Corporate support functions. Support or “back office” functions will be assimilated with council functions at or before 5 July 2021. Whilst they will continue to support the housing service provision, there is no necessity for them to be a separate and dedicated entity. Some retention related to concluding the finances and fiduciary responsibilities of Northwards Housing Limited as a legal entity will be required until the company is closed.
- 3.6 The cost of returning the ALMO to the council is estimated by Campbell Tickell as £1,482,000. This included the legal costs of closing the ALMO, administering TUPE and pension arrangements, and management of change costs, which would be chargeable to the HRA, with retained surpluses used to meet these costs.
- 3.7 Improvement programme. Priority will be given to intervention in, and improvement of, priority service areas identified by tenants and leaseholders through the Campbell Tickell review and the “test of opinion” exercise. These include improved repairs service; improved investment programme delivery; community safety and dealing with anti-social behaviour. The areas were summarised in the offer document (Appendix 1). The programme will also consider any differences in approach and culture between the two organisations to ensure that at the point of transfer there is a consistent and shared approach, following “Our Manchester” principles.
- 3.8 The Council’s HR Department as the importing agency, will undertake a full due diligence of the TUPE issues. It should also be recognised that Northwards’ own retention case, made as part of the Campbell Tickell review, recognised that some service areas were over-sized. They had recommended a downsizing of a number of areas with a reduction in posts. This case will be considered in transition.

- 3.9 It is noted that there are areas in which Northwards have made a significant and positive impact on tenant and neighbourhood services. As we develop the service within the council we will seek to identify and maximise the areas of 'best' practice linking ALMO and council capacity to harness community capacity; projects like Everyone In, addressing domestic abuse; Supporting the health and social care system, Debt Management and Advice and Communications. This would be built upon during the transition year while services sat alongside each other as one organisation. Bringing together the best practices and harnessing the strengths of both organisations is a powerful opportunity to deliver even more for the benefit of tenants and neighbourhoods.
- 3.10 It is proposed to retain the branding Northwards to identify the council housing service. There is a practical benefit in not having to change the livery and stationary initially. However, the wider benefit is that it is a service recognised by tenants so the housing service will continue to be identifiable and distinctive whilst still part of the council.
- 3.11 Throughout this process there will be full engagement with the trade unions and will work closely on the messages being delivered to staff. To date the Council have not had direct dialogue with Northwards staff on these issues as there are still some stages to be concluded before final decisions are taken and the formal processes can commence. The interaction, delivered closely with Northwards Board and management team, with Northwards staff will include conducting an "Our Manchester" Listening in Action exercise to establish areas of concern and attention. This exercise will contribute to retaining key personnel through this transition.
- 3.12 We will ensure any staff who may be potentially adversely affected by these proposals are supported and all avenues are explored to mitigate impacts.

4.0 Governance and accountability

- 4.1 Once transferred the housing management and maintenance service would be governed by elected members and tenants. There is an ongoing consideration of precisely where and how this will align to council management and the committee system. Legal and Democratic services are considering the optimum way that there can be alignment to the decision-making structure of the council. This will be place-based reflecting that the tenancies in question are exclusively in North Manchester. It is intended that this forum will be created as a shadow board of tenants and members so that it can oversee the transition process. There will be close working with Northwards Board and Northwards members and tenants will be consulted and included in the development of this governance framework.
- 4.2 Governance will seek to build on existing tenant engagement processes and to meet the requirements outlined in the recent Government White Paper "The Charter for Social Housing Residents". Northwards have an existing engagement framework. This includes:

- Tenants and Residents Groups. There are 9 active groups meeting a required constitution, and 11 “contact” groups.
 - Residents’ network. 114 active tenants on the data base
 - Events-43 community events held in 2019.
 - Networking
 - Urban Crew. A joint initiative with Manchester communications academy working with 140 primary schools.
 - Eric Hobin sponsorship fund. Community grant opportunity with awards of up to £500 for community activity.
 - Youth engagement.
 - Retirement Housing.
 - High Rise Forum.
 - Tenants View- Overarching representative group.
- 4.3 It is recognised that there is a limited connection between the council and its tenants. There has been a reliance upon Northwards delivering this function. In order to create a better Council; tenant relationship we would build upon Northwards existing network and expand access to the various groups. Shelter, the Housing Charity, have agreed to work with us to create genuine neighbourhood-based forums and particularly to increase direct involvement from under-represented groups.
- 4.4 We would ensure that tenants are able, on an annual basis, to hold a scrutiny review of the whole service and report to elected members so that the service has proper oversight and accountability.
- 4.5 The format of future governance should align with the emerging requirements of the White Paper and the Charter for Social Housing tenants. This will include oversight of performance against the Social Housing Regulator’s Regulatory Standards. This will particularly relate to the Tenant Involvement and Empowerment standard and the Consumer standard. Agenda areas of any post-transfer governance could include:
- commentary on the formulation of the landlord’s housing related policies and strategic priorities.
 - views expressed ahead of the making of decisions about how housing related services are delivered, including the setting of service standards.
 - the scrutiny of the landlord’s performance and the making of recommendations to their landlord about how performance might be improved.
 - issues related to the management of their homes, where applicable.
 - the management of repair and maintenance services, such as commissioning and undertaking a range of repair tasks, as agreed with landlords, and the sharing in savings made.
 - agreeing local offers for service delivery.
- 4.6 The fact that over 900 tenants and leaseholders have expressed an interest in playing a role in the future management of the housing service is a significant bonus of the process. Of these 532 have provided contact details in order for

this interest to be followed up. This number is significantly higher than the number Northwards have currently on their retained active tenants schedule and will allow a wider range of views and perspectives to be expressed. This is a positive development and will allow us to significantly refresh the number and range of active tenants in future governance and consultation arrangements.

