

## **Executive**

Date: Wednesday, 17 February 2021

Time: 2.00 pm

Venue: Virtual Meeting - <https://vimeo.com/509984846>

### **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**

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### **Councillors**

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

## **Membership of the Consultative Panel**

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### **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

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- 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 20 January 2021. 7 - 18
- 4. COVID 19 Monthly Update Report** All Wards  
The report of the Chief Executive is to follow.
- 5. Revenue Budget Monitoring to the end of December 2020** All Wards  
The report of the Deputy Chief Executive and City Treasurer is to follow.
- 6. Capital Budget Monitoring to the end of December 2020** All Wards  
The report of the Deputy Chief Executive and City Treasurer is enclosed. 19 - 58
- 7. 2020/21 Budget Overview and Section 25 Report** All Wards  
The report of the Deputy Chief Executive and City Treasurer is to follow.
- 8. Medium Term Financial Plan and 2021/22 Revenue Budget** All Wards  
The report of the Deputy Chief Executive and City Treasurer is to follow.
- 9. Children and Education Services Budget 2021/22** All Wards  
The report of the Strategic Director for Children and Education Services is enclosed. 59 - 94
- 10. Adult Social Care and Population Health Budget 2021/22** All Wards  
The report of the Chief Executive Manchester Local Care Organisation and the Executive Director of Adult Social Services is enclosed. 95 - 130

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| <b>11. Neighbourhoods Directorate Budget 2021/22</b><br>The report of the Strategic Director (Neighbourhoods) is to follow.   | <b>All Wards</b>  |
| <b>12. Homelessness Directorate Budget 2021/22</b><br>The report of the Director of Homelessness is enclosed.   | <b>All Wards</b><br>131 - 150   |
| <b>13. Growth and Development Directorate Budget 2021/22</b><br>The report of the Strategic Director (Growth and Development) is enclosed.  | <b>All Wards</b><br>151 - 164   |
| <b>14. Corporate Core Budget 2021/22</b><br>The report of the Deputy Chief Executive and City Treasurer and City Solicitor is enclosed.   | <b>All Wards</b><br>165 - 188   |
| <b>15. School Budget 2021/22</b><br>The report of the Strategic Director for Children's and Education Services is enclosed.   | <b>All Wards</b><br>189 - 198   |
| <b>16. Housing Revenue Account 2021/22 to 2023/24</b><br>The report of the Strategic Director (Growth and Development) and Deputy Chief Executive and City Treasurer is to follow.                | <b>Ancoats and<br/>Beswick;<br/>Charlestown;<br/>Cheetham;<br/>Crumpsall;<br/>Harpurhey;<br/>Higher<br/>Blackley;<br/>Miles Platting<br/>and Newton<br/>Heath; Moston</b> |
| <b>17. Capital Strategy and Budget 2020/21 to 2024/25</b><br>The report of the Chief Executive and Deputy Chief Executive and City Treasurer is enclosed.   | <b>All Wards</b><br>199 - 252   |
| <b>18. Treasury Management Strategy Statement 2021/22, including Borrowing Limits and Annual Investment Strategy</b><br>The report of the Deputy Chief Executive and City Treasurer is to follow. | <b>All Wards</b>  |
| <b>19. Our Manchester Strategy - Forward to 2025</b><br>The report of the Chief Executive is enclosed.  | <b>All Wards</b><br>253 - 266   |
| <b>20. Greater Manchester Clean Air Plan - Update on Public Consultation</b><br>The report of the Chief Executive and the City Solicitor is enclosed.   | <b>All Wards</b><br>267 - 304   |
| <b>21. Northern Gateway: Progress Update &amp; Delivery Arrangements for Collyhurst Phase 1</b><br>The report of the Strategic Director (Growth and Development) is to follow.                    | <b>Harpurhey;<br/>Miles Platting<br/>and Newton<br/>Heath</b>   |

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| <p><b>22. City Centre Transport Strategy - Outcome of Consultation</b><br/>The report of the Strategic Director (Growth and Development) is enclosed.</p>                          | <p><b>Ancoats and<br/>Beswick;<br/>Ardwick;<br/>Cheetham;<br/>Deansgate;<br/>Hulme;<br/>Piccadilly<br/>305 - 334<br/>All Wards<br/>335 - 338</b></p> |
| <p><b>23. Delegation of Executive Functions to the Executive and Council Officers</b><br/>The report of the City Solicitor is enclosed.</p>  | <p><b>All Wards<br/>335 - 338</b></p>  |
| <p><b>24. LTE Group - Estates Strategy Delivery Update</b><br/>The report of the Strategic Director (Growth &amp; Development) and the Chief Executive, LTE Group is enclosed.</p> | <p><b>All Wards<br/>339 - 352</b></p>  |

## Information about the Executive

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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,  
Albert Square,  
Manchester, M60 2LA

## Further Information

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For help, advice and information about this meeting please contact the Committee Officer:  
Donald Connolly  
Tel: 0161 2343034  
Email: [donald.connolly@manchester.gov.uk](mailto:donald.connolly@manchester.gov.uk)

This agenda was issued on **Tuesday, 9 February 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

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## **Executive**

### **Minutes of the meeting held on Wednesday, 20 January 2021**

**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

**Also present:** Councillors: Mary Monaghan, Stanton and Wilson

**Exe/21/1      Minutes**

#### **Decision**

To approve as a correct record the minutes of the meeting on 9 December 2020.

#### **Exe/21/2      Statement on the imminent risk of serious flooding risk to Mersey Valley area, Didsbury and Northenden**

Officers provided the Executive with a report on the flood defences being established in the Didsbury and Northenden areas, either side of the River Mersey, after the Environment Agency had issued a Severe Flood Alert as a consequence of the rainfall associated with Storm Christoph.

It was reported that an unprecedented multi-agency response was underway to prepare defences and to give information and advice to residents who might need to be evacuated from the homes most at risk of flooding. Those living in the severe risk areas were also being advised to move their cars to higher ground. The situation on the ground was ever changing, and the highest risk was expected to be in the early hours of the following morning, when the Mersey was predicted to be at peak height.

The Executive passed on its thanks to all of the council's staff, and those from other services and agencies, who were involved in this joint response. At the meeting the Chief Executive confirmed that the Council's decision making delegation arrangement would allow for any urgent decision to be made as necessary, and funds to be spent, to best protect the residents and their property.

Councillors Wilson, Monaghan and Stanton, as councillors for the Didsbury East, Northenden and Didsbury West wards respectively, each addressed the meeting to report on the preparations being made in their neighbourhoods, and the concerns of the residents that would potentially be affected by the flooding.

### **Exe/21/3 Manchester Aquatic Centre Investment**

A report from the Strategic Director of Neighbourhoods explained that the Manchester Aquatic Centre had been experiencing a number of building, mechanical and electrical end-of-life failures over recent years. In 2016 a stock condition survey had reviewed the maintenance liabilities of the centre up to 2036. That survey had identified that some parts of the building's plant, equipment and infrastructure were approaching 'end of life', or were 'life expired', and so would need investment to maintain the asset for the remaining 20 years of the lease. The report now sought authority and funding to proceed with the full refurbishment to make the Centre a compliant venue for all current uses.

Three investment options were presented in the report:

1. a full refurbishment which was estimated at £31.39m to deliver all identified essential works, refurbishment works, and carbon technology upgrades;
2. a delayed refurbishment, with essential works only being undertaken at this time. The cost of this had been estimated at £22.7m and there would then be an ongoing increased maintenance liability each year estimated to be around £1.5m; or
3. do nothing and allow further deterioration in the condition of the centre.

The report also explained that a scheme would ensure that modern disability access standards were being met, water treatment was brought up to modern standards and carbon emissions reduced. This would present an opportunity to replace the end-of-life items with carbon reduction technologies such as ground source and air source heat pumps, LED lights and solar PVs on the roof.

The report examined the advantages and disadvantages of each option, and option 1 was the favoured solution as it would ensure that the Centre was a sustainable community asset for 20 or more years, continuing to contribute to health, economic and social outcomes, as well as reducing the overall carbon footprint. That was supported.

### **Decisions**

1. To note the options presented in the report and to approve proceeding with Option 1, a full refurbishment.
2. To recommend that the Council approve an increase the capital budget by £0.7m in 2020/21, £8.5m in 2021/22 and £21.2m in 2022/23, funded by £29.2m borrowing, and a capital budget virement of £1.3m funded by capital receipts via the Asset Management Programme Budget.

### **Exe/21/4 COVID 19 Monthly Update Report**

The written report from the Chief Executive and the Deputy Chief Executive and City Treasurer 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 report also presented the most up to date version of the “Manchester’s 12 Point COVID-19 Action Plan”, that had been produced on 18 January 2021.

The report also explained that the Council was being allocated additional tranches of business support funding. The funds were for Government schemes to provide additional support to businesses, along with the smaller elements of discretionary business funding. These being the Local Resource Grant funding and Additional Resource Grant funding as described in the situation reports. In order to allocate the funding in timely way it was recommended that the necessary authorities be delegated to the Deputy Chief Executive and City treasurer. The two recommended delegations were supported.

At the meeting the Director of Public Health reported the prevalence in the city as being 445 cases per 100,000 people, with the rate for the over-60s as being 368. There had been a slow and steady decline in the infection rates but the pressures on the local hospitals remained extraordinarily high.

The Executive Member for Adult Services told the meeting that current situation was very serious, with hospitals under immense pressure, and asked that everyone continue to follow the rules to help cut down the spread of the disease. There had now been more than 29,000 at-risk people vaccinated in the city, with over 3,500 being treated the previous day. Another mass-vaccination site was to open on the day of the meeting, to help speed-up the overall programme.

The Executive Member for Member for Neighbourhoods reported to the meeting the steps that were being taken to enforce the COVID restrictions for non-complaint business in the city.

Thanks were also given at the meeting for the excellent response there had been from members of the local community who were volunteering to help operate and marshal the vaccination centres in the city.

## **Decisions**

1. To delegate authority for the design and allocation of BEIS Business Support Funding for the remainder of 2020/21 financial year to the Deputy Chief Executive and City Treasurer in consultation with the Leader of the Council
2. To delegate the authority for any decisions to update the Council's Revenue Budget for the discretionary Additional Resource Grant funding, and the associated decisions to spend the funding, to the Deputy Chief Executive and City Treasurer in consultation with the Leader of the Council.

## **Exe/21/5 Provisional Local Government Finance Settlement 2021/22**

A report from the Deputy Chief Executive and City Treasurer explained the main announcements from the provisional local government finance settlement for

2021/22, and their implications for the city and the Council. The settlement announced had been just for one year: 2021/22.

At the national level the settlement had confirmed an increase in Core Spending Power for local authorities of 4.5%, with the increase for Manchester being 5%. The Core Spending Power calculation assumed that all Councils would take up the maximum Band D Council Tax increases. The assumptions for 2021/22 were that Councils would apply a 1.99% Council Tax increase in general, and a further 3% increase to provide extra funding for Adult Social Care, so a 4.99% Council Tax increase overall. Given the impact of the pandemic on the Council's budgets, and the strains on the Council's financial position, it was felt that the Council's budget calculation would have to assume that level of increase was going to have to apply in 2021/22.