5.0 Timescales

- 5.1 The intended date of the service commencing from Council delivery would be 5 July 2021. A summary of the critical actions and milestones is at Table 1.

Table 1 Task and target dates.

Task	Target date
NHL Interim Director of Transition starts	4 January 2021
Economy scrutiny committee	14 January 2021
MCC Project manager appointed	w/c 25 January 2021
Executive Decision	20 January 2021
Mail out to all tenants and leaseholders	January 2021
Formal notification to all Northwards staff and relevant MCC staff	January 2021
“Our Manchester” Active listening events (Virtual)	February 2021
Commence TUPE due diligence	February 2021
IT systems integration analysis	February-June 2021
MCC Corporate services assimilation plans	March 2021
Executive to receive new organisation structure proposals	March 2021
Executive to receive new Governance proposals	June 2021
Mailing to all tenants and leaseholders to confirm new service arrangements	June 2021
Self-assessment against Regulatory code	May 2021
NHL Board make decision to dissolve	May 2021
Staff TUPE across	5 July 2021
New service launched	5 July 2021
NHL ceases to trade as a separate entity	5 July 2021

Approve NHL final accounts and audit	September 2021
NHL apply to closedown company registration	6-12 months
Development of new 5-year housing strategy	Jan-September 2021.

6.0 Contributing to a Zero-Carbon City

- 6.1 The retrofitting of existing homes to meet zero carbon objectives is at the heart of the revision of the HRA. The investment calculations by Savills are based on a programme of decarbonising the fabric of the homes assuming no carbon neutral energy network source.

7.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 7.1 As the largest landlord in the City it is critical that the Council's own tenants get as good as, if not better, service and investment, as any other social housing tenant.

(b) A highly skilled city

- 8.2 As a major employer we can ensure that the housing management and maintenance service provides work and training opportunities to the Manchester community.

(c) A progressive and equitable city

- 8.3 The investment programme taking account of new and emerging programmes and projects.

(d) A liveable and low carbon city

- 8.4 The presumption of a largescale fabric-based retrofitting programme is featured in the revision of the 30-year business plan.

(e) A connected city

- 8.5 The housing service is a major contributor to the North Manchester infrastructure.

9.0 Key Policies and Considerations

(a) Equal Opportunities

- 9.1 None at this stage

(b) Risk Management

- 9.2 A detailed risk register will be undertaken jointly by the council's project lead and the Interim Director of Transition at Northwards. The immediate risks are detailed in Table 2.

Table 2. High level risks

Risk	Interim mitigation
Short term loss of Key Executive officers in the ALMO	Interim cover in place for CEO role and Director of Resources.
Short term loss of key personnel involved in asset management and repairs	Some interim posts covered.
Loss of focus on service and reduction in performance during transition	Monthly joint MCC/NHL project board meetings. Reports to Shadow Board and NHL Board.
Revised governance arrangements leading to less tenant and leaseholder involvement.	Joint Shadow Board and NHL Board development including tenants and leaseholder input.
Loss of service quality arising from reduced staff morale.	Implementation of an effective HR strategy to support staff, ensuring necessary training and development is in place. Implementation of an effective staff communication and engagement strategy
Loss of service quality arising from IT complications.	Early meeting with IT to identify issues and develop a project action plan
Cost of transition over-runs	Adequate budget provision and monitoring
Insufficient MCC staff capacity to support the transition project.	Potential use of HRA reserves to support other services to support the project
Changes in the extent of reintegration of services made after reorganisation has started.	Early decision making

(c) Legal Considerations

- 9.3 The HRA is a highly regulated entity, and Northwards Housing is a fully constituted legal entity, and consequently there are several considerations in completing this business appraisal.
- 9.4 The next break clause for the Management agreement is April 2023. The Board of Northwards would need to support the mutually agreed termination of the management agreement.

- 9.5 If the service transfers to direct provision staff in NHL will be affected by the Transfer of Undertakings (Protection of Employment) regulations 2006 ("TUPE")
- 9.6 If the service transfers and we process the closure of NHL then the Council, as the sole shareholder, will accept the transfer of all assets and liabilities. A robust due diligence exercise will be undertaken which will include the termination or novation of contracts for services or supplies.

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FAQs

Answers to questions you may have.

Why now?

Unless we make changes now, your Housing Revenue Account – which pays for Housing services and investments using the rents and service charges collected – will not cover the budget needed in future. It's an opportunity for a better service that can fund fire safety investments, lower carbon energy and ongoing home improvements. It will save you money in your energy bills and save management costs, long term, to keep up future investment.

What could change?

We wouldn't change the way tenants get their housing service or change your rights as a tenant, or how rents are worked out. But we'd stop Northwards being a separate organisation with its own board, executive directors and arrangements, and make it part of the Council, which already owns the homes as landlord.

Management of your home would go back to the Council, using existing staff. We would improve the service, asking your views on how, and we'd involve you more in how services are managed.

Will savings really come back to tenants?

Yes. Funding is 'ringfenced' by law and can only be used for housing-related activity for tenants' benefit.

Do joint tenants get a vote each?

No. It's one vote for each tenancy agreement.

Will leaseholders get a vote?

Yes. They are users of the service.

How would we get the Council-run service?

We will review the way in which you contact us to see whether you would get a better service if there was one contact centre for all of your Council enquiries.

Will the offices at Dam Head, Cheetham and Monsall still be open?

Yes, we want to use them for even wider community benefit. We'd consult you on any changes.

Will the same contractor do our repairs?

We're going through the tendering process of deciding who should do repairs in future, so it could be a new contractor. The way you order and progress repairs won't change although we will improve the issues you have told us that you are concerned about.

How will this affect the service I get?