The report detailed all the elements of the overall funding settlement announcement and the way that each would affect the Council's finances in 2021/22. The summary of all the changes was

	<b>2021 / 22 £'000</b>
<b>Spending Power Changes:</b>	
Revenue Support Grant inflation	320
Business Rates Adjustments	752
New Homes Bonus Scheme	4,104
Lower Tier Services Grant	1,236
<b>One off COVID-19 support:</b>	
COVID-19 Emergency funding - Tranche 5	22,229
<b>Collection Fund Announcements:</b>	
Local Council Tax Support grant	5,709
Local Tax Income guarantee scheme	8,637
Continuation of the 100% Business Rate Pilot	5,131
<b>Other Announcements:</b>	
Remove pay award assumption in 2021/22	7,500
Reduced contract cost of min wage	2,529
Homelessness Prevention Grant	723
<b>Total Impact on council budget</b>	<b>58,870</b>
<b>Additional contribution to Adults pooled budget:</b>	
Adult Social Care 3% precept	5,077
Social Care Grant (£300m)	6,313
<b>Total impact on Adults pooled budget</b>	<b>11,390</b>

With the overall settlement announcements not as bad as had been feared it was now predicted that savings in the region of £50m, as previously identified and as set out again in the subsequent items of business, should allow the Council to set a balanced budget for 2021/22. The council's financial position beyond then remained very uncertain.

It was noted that the Resources and Governance Scrutiny Committee had also considered the report at a recent meeting, and had noted its content (Minute RGSC/21/02).

### **Decision**

To note the report.

### **Exe/21/6 Council Tax Consultation Results 2021/22**

A joint report from the Deputy Chief Executive and City Treasurer, and the Head of Strategic Communications provided 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.

The report explained that due to the timing of the 2021/22 Spending Review and Finance Settlement the budget consultation for 2021/22 had been planned as a two-phase approach:

Phase 1 - Council tax and adult social care increase consultation (8 December 2020 – 24 December 2020), seeking view on the likely 5% overall increase in Council Tax  
Phase 2 - Budget consultation (20 January 2021 – 21 February 2021)

The report set out a detailed analysis of the 2,090 responses there had been to the phase 1 questionnaire, as well as a demographic analysis of the respondents who had provided those data. In general, the results showed mixed levels of support for the 1.99% increase in Council Tax, and the 3% extra increase for adult social care.

### **Decision**

To note the report

### **Exe/21/7 Directorate Budgets - Children and Education Services Budget 2021/22**

In November 2020 the Directorate's first suggestions for 2021/22 budget cuts and savings had been considered and noted (Minute Exe/20/118). A report now presented set out the revisions and updates there had been since November, and outlined the further work that would be undertaken before the final budget proposals for the directorate were presented to the Executive meeting on 17 February.

It was noted that the Children and Young People Scrutiny Committee had also considered the report at a recent meeting. The committee had endorsed many of the savings proposals had been unable to support the proposal for the revised parenting commission, nor the proposed cut to funding for interventions to support the improvement of maintained schools (Minute CYP/21/02).

In considering the advice of the Committee it was proposed and agreed that the £300,000 savings proposed from cuts in the budget of the Parenting Commission

should not now be made, with commensurate savings being made from elsewhere in the Council.

### **Decision**

To note the report and endorse the savings proposals within it, with the exception of the proposed £300,000 saving from budget of the Parent Commission, which would not now be taken forward in February.

### **Exe/21/8      Directorate Budgets - Health Budget Options for 2021/22**

In November 2020 the Directorate's first suggestions for 2021/22 budget cuts and savings had been considered and noted (Minute Exe/20/119). A report now presented set out the revisions and updates there had been since November, and outlined the further work that would be undertaken before the final budget proposals for the directorate were presented to the Executive meeting on 17 February.

It was noted that the Health Scrutiny Committee had also considered the report at a recent meeting, and had endorsed the savings proposals (Minute HSC/21/04).

### **Decision**

To note the report and endorse the savings proposals within it.

### **Exe/21/9      Directorate Budgets - Homelessness Directorate Budget and Savings Options 2021/22**

In November 2020 the Directorate's first suggestions for 2021/22 budget cuts and savings had been considered and noted (Minute Exe/20/121). A report now presented set out the revisions and updates there had been since November, and outlined the further work that would be undertaken before the final budget proposals for the directorate were presented to the Executive meeting on 17 February.

It was noted that the Neighbourhoods and Environment Scrutiny Committee had also considered the report at a recent meeting, and had endorsed the savings proposals (Minute NESC/21/03).

### **Decision**

To note the report and endorse the savings proposals within it.

### **Exe/21/10      Directorate Budgets - Corporate Core Budget Proposals 2021/22**

In November 2020 the Directorate's first suggestions for 2021/22 budget cuts and savings had been considered and noted (Minute Exe/20/123). A report now presented set out the revisions and updates there had been since November, and

outlined the further work that would be undertaken before the final budget proposals for the directorate were presented to the Executive meeting on 17 February.

It was noted that the Resources and Governance Scrutiny Committee had also considered the report at a recent meeting, and had endorsed the savings proposals (Minute RGSC/21/03).

### **Decision**

To note the report and endorse the savings proposals within it.

### **Exe/21/11 Directorate Budgets - Neighbourhoods Directorate Budget Proposals 2021/22**

In November 2020 the Directorate's first suggestions for 2021/22 budget cuts and savings had been considered and noted (Minute Exe/20/120). A report now presented set out the revisions and updates there had been since November, and outlined the further work that would be undertaken before the final budget proposals for the directorate were presented to the Executive meeting on 17 February.

It was noted that the Neighbourhoods and Environment Scrutiny Committee had also considered the report at a recent meeting, and had endorsed the savings proposals (Minute NESC/21/02). Similarly, the Communities and Equalities Scrutiny Committee had considered the report at a recent meeting, and had likewise endorsed the savings proposals (Minute CESC/21/02).

### **Decision**

To note the report and endorse the savings proposals within it.

### **Exe/21/12 Directorate Budgets - Growth and Development Directorate Budget Proposals 2021/22**

In November 2020 the Directorate's first suggestions for 2021/22 budget cuts and savings had been considered and noted (Minute Exe/20/122). A report now presented set out the revisions and updates there had been since November, and outlined the further work that would be undertaken before the final budget proposals for the directorate were presented to the Executive meeting on 17 February.

It was noted that the Economy Scrutiny Committee had also considered the report at a recent meeting, and had endorsed the savings proposals (Minute ESC/21/02).

### **Decision**

To note the report and endorse the savings proposals within it.

### **Exe/21/13 Capital Programme Update**

A report concerning requests to increase the capital programme was submitted. We agreed to recommend three changes to the Council and to make a further four changes under delegated powers. These changes would increase Manchester City Council's capital budget by £ by £2.142m over this year and the next two, funded by borrowing, external contributions and government grants.

The report also explained that acting under delegated powers the Deputy Chief Executive and City Treasurer had approved a further £2.06m of Capital expenditure approval for eight different schemes and proposals. Those were:

<b>Scheme</b>	<b>Funding Released</b>
Green Homes Grant	£500,000
Emergency Active Travel Fund T2 Development Costs	£200,000
Auto Bollards Additional Funding	£132,000
Bee Network Junctions & Crossings Development Costs	£53,000
TFGM Bus Stop Enhancements - Development	£38,000
Three separate releases for the Medieval Quarter and Glade of Light Memorial – total	£1,137,000

The report also sought approval for a change in the funding approval processes for highways works, in order to enhance the decision-making processes without creating any additional risks. This would see early works for schemes in 2020/21 funded through use of borrowing via the Highways Development Fund. The Development Fund would then be reimbursed from the Capital Fund as funding was claimed. That approach was supported.

In July 2020 the Chancellor had announced £1bn of grant funding would be made available as part of a range of measures to support economic recovery in response to COVID-19 for investment in decarbonisation of public estates. The report explained that an overall Greater Manchester bid had been collated by GMCA for a total value £80.7m. The City Council's bid as part of that had been for £22.9m.

The Glade of Light memorial was to become the city's permanent memorial to those killed in the Manchester Arena bombing of May 2017. It was to be part of the public realm of the Northern Quarter in the city centre. The report explained that external funding has been secured for the scheme and £1.137m had been approved for work to be completed by November 2021.

It was also reported that Council had been successful in its application to the Cultural Capital Kickstart Fund for the Factory Project, the application had been for £21m.

## Decisions

1. To recommend that the Council approve the following changes to Manchester City Council's capital programme:

- (a) ICT – End User Devices. A capital budget virement of £3.615m is requested, funded by Unallocated ICT Investment Budget.
  - (b) Children’s Services – Our Lady’s RC High School – Permanent. A capital budget virement of £2.4m is requested, funded by Unallocated Education Basic Needs Grant Budget.
  - (c) ICT – Network Refresh Programme. A capital budget virement of £3m is requested, funded by Unallocated ICT Investment Budget.
2. Under powers delegated to the Executive, to approve the following changes to the City Council’s capital programme:
- (d) Children’s Services - Special Capital Fund – Grange School Expansion. A capital budget virement of £0.195m is requested, funded by Unallocated Special Education Needs Grant.
  - (e) Highways Services – Northern Eastern Gateway Walking and Cycling Scheme Accelerated Works. A capital budget increase of £1.746m is requested, funded by External Contribution.
  - (f) Highways Services – Manchester Cycleway Early Works. A capital budget increase of £0.450m is requested, funded by External Contribution.
  - (g) ICT - Resident and Business Digital Experience Platform Additional Funding. A capital budget decrease of £0.054m is requested and approval of a corresponding transfer of £0.054m to the revenue budget, funded by capital fund.
3. To approve Highways funding strategy to progress accelerated works
4. To note increases to the programme of £2.060m as a result of delegated approvals.
5. To note update on Public Sector Decarbonisation Scheme Bid
6. To note update on Medieval Quarter and Glade of Light Memorial project
7. To note update on The Factory Cultural Recovery Fund Grant

#### **Exe/21/14 Affordable Housing Delivery Update**

A report from the Strategic Director (Growth and Development) provided a progress report on the achievement of the target to secure a minimum of 6,400 new affordable homes from April 2015 to March 2025. The report provided a detailed assessment of each of the current house building schemes that were making a contribution towards that overall target, or were expected to be able to make a contribution in the near future.

It was noted that the Economy Scrutiny Committee had also considered the report at a recent meeting, and had noted its content (Minute ESC/21/04).

## **Decision**

To note the report.

### **Exe/21/15    Housing Revenue Account Delivery model- Northwards ALMO Review**

Councillor Midgely declared a prejudicial interest in this item of business and left the meeting prior to its consideration.

In June 2020 the Executive had approved consultation on a preferred in-house option for the future management of the Council's Arm's Length Management Organisation (ALMO) that had been identified as part of the Housing Revenue Account review. The same meeting had also approved a due-diligence exercise of the Northwards ALMO, including consultation with staff, unions, tenants and local stakeholders, to review the costs of options (Minute Exe/20/66). In September 2020 the Executive had examined the outcome of the due-diligence exercise and had concluded that insourcing the service remained the preferred option with 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 (Minute Exe/20/97). A report now submitted by the Chief Executive set out the results of that "test of opinion".

The test of opinion had run from 3 December 2020 to 4 January 2021. In that time 1633 people had voted: 1572 tenants and 54 leaseholders. That represented 12.52% of those able to participate. In response to the question "Do you support the proposal to bring the management of your council home into direct management by the council?" - 93% of the respondents has supported the proposal. With that clear expression of opinion amongst the tenants and leaseholders, the report described the next steps and decisions that would be needed to progress this idea, as well as setting out the potential contractual implications for the present employees of Northwards.

It was noted that the Economy Scrutiny Committee had also considered the report at a recent meeting, and had endorsed its recommendations (Minute ESC/21/03).

The Executive put on record its thanks to Robin Lawler, who had recently retired as the Chief Executive of Northwards, for all his service to the residents and to the city as a whole. He was wished well in his retirement.

## **Decisions**

1. To note the outcome of the "test of opinion" consultation and the support for the council's proposals.



2. To 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. To note the appointment of a project lead, and the indicative project stages and timetable for the delivery of the insourcing project.
4. To confirm support for the retention of “Northwards” as a brand identity for the council housing service.

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**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 17 February 2021  
Resources and Governance Scrutiny Committee – 1 March 2021  
Council – 5 March 2021

**Subject:** Capital Programme Monitoring 2020/21 – December 2020

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

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## **Summary**

This report informs members of:

- (a) Progress against the delivery of the 2020/21 capital programme to the end of December 2020.
- (b) The revised capital budget 2020/21 taking account of changes between the approved capital budget and any further changes occurring in year.
- (c) The latest forecast of capital expenditure and the major variances since the Capital Budget Review and Programme monitoring 2020/21 report submitted in October 2020.
- (d) The impact any variations may have on the Capital Programme for the period 2020/21 to 2024/25.

## **Recommendations**

The Resources and Governance Scrutiny Committee is asked to note the contents of the report.

The Executive is requested to:

- 1. To recommend that the Council approve the virements over £0.5m within the capital programme as outlined in Appendix A.
  - 2. Approve virements under £0.5m within the capital programme as outlined in Appendix A.
  - 3. Note that approvals of movements and transfers to the capital programme, will result in a revised budget total of £372.0m to and a latest full year forecast of £372.1m. Expenditure to the end of December 2020 is £249.1m.
  - 4. Note the prudential indicators at Appendix B.
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**Wards Affected:** All

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

Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The capital programme contributes to various areas of the economy including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

## **Financial Consequences – Revenue**

All revenue consequences are included in the current Revenue Budget.

## **Financial Consequences – Capital**

The latest forecast of expenditure for 2020/21 for Manchester City Council is £372.1m compared to the proposed revised budget of £372.0m after the changes proposed in

this report, which is shown in the table at paragraph 17.1. Spend as at 31<sup>st</sup> December 2020 was £249.1m. The programme is subject to continual review to establish whether the forecast remains achievable. Whilst the intention is for the City Council to progress the programme as stated, some projects and their sources of funding may require re-profiling into future years.

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### **Contact Officers:**

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

Name: Helen Seechurn  
 Position: Interim Deputy City Treasurer  
 Telephone: 07814 087850  
 E-mail: helen.seechurn@manchester.gov.uk

Name: Tim Seagrave  
 Position: Group Finance Lead – Capital & Treasury Management  
 Telephone: 0161 234 3445  
 E-mail: tim.seagrave@manchester.gov.uk

Name: Kate Stonehouse  
 Position: Principal Finance Manager – Capital  
 Telephone: 0161 245 7853  
 E-mail: kate.stonehouse@manchester.gov.uk

### **Background documents (available for public inspection):**

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

- Report to the Executive 12<sup>th</sup> February 2020 – Capital Strategy and Budget 2019/20 to 2024/25
- Report to the Executive 11<sup>th</sup> March 2020 – Capital Programme – Capital Programme Update
- Report to Council 25<sup>th</sup> March 2020 - Constitutional Amendments and Other Matters for Council Business Continuity
- Report to the Executive 3<sup>rd</sup> June 2020 - Capital Programme Outturn 2020/21
- Report to the Executive 3<sup>rd</sup> June 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 3<sup>rd</sup> July 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 29<sup>th</sup> July 2020 - Capital Budget Review and Programme Monitoring 2020/21

- Report to the Executive 29<sup>th</sup> July 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 9<sup>th</sup> September 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 14<sup>th</sup> October 2020- Capital Programme – Capital Programme Monitoring 2020/21 - Period 5
- Report to the Executive 14<sup>th</sup> October 2020 – Capital Programme – Capital Programme Update
- Report to the Executive 11<sup>th</sup> November 2020 – Capital Programme – Capital Programme Update
- Report to the Executive 20<sup>th</sup> January 2021 – Capital Programme – Capital Programme Update
- Report to the Executive 17<sup>th</sup> February 2021 – Capital Strategy and Budget 2020/21 to 2024/25

## 1. Introduction

1.1 The purpose of the report is to:

- Provide an update to members on the progress of the capital programme in the five months to the end of December 2020.
- Inform members of the latest estimates of capital expenditure for 2020/21 and to show forward commitments into the 2021/22 to 2024/25 capital programme.
- Confirm that there are adequate levels of resources available to finance the capital programme.

1.2 A summary of each part of the programme is included within the report, providing details on the major projects. This is presented alongside a summary of the financial position, and as a result any changes to the budget that are required.

1.3 Appendix A details the virements requested across the programme since the Executive approved the revised capital budget in October 2020. The full revised capital budget for each project, taking into account the virements requested, the new budgets introduced, and any re-profiling between years can be found in the Capital Strategy elsewhere on the agenda. Appendix B notes the prudential indicators.

## 2 Contributing to a Zero-Carbon City

2.1 To reflect the climate change emergency that the Council has declared, the capital expenditure business cases are now required to include a carbon measure for both during the project progression stage and the ongoing lifecycle post completion. The intention is that the carbon footprint of a scheme is considered as part of the decision-making process. This work is ongoing and will reflect the decisions taken by the Council on how it will meet the future carbon reduction targets in order to become carbon neutral by 2038.

## 3 Capital Budget

3.1 The Executive approved the revised Capital Budget for the period 2020/21 to 2024/25 in October 2020. Since then, subsequent capital budget increase reports were submitted to the Executive. The revised capital budget, before changes proposed in this report, is shown below:

<b>Capital Programme 2020-2024</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Total £m</b>
Capital Budget (July 20)	485.2	373.7	259.5	110.2	0.0	1,229.2
Capital Programme Monitoring	-49.5	11.3	47.6	0.9	34.1	77.1
Capital Programme Update (Approved Oct 20)	2.9	6.2	6.6	0.0	0.0	15.6
Capital Programme Update (Approved Nov 20)	5.3	1.6	0.0	0.0	0.0	6.9

<b>Capital Programme 2020-2024</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Total £m</b>
Capital Programme Update (Approved Jan 21)	2.8	9.4	12.6	8.6	0.0	33.3
<b>Revised Capital Budget</b>	<b>446.7</b>	<b>402.2</b>	<b>326.3</b>	<b>119.7</b>	<b>34.1</b>	<b>1,329.0</b>

3.2 The figures shown above also include those approved by the Executive Member for Finance and Human Resources and the Deputy Chief Executive and City Treasurer under delegated powers.

#### **4 COVID-19 impact on the Capital Programme and response**

4.1 The COVID-19 pandemic has, and will continue to have, a wide-reaching impact on the Council's capital programme. The early impact has been highlighted in previous reports to the Executive, with an initial pause across construction activity and work resuming on major sites relatively quickly.

4.2 The required social distancing measures reduces productivity and increases cost as the work programmes take longer to complete and is likely to continue for the foreseeable future. The inflationary impact of COVID-19 will be absorbed through existing project contingencies where possible and further approvals sought if this proves insufficient.

#### **5 Capital Programme Forecast 2020/21**

5.1 The latest forecast of expenditure for the Manchester City Council Capital Programme in 2020/21 is £372.1m compared to a current revised budget of £446.7m. The variations are shown in the table below.

5.2 The tables in this report show the budget approved by the Executive in February 2020, alongside the current revised budget and the latest forecast. The intention is that there is clear transparency in how budgets have changed.

*Capital Programme 2020/21 budget, forecast and spend to date at 31<sup>st</sup> December 2020*

<b>Manchester City Council Programme</b>	<b>Budget set in Feb 20 £m</b>	<b>Revised Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>	<b>Spend to Date £m</b>	<b>Spend to Date as % of Forecast</b>
Highways	58.8	59.2	53.3	-5.9	28.9	54.2%
Neighbourhoods	16.7	16.1	10.4	-5.7	2.7	26.0%
Growth and Development	119.0	93.9	87.5	-6.4	50.7	58.0%
Town Hall Refurbishment	49.1	39.2	34.6	-4.6	18.8	54.3%
Housing – General Fund	22.6	17.1	13.8	-3.3	8.6	62.3%
Housing – Housing Revenue Account	38.8	17.8	16.1	-1.7	11.5	71.4%



<b>Manchester City Council Programme</b>	<b>Budget set in Feb 20 £m</b>	<b>Revised Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>	<b>Spend to Date £m</b>	<b>Spend to Date as % of Forecast</b>
Children's Services	29.5	44.4	37.2	-7.2	12.8	34.4%
ICT	5.7	3.3	3.8	0.5	1.6	42.1%
Corporate Services	38.2	155.7	115.4	-40.3	113.5	98.4%
<b>Total</b>	<b>378.4</b>	<b>446.7</b>	<b>372.1</b>	<b>-74.6</b>	<b>249.1</b>	<b>67.0%</b>
<b>Reprofiling</b>				-71.4		
<b>Cost Variations</b>				-3.3		
<b>Net over (under) spend</b>				0.1		

- 5.3 The revised budget shown above reflects the re-profiling noted in the Budget Review and Programme monitoring 2020/21 report to the Executive in October and any new projects added to the programme. The profile of spend for projects from 2020/21 onward continues to be reviewed to reflect the known and expected impact of COVID-19 which informs the forecasts shown above.

## **6 Summary of Main Changes to the Revised Budget**

- 6.1 The main changes to the programme since the report to Executive in October 2020 are as follows:

- Highways - There is a requirement to reprofile £3.3m into next financial year across all schemes funded through the Mayor's Challenge Fund, due to delays associated with COVID-19, and consultations and engagement taking longer than originally anticipated.
- Neighbourhoods - The vehicle delivery plan for the Purchase of electric refuse collection vehicles project has been extended due to COVID-19, meaning several the Electric refuse collection vehicles will now be delivered in April 2021, and so a total of £4.1m will be reprofiled into next financial year.
- The Factory - A total of £1.7m will be reprofiled into next financial year for The Factory due to reprofiling of contingency in year and various work package costs now being paid later than previously forecast.
- Growth and Development - The target date for the Northern Gateway Housing Infrastructure Fund (HIF) scheme entering into the Grant Determination Agreement (GDA) with Homes England has been affected by COVID-19, and as a result £2.0m will be reprofiled into 2021/22.
- Our Town Hall - There is a requirement to move £4.5m into future years due to the reprofiling of the contingency budget in line with construction values and risk management procedures.
- Private Sector Housing - COVID-19 has caused some delay with the progress of the Next Steps Accommodation Property acquisitions project and assigning a contractor to develop the properties to a liveable standard, and as a result a total of £2.7m will be reprofiled into next year.
- Public Sector Housing - The Silk Street programme has been slowed down to ensure member views around design and social value are reflected, and so a total of £0.9m will be moved into next financial year.