Things won't change day-to-day – it will be the same staff you deal with now, but they'll work for the Council instead of Northwards. In time we'll improve service and join up more with other Council services. We'll consult residents closely.

Will this affect any work due on my home?

No. Planned work would go ahead. We'd keep homes at a decent standard and could invest more – for example offering new bathrooms and kitchens.

Will we see fewer staff?

We anticipate more staff working in communities aligning with Council colleagues. You'll still have housing staff on hand to deliver services.

How do I contact the Independent Tenant Advisor?

If you want to speak to someone who is independent of the Council and Northwards Housing please contact Paul Bragman.

Paul can be contacted on **0208 442 2379** – If he's not available you can leave a voice message and he will get back to you as soon as possible, or you can email paul.bragman@campbelltickell.co.uk

Background

Have your say on the future of your housing services.

As part of the Council's look at changing how our council housing can be run in future, we're sending you some background information about:

- Why we set Northwards up and what it's achieved
- How we're proposing to change things, and why
- Answers to questions you may have
- How to let us know what you think.

Our proposal is to make Northwards part of the Council, instead of a separate, 'arms-length' organisation (ALMO).

Your day-to-day services would still be delivered by the same staff – you'd contact them in the same way. But Northwards would be managed and governed within the Council, not separately as now.

We'd also have an improvement plan that you, the tenants, would set and monitor, for better landlord and neighbourhood services.

Please read this background information and let us know what you think. We'll use your views to help shape your future housing service.

Why we set Northwards up

In 2000 the Government introduced a requirement that all social housing should meet 'decent' standards by 2010. To get the funding needed, we created – with residents' support – an Arm's Length Management Organisation (ALMO) to improve and run north Manchester's council homes.

Northwards' achievements

Over 15 years Northwards has unlocked substantial Government funding to bring 97.6% of our homes up to 'decent homes' standard, with:

- ✓ 11,442 new kitchens.
- ✓ 2,655 new bathrooms – adapted for those with mobility problems where needed.



- ✓ 11,640 homes have new double-glazing.
- ✓ Insulation for 2,503 homes, plus cavity wall or loft or floor insulation where needed.
- ✓ 4,967 new roofs and 304 roof improvements.
- ✓ 2,240 full rewires and others upgraded.
- ✓ 10,937 new boilers.
- ✓ 153 air-source, and heat-source pump heating systems have been fitted.
- ✓ 2,330 solar panel systems at 15 high rise blocks, 3 maisonettes and 3 sheltered blocks.
- ✓ 8 communal solar thermal installations at sheltered blocks.

We only got this money from Government by creating the ALMO. Now the ongoing investment has to be funded by the Council from your rents. Despite the good work that they have done keeping the ALMO no longer gets us any external funding.

Tenant involvement

We want tenants to shape and influence services more – it's a main part of our proposal. Bringing management of homes into the Council means you'll engage directly with the landlord – the Council, not just the managing agency as now. We would support and strengthen tenant groups and create a representative group to deal directly with local councillors about the service and their priorities.

What you've said

Every two years Northwards surveys tenants to test satisfaction. From 2012 to 2018 results showed overall satisfaction with services, repairs, and rent.

This summer over 3,000 residents filled in our survey. Up to 40% responding had some dissatisfaction with services. This is not what we would want to see, and improvements must be made.

Why change?

We want to be able to provide great services and put more into making communities stronger, better places to live. We also want to continue building new homes to meet the city's needs.

Northwards Housing has done some great work over the years. But the ALMO no longer brings in extra money for improvements. Keeping it running takes resources away from front-line services.

Without changes, the funding which pays for Northwards' services and investment – our Housing Revenue Account – will not cover the budget needed in future.

That's why we propose that the housing service provided by Northwards is transferred back to the Council, including the management and governance of your home.

The key benefits are:

- Joined-up services with a range of local agencies.
- Stronger tenant voice.
- Investment in homes and communities, continued upgrades to kitchens and bathrooms.
- Better services – more joined-up for the most vulnerable, keeping people living at home longer, avoiding hospital. We'll spend savings on priorities like fire safety and energy efficiency, helping to meet our carbon-neutral target.

What's on offer?

Here's how your new service would look if managed by the Council – based, in part, on what you told us you want in the recent independent survey.

Getting in touch

Tenants were generally positive about getting through to the service and getting through to the right person. 69.5% rated this 'good' or 'very good.' But 30.4% said 'poor' or 'very poor'.

We'll create a one-stop service for all your housing, Council, and other related services.

We'll keep staff and offices that serve you now but join-up with other Council services.

We'll put more services online for those who choose them.

You'll see better customer service with:

- Better trained staff
- Listening services responding quicker, age-friendly, and tailored to needs such as disability and language
- Updated, improved systems including complaints handling.

Repairs

40.4% found the repairs service 'very poor' or 'poor' – the lowest-rated part of the service. Some had no problems, but many saw poor and unfinished work, slow response times and multiple visits.

We're arranging for a new repairs contractor to provide:

- Better quality repairs and materials
- Work to agreed deadlines with appointments kept
- Explanations for any multiple visits
- Kitchen and bathroom improvements
- Sorting out serious disrepair
- Improved pest control.

Communal areas

Tenants have a mixed reaction to how communal areas are maintained. 42.1% say 'poor' or 'very poor'. 57.9% say 'good' or 'very good'. They praise hard working staff such as caretakers for their great ability to deliver services. Negative comments focused on garden maintenance – infrequent grass cutting – general lack of up-keep, poor quality cleaning and rubbish collection.

We want to join up services to improve these and other standards that make us proud of our neighbourhoods as safe, attractive places by:

- Caring for communal areas
- Better maintenance
- More grass-cutting
- Making paths and pavements safer
- Keeping up gardening services.