- Children's –The acquisition of the Hyde Road site has completed at £3.1m less than was originally budgeted for. This will be removed from the Capital programme.
- Corporate Services - The Gorton Health hub project forecast has been further updated in light of COVID-19 and the review of the scope with partners. As a result, a total of £4.0m will be reprofiled into future years.
- Manchester Airport Group – No further payments are expected to be made this financial year as part of the shareholder support approved for Manchester Airport Group, and so a total of £36.2m will be reprofiled into next financial year.

6.2 The position will be closely monitored with the final outturn position being highly dependent on schemes commencing and continuing on schedule and delivering to plan. Major variances, by service area are explained below.

### General Programme Risks

- 6.3 As can be seen in the remainder of the report, COVID-19 continues to have a significant impact on the delivery of the 2020/21 Capital Programme and a number of schemes have had to be deferred or have been delayed. The report summarises the position based on the best understanding at this point in time and the forecasts are therefore subject to change.
- 6.4 The Capital Budget is prepared on the best estimate of the spend profile for each scheme across its life and as the scheme develops this may change. This report is intended to highlight the total life and cost of schemes, and the risks associated with their development. All projects carry risk such as delivery risk, third party risk and market risk, including build cost and inflation. Some of the current risks are outlined below.
- 6.5 General inflation in the North West (NW) construction market did flatten for the remaining calendar year 2020, with the Q4 outturn figure suggesting inflation saw a negative result of –0.3%. Whilst it was predicted 2021 inflation would be expected to recover it was predicated on the wider economic recovery, with the impacts of the pandemic and further lockdowns affecting this recovery to a larger degree than first thought. Forecasting inflation indices for the general North West region remains difficult given the ongoing COVID-19 situation and the effects of this on the construction industry both nationally and in the NW.
- 6.6 Current analysis by the Office for Budget Responsibility (OBR) reported that GDP declined by 21.8% as a result of the COVID-19 recession. With the transition from the European Union (EU) from the 1st January 2021 having no direct charges on construction or construction products there are however administrative burdens that may add costs to the UK construction industry with changes to the way British businesses import materials, hire people, and procure from the EU. In addition, with the Covid-19 vaccination programme in its infancy, the lasting impact on GDP, construction output and tender inflation is uncertain. In general, the NW regional activity is expected to cool off as companies try to protect their long-term order books, although over the next few years the level of activity in Manchester is expected to perform better than other regions. Future

prices will be very much dependent on how deep the effects off the recession are and how long the economic recovery takes.

- 6.7 Current inflation estimates for 2021 are between 0.5% to 3.5% for the NW. This will vary for each project. The Council's capital strategy includes provision for inflation to be allocated when appropriate.
- 6.8 The programme contains some budgets yet to be allocated to specific projects but reserved for a particular purpose, such as Education Basic Need funding, the Highways Investment Fund and the ICT Fund. Once the projects underpinning the planned programmes in these areas are developed, they are approved through the Council's capital approval process and the budgets allocated and the Capital Budget updated accordingly.
- 6.9 Where specific risks have been identified they are detailed in the relevant section below.

## 7 Highway Services Programme

- 7.1 The schemes within the current Highways portfolio include the highways improvement investment fund, projects to improve and increase the use of cycle routes which relieve congestion and reduce air pollution from vehicle emissions, improvements to pedestrian access in areas in the City, improvements to safety measures and schemes to reduce energy consumption for street lighting.
- 7.2 The main variances from the original budget set in February 2020 and before the proposals noted in this report are as follows:
- Throughout the year, a number of Highways projects have been approved by the Executive or the Deputy Chief Executive and City Treasurer under delegated powers, to be funded through the Mayor's Challenge Fund (MCF). The total budget for MCF schemes in 2020/21 is £10.2m.
- 7.3 The Highways capital programme is forecasting to spend £53.3m compared to a revised budget of £59.2m, a variance of £5.9m. The programme is shown in the table below:

Highways	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Highways Planned Maintenance Programme	27.9	25.1	24.7	-0.4	123.2	123.2	0.0
Great Ancoats Improvement Scheme	6.0	5.9	4.7	-1.2	9.3	8.3	-1.0
Mayor's Challenge Fund Schemes	1.2	10.2	6.9	-3.3	31.0	31.0	0.0
Mancunian Way and Princess Parkway National Productivity	4.1	4.9	5.2	0.3	8.8	9.1	0.3

Highways	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Investment Fund (NPIF)							
Other Projects	19.6	13.1	11.8	-1.3	126.8	128.7	-1.1
<b>Total Highways</b>	<b>58.8</b>	<b>59.2</b>	<b>53.3</b>	<b>-5.9</b>	<b>299.1</b>	<b>297.3</b>	<b>-1.8</b>
<b>Reprofiling</b>				<b>-6.2</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.3</b>			

### Activities

- 7.4 The Highways Service continues to prioritise permanent walking and cycling infrastructure to support increased sustainable travel within the City. As part of the Mayor's Challenge Fund programme of works, Area 1A of the Chorlton Cycleway is now fully operational including the UK's first CYCLOPS junction, which won a national safety award, prioritising pedestrians and cyclists over other forms of transport. Chorlton Area 1B is now onsite and Area 2 has been procured along with early works in other areas including Beswick Filtered Neighbourhood, Fallowfield Loop, Rochdale canal, Levenshulme Walking and Cycling scheme, Manchester Cycleway, Northern Gateway and Northern Quarter Walking and Cycling scheme.
- 7.5 The Council has been awarded £5.5m Active Travel Funding with longer term designs progressing for both the City Centre Triangle and Wythenshawe Cycleway projects which will create further permanent walking and cycling infrastructure in the City.
- 7.6 Medlock Street was commissioned and fully opened to traffic in November 2020. The Manchester Salford Inner Relief Road, Mancunian Way and Princess Parkway NPIF, Stockport Road (A6), Hyde Road Pinch Point Widening and Great Ancoats Street major projects have all been substantially completed. These schemes have all supported a reduction in journey times and congestion on key route networks at key junctions across Manchester.
- 7.7 The Street Lighting PFI project is practically complete, with 53,981 traditional streetlights replaced with LED units which has saved 10,480 tonnes of Carbon.
- 7.8 The School Crossing Programme has now delivered safety improvements across 73 sites in the City with the remaining 5 sites expected to be complete by the end of 2021/22.

### Variances – All Years

- 7.9 As previously reported, the unspent £1.0m contingency on the Great Ancoats Improvement Scheme will be used to cover the overspend in previous years and the £0.4m overspend in this year on the Manchester/Salford Inner Relief Road (MSIRR) scheme as per the agreement between the Council and Transport for

Greater Manchester (TfGM).

- 7.10 There is an expected £0.3m of additional cost against the Mancunian Way and Princess Parkway NPIF scheme as a result of the inclusion of the Stretford Road link into the scheme following a change request from Transport for Greater Manchester (TfGM). The overspend is to be funded from the Mayor's Cycling Fund and a delivery agreement is being progressed.
- 7.11 As per the latest spend profile for the SEMMMS A6 scheme, there is currently additional expected spend of £1.6m over 2020/21 to 2022/23 that will be covered by grant funding from the Department for Transport (DfT).
- 7.12 Due to the overall efficiency and good performance of the contractor on the Street Lighting PFI project, there is a total underspend of £3.0m which will be removed from the Capital Programme.

#### Variances – In Year

- 7.13 The main variances to the revised budget are:

#### *Highways Planned Maintenance Programme*

- The resurfacing works within the Highways Planned Maintenance programme for 2020/21 continue to progress ahead of programme. The service has taken advantage of reduced traffic volumes due to COVID-19 to significantly accelerate surfacing works with over 600k sqm of highway resurfaced since April 2020. As a result, £0.4m will be accelerated into 2020/21.
- A total of £1.2m will be reprofiled into next financial year for the Carriageway Preventative programme due to contract procurement taking longer than originally anticipated and the programme being revised as a result. The contract for works is now in place.
- For the Footways project, £0.4m will be accelerated into 2020/21 as additional expenditure is required this year due to the condition of a number of sites and the footways needing re-surfacing.

#### *Mayors Challenge Fund schemes*

- There is a requirement to reprofile schemes funded through the Mayor's Challenge Fund, as forecasts have been realigned with the latest programme of works. A number of the projects have been split into phases and planned construction activity timelines updated, including phase 1A of the Northern Quarter Cycling scheme to take place this financial year, and phase 1B in 2021/22.
- In addition, all major projects are susceptible to unforeseen circumstances and all schemes being worked up during 2020/21 have been impacted by the COVID-19 pandemic, and particularly undertaking the necessary public consultations and engagement required for all Highways' projects. Consequently, despite many

mitigating actions by the service some projects haven't taken place as originally expected with some being delayed, which has had a significant impact on changes to the final designs and delivery of schemes. Although this has had an effect on the original programme of works, these schemes are grant funded and so there is no financial impact to the Council. A total of £3.3m will be reprofiled into next financial year.

#### *Other Projects*

- The cost of the Schools Crossing Improvement Programme was originally estimated using the rates within the Highways Improvement Framework contract as the original proposal was to use this vehicle for delivery. However, due to a range of issues including contractor availability and performance, this delivery vehicle was not used with the exception of three sites. The remainder were delivered in-house by Highways Maintenance and their supply chain. As a result, the actual costs were 25% less than originally estimated, resulting in an underspend of £1.5m that will be reprofiled into next financial year whilst a review and prioritisation of potential future schemes will be undertaken including confirmation of how many additional schools related schemes can be delivered.
- Further to the points in paragraph 7.12, there is a requirement to move £0.8m into next financial year for the Street lighting PFI project as a result of unspent contingency from this year. The remaining budget may be used in 2021/22 to fund some other lighting improvements which could not be accessed during the delivery of the programme, and further approval will be sought to do so.

#### Risks

- 7.14 The Highways programme contains a high number of large and strategically important projects for the highway network and the service is working to ensure that the works can be delivered to the timescales indicated. Works are assessed and scheduled based on the potential network impact in an effort to minimise disruption to commuters wherever possible.
- 7.15 There are inherent risks around external factors such as weather conditions which can hinder the schedule of work. The volatility of the marketplace will require increased due diligence checks when appointing future contractors.
- 7.16 Extensive consultation with stakeholders is undertaken to ensure proper engagement and input into the schemes being delivered, as well as to manage expectations within available budgets and realistic timescales. Current risks around undertaking public consultation during social distancing are being managed through online solutions. The intention of the consultations is to minimise the risk of scope creep and raise awareness of the impact of schemes on journey times. Where need is identified, additional funding opportunities through partners are also routinely explored in order to increase project scope.