Antisocial behaviour (ASB)

57% were satisfied with the response to ASB reported. 43% were not. Many have never had to report an issue, some had severe problems.

We will bring local services together to be much better at tackling antisocial behaviour and improving safety and security, doing more about tenants suffering theft, vandalism, noise, drug-related problems and unfriendly neighbours. Our priorities include:

- Protecting residents and catching culprits with CCTV and alarm systems
- Sensitive support for the victims of ASB
- Tackling drug dealers and gangs
- Supporting young people
- Working closely with the Police.

Listening to you

Only 58% of residents were positive about how Northwards listens to their views.

We'll form a direct link between our tenants and the Council as landlord – the owners of Manchester's council homes. Northwards, who just manage our homes, can't offer this. We will work with and strengthen tenant groups. The housing organisation

Shelter will also work with us on widening representation, especially for under-represented residents.

Value for money

64% of tenants say the service is good or very good value for the rent they pay. But 36% are not satisfied.

We will work on tenants' priorities to meet future housing needs, making homes more accessible, affordable and suitable for local needs. We'll continue offering value for money and will:

- Improve the standard of homes
- Build new and affordable homes
- Improved disabled access
- Develop eco-housing and energy efficiency
- Tackle serious overcrowding and downsizing
- Keep rents and charges fair.

Priorities

The survey asked tenants for their priorities for the housing service.

We'll make your priorities, expressed in the survey, into our priorities for the future, including:

- Repairs
- Antisocial behaviour
- Improving neighbourhoods
- 'Decent' standards of home improvement
- Service delivery.

Overall service Standards

63.3% in the survey said the housing services overall is 'good' or 'very good'. 37.7% said 'poor' or 'very poor'. Even those saying 'good' or 'very good' saw room for improvement and inconsistencies in the service. Most negative comments were about the quality of repairs and materials, slow and unfinished work, and slow responses to repair needs.

We'll make sure your housing service is the highest standard, tested against similar landlords to bring you top performance from staff that residents have told us do a great job.

UK Engage
Image House
10 Acorn Business Park
Heaton Lane
Stockport
SK4 1AS

Tel: 0345 209 3770
Email: mcc-chm@uk-engage.org

3 December 2020

Have your say. Proposal to change how Northwards homes are run in future.

The Council is looking at changing how its council housing – currently managed by Northwards – can be run in future.

Without changes, we cannot meet the cost of running the service from your Housing Revenue Account – where rents and service charges go to pay for services and investments.

Independent review

This summer we organised an independent review of Northwards Housing based around two options:

1. Keeping the existing way of running things – Northwards, a separate 'arms-length' company (ALMO);
or
2. Making the management of Northwards homes part of the Council, instead of a separate arms-length company.

Reviewing both options, we've considered:

- Which gives better service and performance and more tenant involvement.
- Efficiency: the best services and housing with value for money – which option gets the best return for your rent.
- Linking long-term plans: making sure tenants benefit from council-wide priorities like managing neighbourhoods well.

Review findings

The review found benefits to both options but said managing homes as a Council service saves money that can be put back into services and home improvements and gives residents the best links to neighbourhood services.

Next steps

We want you to tell us what you think of our proposal before we make a final decision. We'll include all views in a final report to the Council who will consider them before deciding.

The Council sees this as a great opportunity to improve how homes are managed and improve the service, joining up with other local services, cutting duplication, and improving efficiency.

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Test of opinion

We've sent you some background information on why the ALMO was set up, what it's achieved and the housing challenges we now face.

I hope you'll have your say in this 'test of opinion' – details of how are overleaf and in the leaflet enclosed, or you can do it online at <http://ballot.ukevote.uk/mcc-chm>

The test of opinion is being run by an independent body, called UK Engage, not by the Council or Northwards. You'll get your voting form and pre-paid return envelope from them. No Council or Northwards staff will play any role in this process. There will be one vote for each tenancy.

We have employed Campbell Tickell to act as an independent tenant advisor. They will be on hand to support tenants and leaseholders, providing independent information and advice on the implications of these proposals and to answer any questions.

Suzanne Richards

Councillor Suzanne Richards

Executive member for Housing and Regeneration

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TEST OF OPINION

You can have your say online or by post

ONLINE

To vote via the internet visit the voting website:

<http://ballot.ukevote.uk/mcc-chm>

and follow the instructions from there.

You will be asked to enter your unique voting code, which is:

Make sure you vote by 5pm on
MONDAY, 4 JANUARY 2021.



BY POST

Tear off the ballot paper opposite and follow the instructions on how to complete the form.

Put your completed paper ONLY into the white pre-paid return envelope and seal it.

Make sure you post it so it arrives by 5pm on **MONDAY, 4 JANUARY 2021.**



TEST OF OPINION

Have your say

Thank you for taking the time to be part of this test of opinion. How to give us your views:

Test of opinion events

The Council will host a series of online briefing and Question and Answer sessions. Dates and times are listed below. To register for one of the sessions please contact: housing.central.admin@manchester.gov.uk

- 1pm Monday, 7th December 2020
- 4pm Monday 14th, December 2020
- 5pm Wednesday, 9th December 2020

Test of opinion questions

Please mark your answer to each question below with a cross 'X'

- | | |
|--|---|
| <p>Q1 Is the information we have provided useful?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> | <p>Q5 Do you understand that the change does not affect your tenancy, rent or conditions?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> |
| <p>Q2 Was the information easy to read and understand?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> | <p>Q6 Do you support the proposal to bring the management of your council home into direct management by the council?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> |
| <p>Q3 Have you received enough information about the proposal?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> | <p>Q7 Are you interested in taking a more active role in the management of housing services?</p> <p>Yes <input type="checkbox"/></p> <p>Send me more information about ways to get involved <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> |
| <p>Q4 Do you understand how the proposal would save money to support the Housing Revenue Account?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> | |

NAME:

ADDRESS:

When you have made your choices fold this ballot paper & put it in the white pre-paid envelope provided.

It must arrive by 5pm on
MONDAY, 4 JANUARY 2021.

Elaine Griffiths
 Project Manager
 Housing and Residential Growth
 Growth and Development Directorate
 Manchester City Council
 8th Floor, Town Hall Extension
 Albert Square, Manchester
 M60 2LA



5 January 2021

Dear Elaine

Test of opinion poll

As Independent Scrutineer of the Test of opinion poll for Manchester City Council for which voting closed at 5pm on Monday, 4 January 2021, I give notice that the result is as follows:

Leaseholders

Test of opinion questions	Yes	No	Not Answered
Q1 Is the information we have provided useful?	49	5	0
Q2 Was the information easy to read and understand?	53	1	0
Q3 Have you received enough information about the proposal?	44	10	0
Q4 Do you understand how the proposal would save money to support the Housing Revenue Account?	47	7	0
Q5 Do you understand that the change does not affect your tenancy, rent or conditions?	53	1	0
Q6 Do you support the proposal to bring the management of your council home into direct management by the council?	50	4	0
Q7 Are you interested in taking a more active role in the management of housing services?	32	22	0

Electorate	455
Turnout	11.87%
Total number of papers received	54
Number of rejected papers	0
Number of valid papers	54

Tenants

Test of opinion questions	Yes	No	Not Answered
Q1 Is the information we have provided useful?	1,512	60	0
Q2 Was the information easy to read and understand?	1,511	59	2
Q3 Have you received enough information about the proposal?	1,365	202	5
Q4 Do you understand how the proposal would save money to support the Housing Revenue Account?	1,347	217	8
Q5 Do you understand that the change does not affect your tenancy, rent or conditions?	1,515	57	0
Q6 Do you support the proposal to bring the management of your council home into direct management by the council?	1,474	89	9
Q7 Are you interested in taking a more active role in the management of housing services?	931	617	24

Electorate	12,526
Turnout	12.57%
Total number of papers received	1,574
Number of rejected papers	2
Number of valid papers	1,572

Also attached are the contact details of the Leaseholders and Tenants that have requested more information about ways to get involved in response to Q7 of the poll.

Yours sincerely,



Craig Poyser
Independent Scrutineer

**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee – 14 January 2021
Executive – 20 January 2021

Subject: Affordable Housing Delivery Update

Report of: Strategic Director (Growth and Development)

Summary

This report provides an update on how the Council and its partners will deliver a minimum of 6,400 affordable homes from April 2015 to March 2025.

Recommendations

The Economy Scrutiny Committee is invited to comment on the report.

The Executive is recommended to note the progress made towards the affordable housing delivery target.

Wards Affected: All

Environmental Impact Assessment the impact of the issues addressed in this report on achieving the zero-carbon target for the city
The Council is working with each of its housing management contractors to identify what work is required to ensure that the homes meet the city's zero-carbon target by 2038. Initial estimates are that works will cost around £400m to fulfil this ambition.

Our Manchester Strategy	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This refreshed approach to affordability will ensure Manchester has the right mix of housing that is affordable across a range of tenure and income levels to support a functioning Manchester and sub-regional economy.
A highly skilled city: world class and homegrown talent sustaining the city's economic success	The new and existing homes will be well connected to employment opportunities and schools
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Nobody should be held back in their ambition, simply because of their housing tenure. Social housing is the housing of choice for many and we will ensure it is well maintained and well managed

A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life. Project 500 will deliver development of scale to support low carbon initiatives and solutions that may not be available through piecemeal development.
A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance of a balanced housing offer plays within a well-connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no direct revenue consequences arising from this report, but as and when any new schemes are brought forward the detailed revenue consequences will need to be considered to ensure that the scheme is affordable and that the implications on the Housing Revenue Account and General Fund are considered as part of the decision-making process.

Financial Consequences – Capital

The current approved Housing Revenue Account budget does already allow for the costs and implications of the following new build programmes:-

- Silk Street, Newton Heath
- Collyhurst Phase One
- Brunswick Extra Care

Any additional capital proposals affecting either the General Fund or the Housing Revenue Account capital programme over and above the existing approved budget will need to be considered on a case-by-case basis as part of the business case process for any new schemes.

The majority of development is on brownfield, second/third generation development land and consequently investment may be required to remediate sites. Primarily this is to be sourced through external funding from Homes England or Registered Provider partners.

Contact Officers:

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Name: Fiona Ledden
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Name: Kevin Lowry
Position: Director of Housing and Residential Growth
Telephone: 0161 234 4811
E-mail: kevin.lowry@manchester.gov.uk

Background documents (available for public inspection)

The following documents disclose important facts on which the report is based and have been relied upon in preparing this 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 officers above.

- Core Strategy, Executive, 27th June 2012
- Draft Residential Growth Strategy, Executive, 4th November 2015
- Housing Affordability in Manchester, Executive, 1st June 2016
- Housing Affordability in Manchester, Executive, 14th December 2016
- Housing Affordability Plan, Executive, 18th October 2017
- Housing Affordability Plan New Products, Executive, 7th March 2018
- Executive Member priorities, Executive, 30th May 2018
- Delivering Manchester's Affordable Housing Strategy - Proposed new affordable housing policies for the Council, Executive, 12th December 2018
- Delivering Manchester's Affordable Homes, Executive, 5th September 2019

1.0 Introduction

1.1 This report provides an update on the delivery of new affordable housing across the city including progress towards the Residential Growth Strategy target and the programme of work currently underway to help increase the quantum of delivery over the next 5 years.