## **8 Neighbourhoods Programme**

- 8.1 The Neighbourhoods programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

Neighbourhoods	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Environment and Operations	6.0	11.2	6.7	-4.4	0.9	13.2%
Leisure	10.1	4.4	3.4	-1.0	1.5	44.1%
Libraries and Culture	0.6	0.5	0.3	-0.2	0.3	98.9%
<b>Total Neighbourhoods</b>	<b>16.7</b>	<b>16.1</b>	<b>10.4</b>	<b>-5.7</b>	<b>2.7</b>	<b>26.0%</b>
<b>Reprofiling</b>				<b>-5.5</b>		
<b>Cost Variations</b>				<b>0.0</b>		
<b>Net over (under) spend</b>				<b>-0.2</b>		

*Environment and Operations Programme*

- 8.2 The schemes within the Environment and Operations Programme are centred on improving the environment with the main focus on the control of waste disposal and promoting recycling.
- 8.3 The main variances from the original budget set in February 2020 and before the proposals noted in this report are as follows:
- In March 2020, Executive approved a budget increase of £9.9m for the purchase of Electric Refuse Collection Vehicles (RCV's).
  - Due to the impact of COVID-19 on delivery of bins for the Waste Reduction Measures project, £0.4m was reprofiled into 2021/22.
- 8.4 The Environment and Operations programme is forecasting to spend £6.7m compared to a budget of £11.2m, a variance of £4.4m. The programme is shown in the table below:

Environment and Operations	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Waste Reduction Measures	1.2	0.8	0.8	0.0	4.7	4.7	0.0
Waste Contract	3.8	0.2	0.1	-0.1	8.6	8.6	0.0
Purchase of electric RCVs	0.0	9.9	5.8	-4.1	9.9	9.9	0.0
Cremator and Mercury Abatement	1.0	0.3	0.1	-0.2	1.6	1.6	0.0
<b>Total Environment</b>	<b>6.0</b>	<b>11.2</b>	<b>6.7</b>	<b>-4.4</b>	<b>24.8</b>	<b>24.8</b>	<b>0.0</b>

Environment and Operations	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Reprofiling				-4.4			
Cost Variations				0.0			
Net over (under) spend				0.0			

### Activities

- 8.5 The vehicle delivery plan for the purchase of electric refuse collection vehicles (RCV's) project has been extended due to COVID-19 and the impact on the supply chain. The current plan shows the first two vehicles to be delivered in mid-January with the rest to follow on a fortnightly basis between February and April.
- 8.6 The works to install Electric Charging Vehicle points at Longley Lane is practically complete, with similar works at the Hammerstone Road site expected to complete in January 2021, including the Electricity North West (ENW) connection to the onsite substation.

### Variances – In Year

- 8.7 Further to the points in paragraph 8.5, several of the electric refuse collection vehicles will now be delivered in April 2021, and so a total of £4.1m will be reprofiled into next financial year.
- 8.8 Bereavement services have advised that due to the effect of COVID-19 on top of the winter season, works are now expected to start on site for the Cremator and Mercury Abatement programme in April 2021, and as such £0.2m will be moved into next financial year.
- 8.9 Other in year variances total £0.1m.

### *Leisure Programme*

- 8.10 The Leisure Programme provides leisure, sports and park facilities and services to communities across the City to promote health and wellbeing. The programme includes improvements to facilities which are used for events with the intention of also providing an economic benefit.
- 8.11 The main variances since the budget was set in February 2020, and before the changes noted in this report are:
- In March, the Abraham Moss project was paused due to COVID-19. The budget was reprofiled due to a full review of project cost and scope being undertaken before the scheme progressed to the construction phase. The 2020/21 budget is now £0.2m.
  - Various smaller schemes have been approved throughout the year by the Deputy Chief Executive and City Treasurer under delegated powers, including Angel



Meadow, Gateley Brook, Non-Turf Wickets and Manchester Aquatics Centre – Car park improvements. More information can be found in previous budget increases reports.

- 8.12 The Leisure programme is forecasting to spend £3.4m compared to a budget of £4.4m, a variance of £1.0m. The programme is shown in the table below:

Leisure	20/21 Budget set in Feb 20 £m	20/21 Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Parks Programme	3.1	0.7	0.6	-0.1	13.9	13.9	0.0
Indoor Leisure – Abraham Moss	6.0	0.2	0.3	0.1	24.7	24.7	0.0
Other Projects	1.0	3.5	2.5	-1.0	44.4	43.8	-0.6
<b>Total Leisure</b>	<b>10.1</b>	<b>4.4</b>	<b>3.4</b>	<b>-1.0</b>	<b>83.0</b>	<b>82.4</b>	<b>-0.6</b>
<b>Reprofiling</b>				<b>-0.8</b>			
<b>Cost Variations</b>				<b>-0.2</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

- 8.13 Following the unpausing of the Abraham Moss Leisure Centre scheme, the project team and contractor have been re-engaged. The site has now ceased as a COVID-19 test centre, to allow for pre-demolition surveys to commence in 2021. Demolition works are expected to commence in March 2021, subject to surveys and service disconnections.
- 8.14 In January 2021, Executive approved a budget increase of £29.2m for the full refurbishment of the Manchester Aquatics Centre. The current programme identifies an 8-month period to complete RIBA Stage 3 and 5 design phases, with the construction programme expected to last a total of 27 months, from July 2021 until October 2023, allowing for the building to remain operational with access to a minimum of 1 pool at a time.
- 8.15 Elsewhere in the Leisure portfolio, works continue to progress for the Non-Turf cricket wickets project, with 12 sites of the 17 now complete. The refurbishment of the National Cycling Centre continues with the RIBA Stage 4 design phase expected to conclude in early 2021, which will inform cost and scope for the main works.

#### Variances - All Years

- 8.16 The Manchester Regional Arena Outdoor Athletics Track Replacement Project has an underspend of £0.5m as result of the final costs coming in lower than the approved budget. This will be removed from the Capital Programme.

- 8.17 Following the final account for the Indoor Leisure – Moss Side project, there is a total underspend of £0.1m which will be removed from the Capital Programme.

#### Variances - In Year

- 8.18 Due to COVID-19, several schemes due to start this financial year within the Parks Development Programme are now scheduled to begin in 2021/22 meaning that there is a requirement to move £0.1m into next financial year.
- 8.19 There is requirement to reprofile £0.2m into next financial year for the Hough End Master Plan Football hub development due to partners pausing to get clarity on support from investors towards the main scheme. This has now been clarified and the main contractor appointed with a revised programme of works provided.
- 8.20 A total of £0.4m will be moved into next financial year across the Mellands Projects to allow local members to review the Gorton and Abbey Hey plans. A contractor is now on board for the Levenshulme works which are expected to take place in 2021/22.
- 8.21 The recently approved works to Wythenshawe track changing rooms are estimated to begin in 2021/22 and as such a total of £0.2m will be moved into next financial year.
- 8.22 Other in year variances are as noted in paragraphs 8.16-8.17.

#### *Libraries Programme*

- 8.23 The library programme seeks to bring up to date accessible technology to communities, provide high quality exhibition areas attracting visitors and residents and create new community meeting spaces.
- 8.24 The Libraries programme is forecasting to spend £0.3m against a budget of £0.5m, a variance of £0.2m. The programme is shown in the table below:

<b>Libraries</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Foreca st £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Open Libraries	0.3	0.1	0.1	0.0	0.5	0.5	0.0
Other Projects	0.3	0.4	0.2	-0.2	1.7	1.7	0.0
<b>Total Libraries</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>-0.2</b>	<b>2.2</b>	<b>2.2</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-0.2</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

- 8.25 The Open libraries project to enable wider customer self-service access to libraries, specifically at the Avenue Library in Blackley, is underway and expected to complete in early 2021.

#### Variances – In Year

- 8.26 Due to COVID-19 and site restrictions, finalising the scope of works for the Central Library refresh project has taken longer than originally anticipated and as a result, a total of £0.2m will be reprofiled into next financial year.

#### Risks

- 8.27 External funding could provide a significant part of budgets to support parks improvements but is subject to lengthy negotiation and is not always successful. The risk profile has been updated to include the ability to secure match funding from external partners including Historic England and the Heritage Lottery Fund. This will be monitored by the programme board.

## **9 Growth and Development Programme**

- 9.1 The Growth and Development programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Forecast £m</b>	<b>20/21 Variance £m</b>	<b>Spend to Date £m</b>	<b>Spend to Date as % of Forecast</b>
<b>Growth and Development</b>						
Culture	55.7	38.2	36.5	-1.7	23.7	64.9%
Corporate Estates	33.4	20.4	18.9	-1.5	13.3	70.9%
Development	29.9	35.3	32.1	-3.2	13.7	42.7%
<b>Total Growth and Development</b>	<b>119.0</b>	<b>93.9</b>	<b>87.5</b>	<b>-6.4</b>	<b>50.7</b>	<b>58.1%</b>
<b>Reprofiling</b>				<b>-6.3</b>		
<b>Cost Variations</b>				<b>0.0</b>		
<b>Net over (under) spend</b>				<b>-0.1</b>		

#### *Culture Programme*

- 9.2 The Factory will act as a driver of the next stage of Manchester's and the North's regeneration – with clear cultural, economic, educational and social benefits for the city and the wider region. It will be a new type of venue – one that can commission, produce and present the widest range of opera, dance, theatre, visual arts and popular culture, with an emphasis on new cross-art form collaborations, for a much wider audience than any traditional venue.
- 9.3 Following notice to proceed (NTP) being received, the Factory and St Johns Public Realm budgets have continually been reviewed and updated for the

revised cash flow from the contractor in line with the latest construction programme and revised fees.

- 9.4 The Culture programme is forecasting to spend £36.5m compared to a budget of £38.2m, a variance of £1.7m. The programme is shown in the table below:

Cultural	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
The Factory	54.0	37.9	36.2	-1.7	190.2	190.2	0.0
St Johns Public Realm	1.7	0.3	0.3	0.0	6.7	6.7	0.0
<b>Total Cultural</b>	<b>55.7</b>	<b>38.2</b>	<b>36.5</b>	<b>-1.7</b>	<b>196.9</b>	<b>196.9</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-1.7</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

- 9.5 Work continues on The Factory project with the pouring of concrete for slabs for the Level 2 warehouse and the west warehouse internal precast installation ongoing. It is expected that the West Warehouse roof infills will be completed in early 2021 along with the Theatre south steelwork, with the first phase of work to the warehouse roof being completed as far as possible. Preliminary costs for the public realm scheme have now been received.
- 9.6 The current programme shows expected completion in December 2022. A fortnightly review of the programme is undertaken, which allows the team to manage any issues arising and identify any warnings of delay to the programme. Work is ongoing to mitigate programme slippage, including enhanced resources within the design team, along with restructuring the phasing of the construction of the building.
- 9.7 The Council has been successful in its bid for kickstart funding of £21m. The updated 5 case business case for the scheme, requested by DCMS will be submitted in January and reviewed at the DCMS finance committee in February. Manchester International Festival (MIF) is in the process of appointing a commercial sponsorship agency to secure a naming rights sponsor, and work is ongoing to structure the agreements needed to ensure the most VAT efficient structure is adopted.

#### Variances – In Year

- 9.8 A total of £1.7m will be reprofiled into next financial year for The Factory due to reprofiling of contingency in year and various work package costs now being paid later than previously forecast. Pre-Construction Services Agreement (PCSA) fees are also expected to be paid later than previously forecast.

## Risks

- 9.9 The risk profile for the Factory focuses on ensuring the project is delivered within the revised project timescales and revised budget forecast.