2.0 The Residential Growth and the Affordable Housing Context

The Manchester Economic Context

2.1 Manchester is entering the second phase of its post-industrial economic restructuring with growth expanding beyond the City Centre and the emergence of a new and diversified employment market in several important sectors across the City. There is currently c.390,000 jobs in Manchester, forecast to grow by c.63,000 by 2038, mainly in financial & professional services (20,000 new jobs) and the health sector (11,300 new jobs). As the employment market widens and deepens, the confidence for business and others to invest in the city has continued to increase. The City Centre office market, in particular, has benefitted from an additional c.435,000m² of new Grade A space over the last two years (Deloitte Crane Survey) and a further c.460,000m² is under construction or planned. Despite the coronavirus pandemic the economic future for the city is extremely positive.

Job Growth creating Housing Demand

2.2 The growing economy and increasingly diverse opportunities for employment are attracting significant numbers of people who want to live in Manchester. According to the last Census (2011), Manchester was the fastest growing City and the third fastest growing Local Authority area between 2001 and 2011. The latest forecasts suggest that the population of Manchester will exceed c.650,000 by 2026 with over 100,000 of those living in the city centre - by far the fastest rate of growth of any part of Greater Manchester.

2.3 In addition to the growth of young graduates now being attracted to live in Manchester the increase in the city's population is also being driven by significant numbers of international migrants - attracted by proximity to jobs and established language, nationality and faith networks - which have acted to create exceptionally high demand for new homes in the core of the conurbation and surrounding neighbourhoods. In the past some reception neighbourhoods have had a high turnover of residents but trends now suggest that families are beginning to stay and lay down roots. Over the last decade new reception areas for international migrants have become established in north and east Manchester.

2.4 Forecasts suggest that by 2025, almost half (49%) of the people employed in Manchester will be educated to degree level or above. This trend has developed as a result of improved educational outcomes in Manchester schools over the last decade and also in parallel with high levels of net migration into the city which, when combined with record rates of graduate retention, along with an accessible housing market, has acted to fuel a level of population growth unprecedented in the city since the Industrial Revolution.

3.0 Residential Growth Strategy & Affordable Homes Target

3.1 As part of the Residential Growth Strategy, the city is committed to delivering a minimum of 6,400 new affordable homes between April 2015 and March 2025. Over the first 5 years of the strategy period, a total of 1,519 new affordable homes have been delivered – representing c.25% of the 6,400 by 2025 minimum target.

Progress so far this year (2020-21)

3.2 Between April-November 2020 a total of 216 new affordable homes were completed and a further 223 are expected to complete by the end of March 2021. Of these c.440 homes – there are 162 shared ownership homes, 140 homes for social rent, 94 for affordable rent and 43 rent to buy homes. Covered in more detail towards the end of this paper, notable schemes include the former Stagecoach Bus Depot (72 extra care social rented & 30 shared ownership), the former MEA School Fields (80 shared ownership & 38 rent to buy / discounted market rent) and Brunswick PFI (60 social rent).

3.3 The full list of schemes completing or expected to complete this financial year is included in Appendix 1. In addition, there are over 680 new affordable homes currently under construction – including several large-scale developments which have started on site this year:

- One Manchester has started on site at the Grey Mare Lane Estate (Blackrock Street & Windemere Close). The redevelopment is set to deliver c.290 new homes (incl. 124 of re-provision) and the retrofit of 169 homes
- One Manchester has also started work at Gorton Lane. Once complete, the scheme will deliver 115 new homes (102 for rent to buy & 13 for shared ownership)

3.4 Alongside this, planning permission has been granted for 14 schemes delivering over 640 affordable homes in 2020 – the largest of which is Your Housing Group's development at the former Edge Lane Business Centre delivering 72 homes for shared ownership and a further 72 at affordable rent. Appendix 2 sets out the current estimates of affordable delivery to 2025 including the number of homes to be delivered across each affordable tenure.

4.0 Increasing the Future Supply of Affordable Housing

4.1 Looking forward, the majority of new homes have been and are expected to be delivered through Homes England's Affordable Home Programme (AHP). Officers are currently working with Registered Provider partners to develop bids for the latest round of AHP investment, which is likely to include shared ownership, social rent, affordable rent, specialist, and supported housing.

Project 500

4.2 The Council is working with 8 Registered Housing Providers to deliver nearly 400 low carbon, affordable new homes on 39 small sites (under 25 homes), over 2 phases across the next 5 five years, with a third phase to follow which will deliver over 200 new homes.

The sites have been allocated to the participating RPs and the phases are as follows:

- Phase 1 – 11 sites; approx. 112 homes (sites already underway or that appear may be suitable for fast tracking)
- Phase 2 – 28 sites; approx. 284 homes (sites will form part of the Continuous Market Engagement with Homes England under their Affordable Homes funding programme 2021 – 2026)
- Phase 3 – 27 sites; approx. 229 homes (sites with potential complications – further Due Diligence required)

Local members have been updated with the outline proposals for sites in their wards. The Council has provided redline maps and title information to the RPs to assist them in preparing the initial capacity studies for Phases 1 and 2. A series of workshops have been held with the RPs and colleagues in Planning, Neighbourhoods and Highways to comment on the initial proposals before they are progressed for internal approval.

In tandem with this the RPs are in the process of jointly commissioning topographical surveys to gather spatial information relating to the site (ground modelling and visualisations) and complete a feasibility exercise; and both legal teams are negotiating the Heads of Terms to standardise the lease disposal arrangements and a Memorandum of Understanding.

This City

4.3 Work continues to develop the detail of the delivery of the first phase of housing development through the This City - the Housing Delivery Vehicle (HDV). There has been a period of intensive work with consultants, who were commissioned to support the financial modelling workstream of this project. This work has identified a range of challenges to the financial viability of some aspects of the delivery proposition.