### *Corporate Estates Programme*

- 9.10 The programme supports the provision of fit for purpose accommodation for corporate and community use and proactively maintaining and managing the corporate estate which includes reducing carbon emissions.
- 9.11 The main changes since the budget set in February 2020 and prior to the proposals highlighted in this report are as follows:
- In July 2020, a number of schemes across the Asset Management Programme (AMP) were reprofiled into future years due to being on hold or progressing slower than expected as a result of COVID-19. The 2020 budget is now £8.0m.
  - The Hammerstone Road scheme was paused for COVID-19 and as a result, the 2020/21 budget was re-profiled from £9.3m to £2.1m. Executive approved the unpausing of the scheme in July 2020.
  - Similarly, due to COVID-19 all works on site were paused for the Carbon Reduction programme, and a review of the budget completed. Works have now recommenced, and the 2020/21 budget was revised to £3.9m.
- 9.12 The Corporate Estates programme is forecasting to spend £18.9m compared to a budget of £20.4m, a variance of £1.5m. The programme is shown in the table below:

<b>Corporate Estates</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Forecast £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Asset Management Programme	11.7	8.0	7.1	-0.9	20.0	20.0	0.0
Hammerstone Road Depot	9.3	2.1	1.2	-0.9	20.1	20.1	0.0
Carbon Reduction Programme	6.4	3.9	3.9	0.0	24.5	24.5	0.0
Estates Transformation	6.0	5.5	6.2	0.7	18.3	18.2	-0.1
Other Projects	0.0	0.8	0.6	-0.2	1.4	1.4	0.0
<b>Total Corporate Estates</b>	<b>33.4</b>	<b>20.4</b>	<b>18.9</b>	<b>-1.5</b>	<b>85.7</b>	<b>85.6</b>	<b>-0.1</b>
<b>Reprofiling</b>				<b>-1.4</b>			
<b>Cost Variations</b>				<b>-0.1</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 9.13 Following the decision to progress the Hammerstone Road project at Executive in July 2020, the design team are now preparing costs, programme and plans for approval. Start on site, subject to approval, is expected in May 2021.
- 9.14 The Carbon Reduction Programme continues to progress well, with carbon saving measures now complete in the majority of buildings within phase 1 of the programme, including the Town Hall Extension, Wythenshawe Forum, Belle Vue sports Centre and Arcadia Sports Centre. The remaining works within phase 1 of the programme are expected to be complete by March 2021, saving a total of 1,400 metric tonnes of carbon annually.
- 9.15 The Council has submitted a bid for £23m grant funding under the Public Sector Decarbonisation Scheme, supporting our ambition to remove gas and oil from all Council buildings, placing them on a pathway to decarbonisation, primarily through electrification. A decision on the funding is expected imminently, and budget approval is requested in a report elsewhere on the agenda, with works planned for 2021.
- 9.16 Construction at Alexandra House is now complete, and the building has been handed over by the contractor. Fit out works have commenced including COVID-19 safety measures. Council staff were due to move into the building on the 1<sup>st</sup> February, however with the latest national lockdown this is now being reviewed.

### Variances – All Years

- 9.17 Following the completion of the Estates Transformation - Hulme District Office project, there is an underspend of £0.1m which will be removed from the Capital Programme.

### Variances – In Year

- 9.18 The Asset Management Programme forecast has been updated in light of the latest COVID-19 restrictions and the need for longer timescales for mobilisation and supply factors for the larger projects including works at Bridgewater Hall, Z Arts and the National Football Museum which were originally expected to be on site before April 2021. A total of £0.9m has been moved into next financial year.
- 9.19 As noted in paragraph 9.13, start on site for the Hammerstone Road project is now expected in May 2021. As a result, a total of £0.9m will be reprofiled into next financial year.
- 9.20 There is a budget acceleration of £0.7m on the Alexandra House scheme, as the early completion date has enabled greater certainty over the forecasts, thereby reducing any potential impact of COVID-19. In addition, there has been greater progress on the collateral warranties on the project.
- 9.21 Due to COVID-19 restrictions and the latest national lockdown, the Greening of the City budget has been reprofiled and a total of £0.2m moved in to 2021/22.

### Risks

- 9.22 There is a carefully planned rolling programme of activity to assess and address end of life replacements through the Asset Management Programme with close collaboration with Capital Programmes colleagues to ensure momentum is maintained. This may lead to a change in priorities during the year.
- 9.23 The Carbon Reduction programme is retrofitting efficiency measures to existing buildings of varying ages and conditions meaning there is a possibility that unknown items such as sub-standard electrical infrastructure or asbestos could be uncovered. To mitigate this, the programme has allowed for a 15% works contingency. A detailed building by building risk log is being maintained and managed throughout the delivery phase with key risks being escalated to the Carbon Reduction Programme Board, reporting into the Estates Board. A similar process will be adopted for the Public Sector Decarbonisation phase of works.

### *Development Programme*

- 9.24 The Development Programme seeks to provide sustainable growth and transformation of the City, not only to support internal growth but also to retain international competitiveness by promoting opportunities to develop the City's fabric, infrastructure, business and skills base and connecting local communities to employment opportunities.
- 9.25 Since the budget agreed in February 2020, the Executive have agreed the addition of a number of schemes to the Development Programme, including House of Sport, Piccadilly Gardens Phase 1, the Housing Infrastructure Fund and Mayfield Park. These additional schemes are the main reason for the difference between the original budget and the revised budget.
- 9.26 The Development programme is forecasting to spend £32.1m compared to a budget of £35.3m, a variance of £3.2m. The programme is shown in the table below:

<b>Development</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Forecast £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Digital Asset Board (MCDA)	1.5	0.4	0.2	-0.2	26.8	26.8	0.0
Strategic Acquisitions Board	3.0	3.3	3.3	0.0	17.2	17.2	0.0
Northern Gateway	6.7	11.2	9.2	-2.0	76.6	76.6	0.0
Eastern Gateway	0.8	1.9	1.9	0.0	51.7	51.7	0.0
City Centre	6.6	6.6	6.3	-0.3	63.3	63.3	0.0
Other Growth & Development	11.4	11.9	11.2	-0.7	52.6	52.6	0.0
<b>Total Development</b>	<b>29.9</b>	<b>35.3</b>	<b>32.1</b>	<b>-3.2</b>	<b>288.2</b>	<b>288.2</b>	<b>0.0</b>

<b>Reprofiling</b>				<b>-3.2</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 9.27 The demolition of the concrete wall within Piccadilly Gardens is complete. The public consultation for the wider scheme within the area is expected to begin at the end of January 2021. Following the outcome of this, a contractor and design team will be procured to take the scheme to RIBA Stage 3.
- 9.28 The House of Sport project is progressing, with the Pre-Construction Services Agreement (PCSA) with the contractor commencing before Christmas. An introductory meeting with the intended leaseholders was held and the Agreement for Lease was issued to them in December.
- 9.29 RIBA Stage 4 designs are ongoing and a planning decision is expected in January 2021 for the Glade of Light memorial within the Medieval Quarter Public Realm project, following final comments and input from the Accessibility Working Group. A contract for the works is expected to be signed in January 2021. A charitable trust is to be established, chaired by the Chief Executive, in order to deliver and maintain the memorial.

### Variances – In Year

#### *Digital Assets Board*

- 9.30 There is a requirement to reprofile £0.1m in to 2021/22 for the Digital Asset Base – One Central Park scheme, as due to COVID-19 there have not been the expected amount of lettings and no further costs are expected in the current financial year.
- 9.31 As the procurement of the design and professional team for Space Studios Phase 3 has not yet completed, a total of £0.1m will be reprofiled into next financial year.

#### *Eastern Gateway*

- 9.32 Site investigations for Central Retail Park are taking longer than originally anticipated due to ongoing discussions with Government. Also, site security costs anticipated in 2020/21 are less than forecast due to the site being used for COVID-19 testing, meaning a requirement to move £0.5m into next year.
- 9.33 Acceleration of £0.7m for the House of Sport project is required due to the initial cashflow being based upon a high-level estimate provided as an indicative illustration only, which is now being firmed up as the scheme progresses through RIBA work stages and main contractor involvement is obtained.
- 9.34 Other in year variances total £0.2m.



### *Northern Gateway*

- 9.35 Despite best efforts on both sides throughout the contract negotiation period, the target date for the Northern Gateway Housing Infrastructure Fund (HIF) scheme entering into the Grant Determination Agreement (GDA) with Homes England has been affected by COVID-19. This has delayed implementation of the procurement strategy, and the appointment of consultants and contractors. A total of £2.0m will be reprofiled into 2021/22 and appropriate mitigation measures are being identified in order to accelerate the programme and achieve projected spend in subsequent years.

### *City Centre*

- 9.36 A total of £0.2m will be reprofiled into next financial year for the HOME Arches project whilst a design and build contractor is selected.
- 9.37 Other in year variances total £0.1m.

### *Other Growth and Development*

- 9.38 The milestone payments to the contractor for the Civic Quarter Heat Network project have been updated to reflect the work completed on site. As a result, a total of £0.7m will be reprofiled into 2021/22.

### Risks

- 9.39 It should be noted that there are a number of significant elements of the Growth and Development programme, such as the Strategic Acquisitions programme, which are dependent on negotiations with third parties in order to achieve a successful outcome for example land acquisitions. As a result, the budget profile is a best estimate and is likely to change. The programme is continually subject to a detailed review and prioritisation exercise.

## **10 Our Town Hall Refurbishment**

- 10.1 The Our Town Hall programme is a major scheme to update the architectural masterpiece that is the Manchester City Centre Town Hall, to protect and improve it for both Manchester and the nation, restoring and re-opening in 2024.
- 10.2 The Our Town Hall Refurbishment programme is forecasting to spend £34.6m compared to a revised budget of £39.2m, a variance of £4.6m. The programme is shown in the table below:

<b>Our Town Hall</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Forecast £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Our Town Hall Refurbishment	49.1	39.2	34.6	-4.6	305.2	305.2	0.0

<b>Total Our Town Hall Refurbishment</b>	<b>49.1</b>	<b>39.2</b>	<b>34.6</b>	<b>-4.6</b>	<b>305.2</b>	<b>305.2</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-4.6</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 10.3 Construction activity on the Our Town Hall Project continues, as work has begun on the sash windows samples on site, and the earthing has started for the Electricity North West (ENW) substation. Within the Great Hall the chandeliers and the organ have been removed and taken off site for storage. Work continues on the scaffolding on the clock tower, with scaffolding also being erected in the courtyard and chimneys on the Albert Square side of the building.
- 10.4 Construction remains on programme with the practical completion date remaining as May 2024 for the Town Hall. This includes a time risk allowance of 35 days which the team are working to increase to 50 days by mitigating actions prior to April 2021. The completion of Albert Square is expected in October 2023.

### Variances – In Year

- 10.5 There is a requirement to move £4.6m into future years due to the reprofiling of the contingency budget in line with construction values and risk management procedures. Work packages costs have also been reprofiled in line with the latest programme of works and due to several starting later than expected such as Stonework, Screed and Limecrete and Plaster Removal.

### Risks

- 10.6 Due to the size, duration and nature of the programme, risk will be carefully managed through and across the various work packages. Site investigations and early works are vital to inform the design and cost aspects.
- 10.7 External factors such as supply chain uncertainty, the reoccurrence of further COVID-19 related restrictions and the availability of sufficient and appropriate specialists to ensure the quality of the finished work, will require monitoring to ensure early action can be taken to reduce any negative impact on cost and programme.