Following further work to explore a range of scenarios, including bringing fewer sites forward, variants in accessible and market tenures and levels of sustainability costs, work is now focusing on bringing forward the two city centre sites.

The rationale for this is that these two sites can deliver the highest numbers within the original parameters of the HDV, with no grant funding being required to bring forward these two schemes. This would mean that the delivery of these developments would be fully funded through PWLB via a simple company structure which would have the flexibility to be adapted in the future for different funding or delivery opportunities.

In order to get some traction and progress the schemes as quickly as possible, the following actions are moving forward:

Site 1

- Discussions are taking place to finalise the scope of works to support with the design process.
- We have clearly indicated that the focus is to accelerate this work and progress the scheme to the planning committee.
- Weekly meetings have been established to discuss programme of delivery in the area to ensure there is synergy on this and actions are being progressed in line with current timelines. This group includes Planning, Development, Highways, Neighbourhoods and Housing along with the developer.
- Work is to commence on a lettings strategy for the scheme, to ensure a consistency of approach.
- A briefing meeting is to be scheduled with Ward Members in early January to outline to proposal in more detail.

Site 2

Work is underway to commission a design team to progress the options and opportunities.

Housing, Capital Programmes, City Centre Regeneration and Planning are working collaboratively to ensure that a team with the right skills and expertise, especially in heritage design, are brought together as soon as possible to start to progress indicative scheme proposals.

Alongside this Site Investigations are also to be commissioned.

- Capital Programmes and Procurement are supporting the This City Project Team to put the appointments in place. It has been made clear that any parties appointed will need to have contracts that are structured in a way that they can be novated to the HDV, once established, and that they have the appropriate warranties to facilitate this.
- An indicative timeline is to be developed to outline key milestones for progression of the scheme.
- A briefing meeting is to be scheduled with Ward Members in early January to outline to proposal in more detail Other
- The first phase financial modelling commission has concluded. A draft final report is in the process of being reviewed and the financial model is to be handed over in its entirety shortly. This will allow further modelling to be done by the Council, and for stress-testing to take place.

- Consultants will undertake their second part of the tax commission financial modelling as soon as the model is handed over to the Council.

Work has commenced on the development of the HDV Business Case for the first two sites, as well as outlining potential approaches for future developments. Consultants will act in capacity of critical friend on the business plan and share any insights from their review of Croydon's Brick by Brick through their assessment of the This City Business Case.

It has been previously acknowledged that the delivery of phase 1 schemes is bespoke and that moving forward, the Council is unlikely to be investing the same level of financial support for future development phases. This means that it is more than likely to be some form of JV arrangement in future. This will be outlined in further detail in the future phases section of the Business Case.

Work is to commence on review of the further potential sites identified for the HDV to look at delivery opportunities and routes, given that it will be variation of approaches deployed moving forward.

Northern Gateway

4.4 The City Council's joint venture with Far East Consortium (FEC) is set to deliver c.15,000 new homes over the next 20 years across the Northern Gateway – c.20% of which are set to be affordable. This equates to 28% of the entire City of Manchester target as set by the draft Greater Manchester Spatial Framework (GMSF) – all within an area no more than 1.5 miles from the city centre. As announced in the March 2020 Budget, the scheme will benefit from the successful £51.6m Housing Infrastructure Fund (HIF) bid, which will help unlock key opportunities within the Red Bank and New Town neighbourhoods. Plans are also now progressing for some of the affordable housing components of the scheme including:

- The first phase of development in the Collyhurst Village neighbourhood which will deliver 130 social rented homes - part of the city's Brownfield Land fund bid
- Victoria Riverside – A large scale multi-tenure apartment scheme in New Town which is set to deliver over 600 apartments including 32 available for shared ownership

Miles Platting & Newton Heath

4.5 In the region of 3,000 new homes around a third of which (c.1,000 homes) will be affordable are planned in Miles Platting & Newton Heath over the next ten years. In addition to the large-scale delivery associated with the ongoing PFI (c.700 new homes in the period 2015-25 including c.180 currently under construction or with planning permission), a series of major developments (the largest of which were included in MCC's recent Brownfield Land Fund Bid) are planned:

- The development of the former Manox Dye Works will deliver 410 new homes of which 114 will be affordable (a mix of Shared Ownership, Affordable Rent & Rent to Buy managed by One Manchester). As well as the full-scale remediation of a highly contaminated site, the proposed development is zero carbon and was granted planning permission subject to a £300k s.106 for the re-provision of green space.
- Looking further ahead Your Housing Group is working up plans to build 1,100 homes including c.550 affordable at the former Jackson's Brickworks site in Newton Heath. The proposal at the 47-acre site just east of Ten Acres Lane includes a secondary school and community sports facilities. The developer is currently seeking public feedback on its early-stage proposals. A further consultation will be undertaken with more detailed design of the redevelopment proposals in early spring 2021.
- The redevelopment of Newton Heath District Centre with over 300 new affordable homes (including a minimum of 200 homes available for social rent) across 4 sites delivered by a combination of the City Council, One Manchester and Guinness NC. The Silk Street development (69 homes) within the District Centre forms part of the city's Brownfield Land Fund bid.

Due to the amount of development proposed for this ward a master-planning project has been set up, initially with officers from Neighbourhoods and Strategic Housing along with local members.

Moss Side & Hulme

4.6 Working with Neighbourhoods teams, the City Council is undertaking a programme of work looking at the area around Moss Side and Hulme from a community perspective. A number of possible sites are under consideration for residential development including The Reno Site (Barnhill Street) which has the potential to deliver up to 200 new homes (including some larger family housing) as part of a multi-tenure scheme which recognises the heritage and community value of the site.