## **11 Housing - General Fund**

- 11.1 The Private Sector Housing programme focuses on providing affordable housing including the facilities, adaptations and community focus required.
- 11.2 The main changes since the Budget set in February 2020, and prior to those noted in this report are as follows:

- Due to backlog issues relating to COVID-19, reprofiling of schemes funded through the Disabled Facilities grant was required. The 2020/21 budget is now £4.0m.
- At Outturn, the Ben Street Regeneration budget was reprofiled in relation to potential defects that may have arose following completion of the scheme.

11.3 The Private Sector Housing programme is forecasting to spend £13.8m compared to a budget of £17.1m, variance of £3.3m. The programme is shown in the table below:

Private Sector Housing (General Fund)	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Brunswick PFI Land Assembly	0.6	0.1	0.1	0.0	9.7	9.7	0.0
Disabled Facilities Grant	7.5	4.0	3.0	-1.0	53.9	53.9	0.0
Ben Street Regeneration	0.9	0.4	0.1	-0.3	8.7	8.7	0.0
Marginal Viability Fund – New Victoria	6.7	6.2	6.2	0.0	11.4	11.4	0.0
Other Projects	6.9	6.4	3.7	-2.0	85.9	85.9	0.0
<b>Total Private Sector Housing (General Fund)</b>	<b>22.6</b>	<b>17.1</b>	<b>13.8</b>	<b>-3.3</b>	<b>169.6</b>	<b>169.6</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-3.3</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

- 11.4 Funded through the Disabled Facilities Grant, the backlog of Assessments of Need due to COVID-19 is now reducing. Contractors and partners have continued to deliver adaptations, subject to agreements with tenants and homeowners.
- 11.5 Properties continue to be identified for the Next Steps Accommodation Programme, with 77 one-bedroom apartments now identified. A building services contractor will be appointed by the most appropriate framework to undertake refurbishment works once completion is achieved.
- 11.6 Leaflets are being posted to homes to raise awareness of the Green Homes Grant delivery scheme available to Manchester residents. The contract for the project is expected to be signed in early 2021.

#### Variances – In Year

- 11.7 Due to the latest COVID-19 national lockdown, a further £1.0m will be moved into

next financial year for schemes funded through the Disabled Facilities Grant, as the client group are those more likely to need to be shielded, which will in turn effect the amount of works that can be done.

- 11.8 Due to COVID-19, restrictions have prolonged the estimated timeframe for completion of the Ben Street project, although work is progressing. A total of £0.3m will be moved into 2021/22.
- 11.9 Further to the point in paragraph 11.5, although work is progressing, COVID-19 has caused some delay with the progress of the Next Steps Accommodation Property acquisitions project and assigning a contractor to develop the properties to a liveable standard, and as a result a total of £2.7m will be reprofiled into next year.
- 11.10 A total of £0.7m will be accelerated into 2020/21 for the Marginal Viability Fund – New Victoria project as work packages have been finessed and the programme detail updated accordingly.

### Risks

- 11.11 Delays with acquisitions, refurbishment works or sales could potentially result in the Empty Homes Programme being delayed with action needed to minimise the amount of time the Council is responsible for the properties. Given the early stage of this project this risk is not quantifiable but will be closely monitored.

## **12 Housing Revenue Account (HRA)**

- 12.1 The Public Sector Housing programme seeks to bring the estate up to and maintain the Decent Homes standard including statutory health and safety regulations and the reduction of CO2 emissions.
- 12.2 Due to COVID-19, all but two projects that were on site in March 2020 were suspended, with plans to restart when restrictions were lifted, unless there was good reason to continue, and it was able to be delivered. The budget was reprofiled, and the revised Public Sector Housing budget is now £17.8m.
- 12.3 The Public Sector Housing (HRA) programme is forecasting to spend £16.1m compared to a budget of £17.8m, a variance of £1.7m. The programme is shown in the table below:

<b>Public Sector Housing (HRA)</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Forecast £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Northwards	30.6	16.1	15.3	-0.7	79.5	79.5	0.0
North Manchester New Builds	3.5	1.2	0.2	-1.0	22.2	22.2	0.0
Other Projects	4.6	0.5	0.5	0.0	40.6	40.6	0.0
<b>Total Public Sector Housing (HRA)</b>	<b>38.8</b>	<b>17.8</b>	<b>16.1</b>	<b>-1.7</b>	<b>142.3</b>	<b>142.3</b>	<b>0.0</b>

<b>Reprofiling</b>				<b>-1.7</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 12.4 Within the Northwards programme, all live projects apart from two were suspended in March due to COVID-19. Projects began to restart in July, with the final projects restarted in October 2020. As at December 2020, a total of 42 major adaptations had reached handover.
- 12.5 Due diligence work to enter into contract for the North Manchester New Builds – Silk Street continues. A formal bid for Homes England Affordable Housing Programme funding will be completed now that bidding is open. Construction of new homes is expected to begin in September 2021 with practical completion expected November 2022.

### Variances – In Year

- 12.6 Across the Northwards Programme, there is a requirement to reprofile £0.7m into future years. The most significant is the Rushcroft and Pevensey Courts Ground Source Heat Pumps project, which is based on the current assessment of works and that only external work will be completed this financial year.
- 12.7 The Silk Street programme has been slowed down to ensure member views around design and social value are reflected, and so a total of £0.9m will be moved into next financial year.
- 12.8 Other in year variances total £0.1m.

### Risks

- 12.9 The Northwards programme relies on the performance of a number of contractors to deliver projects which creates a risk of delays. Ongoing monitoring of performance and regular communication with partners are used to manage risks in these areas.
- 12.10 There are risks around obtaining listed building consent and planning approvals required for some of the projects, to be managed through timely collaboration with colleagues in planning and design teams.
- 12.11 Northwards have updated their risk profile to include an expected increase in fire risk assessment costs on the high rise blocks due to an increase in the scope of work following detailed surveys, an increase in contractor costs due to demands on capacity and an increase in insurance costs in relation to accountability and risk.

## **13 Children's Services**

- 13.1 The main focus of the children's services programme is to provide additional school places for children across the City and maintain the school buildings, ensuring that there is investment in modern, energy efficient and high-quality education infrastructure which drives reductions in carbon across the estate of schools, 85% of materials are locally sourced and contractors recycle more than 75% of waste products.
- 13.2 The main changes to the budget set in February 2020 and prior to those noted in this report include:
- As reported at outturn, the acquisition of land at Hyde Road was expected to take place before the end of the calendar year and so the total £13.1m budget was reprofiled into 2020/21.
  - The 2020/21 school maintenance allocation was published at the end of 2019/20, and a scheme of works was subsequently approved by the Executive. The 2020/21 budget is now £4.5m.
- 13.3 The Children's Services programme is forecasting to spend £37.2m compared to a budget of £44.4m, a variance of £7.2m. The programme is shown in the table below:

Children's Services	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Basic Need and SEND Programme	20.8	20.6	18.1	-2.5	139.3	139.3	0.0
School Maintenance programme	3.6	4.5	3.3	-1.2	11.3	12.6	1.3
Other Projects	5.0	19.3	15.8	-3.5	24.1	20.9	-3.1
<b>Total Children's Services</b>	<b>29.5</b>	<b>44.4</b>	<b>37.2</b>	<b>-7.2</b>	<b>174.7</b>	<b>172.3</b>	<b>-1.8</b>
<b>Reprofiling</b>				<b>-4.1</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>-3.1</b>			

#### Activities

- 13.4 The acquisition of the former cinema site at Hyde Road has completed, which will enable the development of a new secondary school, Co-op Academy Belle Vue, plus housing on the site. RIBA Stage 2 costings and designs for the school are currently under review by the Council. A Pre-Construction Services agreement (PCSA) and planning application for demolition of the cinema is expected in early 2021.
- 13.5 The Special Educational Needs (SEN) Basic Need programme continues to progress well with the superstructure at Roundwood Road now complete, foundations complete at Brookside Road and foundations commenced at North

Hulme Adventure Playground. The entire programme was on schedule up to the Christmas break, and an update is awaited from the contractors following the latest national lockdown and any impact that may have on the supply chain.

- 13.6 The modular units for the North Ridge expansion were delivered before Christmas and internal works are nearing completion, with groundwork and utility connections to be done imminently. Completion of the entire project is expected in early 2021.

#### Variances – All Years

- 13.7 In August 2020, a further allocation of Schools Maintenance funding was announced by the Government, with Manchester's allocation at an additional £1.3m. This will be added to the Capital Programme when the scheme of works for 2021/22 is brought forward.
- 13.8 Further to the point in paragraph 13.4, the purchase of the Hyde Road site has completed at £3.1m less than was originally budgeted for. This will be removed from the Capital programme.

#### Variances – In Year

##### *Education Basic Need*

- 13.9 As previously reported, a more detailed and accurate construction cash flow has now been received from the contractor of the SEN EBN programme and as a result, a total of £1.2m will be reprofiled into next financial year.
- 13.10 As per the latest schedule of works, the scheme to deliver a modular build extension and temporary units at Connell Co-op College for additional secondary school places in September 2021 ahead of the Co-op Academy Belle Vue opening in September 2023, is expected to start on site in April 2021, and therefore requires reprofiling of £1.1m into next financial year.
- 13.11 Other in year variances total £0.2m.

##### *Schools Maintenance Programme*

- 13.12 A total of £1.2m will be moved into next financial year for the Schools Maintenance Programme, including £0.8m for the Broad Oak Kitchen scheme as designs are ongoing and work is expected to be undertaken in 2021/22. The remaining £0.4m relates to unspent contingency across all 2020/21 projects.

##### *Other Projects*

- 13.13 As a result of Greenwich Leisure Ltd (GLL) retendering works for the Ghyll Head project, a total of £0.4m will be reprofiled into next financial year. Tenders are currently being evaluated with final project costs to be updated following this.
- 13.14 Other in year variances relate to paragraph 13.8.

## Risks

- 13.15 There is a risk around the Council's ability to meet the continued growth of pupil numbers – particularly in-year school admissions which is more difficult to accurately project and manage. There is also a risk around the pace of residential development and the demand for school places outweighing the available supply in particular areas of the City. To offset these risks, the Director of Education has developed a School Places plan for 2020 to 2025 using forecasted demand to ensure that there are sufficient high quality school places available in the right areas across the City. The Council's relationship with the DfE is also key to ensuring that free school places are delivered on time.

## **14 ICT Capital Programme**

- 14.1 The aim of the ICT programme is to reduce key risks, decommission legacy platforms and to create a simpler, more robust, resilient and easier to support environment. The programme will move towards a modern infrastructure whilst adding business value.
- 14.2 The main variances from the original budget set in February 2020 and before those outlined in this report are:
- In 2019/20, Executive approved a £1.8m scheme to implement Microsoft 365 across the Council Estate.
  - As a result, the End User devices budget was reprofiled to account for the expected interdependencies between the projects.
- 14.3 The ICT programme is forecasting to spend £3.8m against a budget of £3.3m, a variance of £0.5m. The programme is shown in the table below:

<b>ICT</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Forecast £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Microsoft 365	0.0	1.8	1.8	0.0	1.8	1.8	0.0
End User Experience	3.4	0.6	1.0	0.4	5.2	5.2	0.0
Other Projects	2.3	0.9	1.0	0.1	37.4	37.4	0.0
<b>Total ICT</b>	<b>5.7</b>	<b>3.3</b>	<b>3.8</b>	<b>0.5</b>	<b>44.4</b>	<b>44.4</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>0.5</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

## Activities

- 14.4 All Council staff with an email account have now migrated to Microsoft Office 365, with only a small number of shared mailboxes and c.1000 mobile telephone



devices left to migrate. Change leads and Digital Champions remain in place across the Authority to support staff and to share knowledge and information.