Extra Care

4.7 In addition to increasing the numbers of general needs homes in the pipeline, there are a number of projects delivering new Extra Care housing across Manchester including c.170 units that have recently completed or are set to complete over the next few months:

- Part of Mosscafe St Vincent's redevelopment of the Former Stagecoach Bus Depot on Princess Road, the 72 extra care homes available for social rent at Elmswood Park completed in September 2020 with only 10 apartments left to fill
- Allocations are underway for 60 Extra Care homes at the Brunswick PFI which is now set for completion in January 2021 and includes a part

reprovision of Elizabeth Yarwood Court – a nearby sheltered scheme due for demolition

- Despite delays linked to the contractor going into administration and the onset of the Covid-19 pandemic, the Oaklands specialist dementia (36 apartments) scheme in Fallowfield is set for completion in April 2021. Despite this increase in provision and a further 160 homes set to complete in 2021-22 at Dahlia House and Gorton Mill House, the evidence suggests the city remains undersupplied. Opportunities including the residential element of the North Manchester General Hospital regeneration, the LGBT affirmative scheme at Russell Road and the identification of other potential sites including Millwright Street are key to addressing this need and meeting demand from a growing older population across the city.

5.0 Conclusion

5.1 Increasing the delivery of housing – and affordable housing in particular – will be a key part of city's recovery following the Covid-19 pandemic. The demand for housing from the most vulnerable in the city has not diminished following the crisis and if anything, the requirements of residents most in need has become even more acute with the numbers of people on the Housing Waiting List and in temporary accommodation continuing to grow. In response, MCC is looking to significantly upscale the delivery of new affordable homes and to this end, the existing delivery platforms we have established with RPs – including use of our land assets – and working in conjunction with Homes England investment programmes remains key. Added to this, the Housing Delivery Vehicle will soon begin to deliver new affordable homes, bolstering the pipeline and helping the city meet and exceed the 6,400-minimum target by 2025.

6.0 Key Polices and Considerations

(a) Equal opportunities

6.1 This approach to affordability will enable the provision of a diverse range of housing to meet the needs of the growing and changing population. Local communities will be engaged through appropriate consultation, giving all stakeholders opportunities to engage in the development of Manchester's policy.

(b) Risk Management

6.2 Assessment, mitigation and management of risk will be overseen through the city council's governance arrangements associated with residential growth

(c) Legal Considerations

6.3 The legal team will continue to support the teams to ensure any arrangements are suitably documented and comply with any and all relevant legislation and applicable procedures to facilitate the delivery of the objectives and recommendations as set out in the body of this report.

Appendix 1 - Affordable Pipeline 2020-21

Affordable Completions - 2020-21

Site	Ward	Registered Provider	Status	Product				Total
				Social Rent	Affordable Rent	Shared Ownership	Other*	
MEA School Fields	Woodhouse Park	WCHG	Under Construction			80	38	118
Former Stagecoach Bus Depot	Whalley Range	Mosscares St Vincents	Complete	72		30		102
Brunswick PFI	Ardwick	S4B	Under Construction	60				60
Dermot Murphy Close	Old Moat	Southway	Complete		33	21		54
Monsall Road / Emmett Street	Harpurhey	Adactus	Complete		18			18
Woodhouse Lane	Sharston	WCHG	Complete		18			18
Amberley Drive	Baguley	Your Housing Group	Under Construction			16		16
69 Palatine Road	Didsbury West	DePaul Housing	Under Construction		11			11
Dalbeattie Street	Harpurhey	Mosscares St Vincents	Complete		10			10
Broadoak Road	Sharston	WCHG	Under Construction	7				7
Atlas Place (Chapel St / Elbow St)	Levenshulme	One Manchester	Under Construction			3	3	6
West Gorton Masterplan	Ardwick	Haylo Housing	Complete			5		5
Carruthers Street / Piercy Street	Ancoats & Beswick	Great Places	Complete			4		4
Howgill Street / Arbroath Street	Clayton & Openshaw	Mosscares St Vincents	Under Construction			2	2	4
Western Street	Gorton & Abbey Hey	One Manchester	Complete		2			2
Burford Road	Whalley Range	One Manchester	Complete		1			1
15 Constable Street	Gorton & Abbey Hey	One Manchester	Complete		1			1
Chigwell Close	Northenden	WCHG	Complete	1				1
Shillingford Road	Gorton & Abbey Hey	One Manchester	Under Construction			1		1
				140	94	162	43	439

* Includes all Rent to Buy / Discounted Market Rent schemes

Appendix 2 - Affordable Pipeline Summary (2015-2025)

	Social Rent	Affordable Rent	Shared Ownership	Other*	Total
- Affordable Completions - 2015-16	34	87	34	0	155
- Affordable Completions - 2016-17	14	156	84	0	254
- Affordable Completions - 2017-18	20	180	97	0	297
- Affordable Completions - 2018-19	56	136	141	5	338
- Affordable Completions - 2019-20	27	88	131	191	437
- Affordable Completions - Apr-Nov 2020-21	73	83	60	0	216
Total Completions - 2015-16 - Nov 2020-21	224	730	547	196	1,697
- Under Construction - Expected Completion Dec-Mar 2020-21	67	11	102	43	223
- Under Construction - Expected Completion 2021-22	263	58	56	0	377
- Under Construction - Expected Completion 2022-23	17	48	60	142	267
Total Under Construction - Dec 2020-21 - 2022-23	347	117	218	185	867
Total Registered Provider Pipeline - 2020-21 - 2024-25**	869	853	605	69	2,396
Remaining Pipeline***	528	1,111	1,162	0	2,801
Total	1,968	2,811	2,532	450	7,761

* Includes all Rent to Buy & Discounted Market Rent schemes

** Includes all schemes where a planning application has been submitted / a site has been identified

*** Includes all Local Development Vehicle sites