- 14.5 The main activities for the Data Centre Network Design are now complete and the migrations have been successful. Service transition activities are underway which will continue to utilise internal resources. All telephony has now moved from the Sharp Data Centre to UK Fast and the decommissioning of the Sharp Data Centre will be undertaken in 2021.
- 14.6 The contract award report was signed by the City Treasurer for the WAN Refresh project in December 2020. This supported the Council's application for £0.9m of grant funding for the project from the Department for Digital, Culture, Media and Sport, which has now been confirmed.
- 14.7 In January 2021, Executive approved a budget increase of £3.6m for the End User Device project, which will see all Council staff allocated end-user devices to meet the needs of their roles and the replacement of a substantial amount of equipment that is past end of life. A framework agreement has now been signed and data analysis continues to determine who has got what device and what device individuals will need in the future. It is estimated that new devices will start to be rolled out in March.

#### Variances - In Year

- 14.8 Due to COVID-19, a number of laptops and mobile phones have been procured to support homeworking. All devices that have been ordered are in line with the End User Device strategy and the associated specification to ensure that staff receive the best device possible to support their current and future working practices. As a result, a total of £0.4m will be accelerated into 2020/21.
- 14.9 As a result of the contract award report being signed for the WAN project, reprofiling of the Network Refresh budget is required in order to support both the WAN and the LAN and WIFI projects beginning in 2020/21. A total of £0.2m will be accelerated into this financial year.
- 14.10 Due to the interdependencies between the Telephony and the End User Device projects, as well as the continuation of homeworking, the decision on the telephony handset requirements for Council buildings is subject to a further review being led by Estates, ICT and HR. As a result, a total of £0.1m will be moved into 2021/22.

#### Risks

- 14.11 An emerging risk the ICT portfolio is the global industry wide shortage in Laptop supplies. The project manager for the End User Device scheme is liaising with our current supplier to ensure we have the latest information on shortages and estimated lead times. The project team will work proactively to ensure orders are placed in advance to prevent delays in device roll outs.

- 14.12 ICT projects are often interdependent which can lead to adjustments to the schedule of activity should changes occur in a particular project. Some projects may need external support and advice to be delivered and this may create delays as such work is completed.
- 14.13 ICT projects are subject to external factors such as cyber security risks as an incident could result in data unavailability or loss, impacting the Council's critical applications and services. The Council has Public Services Network (PSN) compliant infrastructure and up to date anti-virus software to mitigate this. The use of end of life software and hardware form part of the ICT risk profile to ensure ongoing operation of systems and hardware.
- 14.14 Ongoing risks around expiration of licenses and support contracts are managed through monitoring and review at operational and strategic level, taking into account costs associated with maintaining or changing existing arrangements into future years.

## 15 Corporate Services Programme

- 15.1 Included in the Corporate Services programme is Gorton Health Hub which will bring together key organisations responsible for tackling worklessness and low skills. This will have a positive impact providing new opportunities for local residents and will contribute to sustainable economic growth by replacing a number of old, poorly maintained and high carbon producing buildings into a more modern, energy efficient purpose built building.
- 15.2 The main variances from the budget set in February 2020, and prior to those reported in this report are as follows:
- In March, the Integrated Working – Gorton Health Hub project was paused due to COVID-19. The 2020/21 budget is now £4.4m.
  - The package of shareholder support approved for Manchester Airport Group was included in the budget following an urgent key decision approved in April 2020.
- 15.3 The Corporate Services programme is forecasting to spend £115.4m compared to a budget of £155.7m, a variance of £40.3m. The programme is shown in the table below:

Corporate Services	20/21 Budget set in Feb 20 £m	20/21 Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Integrated Working – Gorton Health Hub	17.2	4.4	0.4	-4.0	22.8	22.8	0.0
BioMedical Investment	6.1	3.8	3.8	0.0	21.3	21.3	0.0
Manchester Airport Group Support	0.0	142.7	106.5	-36.2	142.7	142.7	0.0
Other Projects	14.9	4.8	4.7	-0.1	153.7	153.5	-0.2

<b>Total Corporate Services</b>	<b>38.2</b>	<b>155.7</b>	<b>115.4</b>	<b>-40.3</b>	<b>340.5</b>	<b>340.3</b>	<b>-0.2</b>
<b>Reprofiling</b>				<b>-40.1</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>-0.2</b>			

#### Activities.

- 15.4 Following the unpausing of the scheme by the Executive in July, the Integrated Working - Gorton Health Hub Project Team reconvened. All stakeholder review meetings are now complete and the updated cost plan and scope for the project will be reviewed and agreed by internal colleagues and presented to Executive members in the upcoming months.

#### Variances - All Years

- 15.5 There is a total expected underspend of £0.2m for the Pay and Display Machines project as a result of the total contingency budget not being utilised. Once quantified, this will be removed from the Capital Programme.

#### Variances – In Year

- 15.6 As reported in paragraph 15.4, the Gorton Health hub project forecast has been further updated in light of COVID-19 and the review of the scope with partners. As a result, a total of £4.0m will be reprofiled into next financial year, when it is expected that the project will begin.
- 15.7 No further payments are expected to be made this financial year as part of the shareholder support approved for Manchester Airport Group, and so a total of £36.2m will be reprofiled into next financial year.
- 15.8 Other variances total £0.1m.

#### Risks

- 15.9 The nature and scope of the schemes within the Corporate Programme mean that project progression is highly reliant on third parties and there is therefore a risk of external factors causing delays.

### **16 Capital Resources**

- 16.1 The capital programme is reviewed on an ongoing basis to confirm the resources required to finance capital spend are in place, the future years programme is fully funded and that the required resources are secured within an affordable level of prudential borrowing.
- 16.2 The table below summarises the current funding assumptions for the full programme. This will be reviewed in line with the overall review of capital programme priorities. The Deputy Chief Executive and City Treasurer will

continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the City Council.

*Draft funding position for 2020/21 Capital Programme based on current forecast:*

	£m
Grants	72.0
External Contributions	32.0
Capital Receipts	12.3
Revenue Contributions to Capital	18.1
Capital Fund	5.0
Borrowing	232.7
<b>Total</b>	<b>372.1</b>

- 16.3 To note, the draft funding position above includes the financing of the net £0.1m overspends across the Capital Programme. As highlighted in the relevant sections of this report, every effort is being made by officers of the Council to address and reduce this overspend prior to the end of the financial year.

## 17 Capital Programme Re-phasing and Variations

- 17.1 Based on the monitoring information above, it is proposed that the capital programme budget is re-phased to reflect the planned delivery of projects in 2020/21 to 2024/25. The cumulative impact of these adjustments is shown in the table below.

*Proposed Capital Programme variations 2020/21 to 2023/24*

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
Capital Budget (October 20)	446.7	402.2	326.4	119.7	34.1	1,329.0
Forecast Reprofile	-71.4	48.4	5.4	15.4	2.2	0.0
Cost Variations	-3.3	-3.5	0.0	0.0	0.0	-6.8
Proposed Capital Budget	372.0	447.1	331.8	135.1	36.3	1,322.3

### *Virements*

- 17.2 Various schemes across the programme require virements in 2020/21 - 2022/23, as shown in the Appendix A.
- 17.3 The Council is requested to approve virements over £0.5m within the capital programme as outlined in Appendix A.
- 17.4 The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix A.

## 18 Social Value

- 18.1 All capital business cases are required to provide information on social value impact likely to be generated as part of the scheme. These include details of employment of local residents, training of local residents, improvements in key health outcomes, support of community cohesion, improvement in key education outcomes, help to other excluded groups and promoting environmental sustainability. These are considered as part of the scheme approval process via the Checkpoint system. Work is on-going as part of improving overall contract monitoring to review the monitoring of these activities.

## **19 Changes to PWLB borrowing rates**

- 19.1 As part of the Government's March 2020 budget, a consultation on the future of the PWLB was launched, and the Council responded in July. As a result of the consultation outcome, PWLB rates have reduced again and further details can be found in the Capital Strategy and Treasury Management Strategy Statement elsewhere on the agenda.

## **20 Prudential Indicators**

- 20.1 The prudential indicators as at the end of December 2020 are shown at appendix B.

## **21 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

### **(b) A highly skilled city**

The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

### **(c) A progressive and equitable city**

The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.

### **(d) A liveable and low carbon city**

Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

**(e) A connected city**

The capital programme includes investment in highways infrastructure, and broadband expansion.

**22 Key Policies and Considerations****(a) Equal Opportunities**

By investing in building adaptations, access for people with mobility difficulties is made easier.

**(b) Risk Management**

The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate charges. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality and affordability, to help manage and mitigate these risks.

**(c) Legal Considerations**

None.

## Appendix A – Proposed Programme Virements

Project Name	2020/21 In year virement proposed	2021/22 In year virement proposed	2022/23 In year virement proposed	2023/24 In year virement proposed
Large Patching repairs	164			
Patching Defect repairs	36			
Carriageway Resurfacing	23			
Highways Maintenance Challenge Fund	-200			
Didsbury West	-23			
<b>Total Highways Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Moston Miners Low Rise externals		-13		
Newton Heath Limerston Drive externals		-6		
External cyclical works Ancoats Smithfields estate		15		
External cyclical works New Moston		-8		
Electricity North West distribution network		8		
Charlestown Pevensey and Rushcroft Courts door entry systems renewal	-49			
Delivery Costs	-122			5
One offs such as rewires, boilers, doors, insulation		-31		
Boiler replacement programme	6			
Harpurhey - Monsall Multis Internal Works		-8		
Higher Blackley - Liverton Court Internal Works		-62		
Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	33	52		
Charlestown - Rushcroft/Pevensey Court Internal Works			31	
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works		111		
Charlestown - Rushcroft/Pevensey Courts Lift Refurb				12
Fire Risk Assessments				1
Harpurhey Baths Estate (excl Edward Grant Court) and Cheetham Appleford Estate			1	
Newton Heath Troydale and Croyden Drive Low Rise Estates	-52	-32		
Retirement blocks various works				115

<b>Project Name</b>	<b>2020/21 In year virement proposed</b>	<b>2021/22 In year virement proposed</b>	<b>2022/23 In year virement proposed</b>	<b>2023/24 In year virement proposed</b>
Retirement blocks lift replacement apprentice and edward grant courts		-114		
Delivery Costs	-325	-7		
Improvements to Homeless accommodation city wide		-12		
Improvements to Homeless Accommodation Phase 2			12	
Delivery Costs	-17			
Adaptations		-52		
Various Locations - Adaptations			52	
Delivery Costs	-2	-4		
Northwards Housing Programme - Unallocated	528	163	-96	-133
<b>Total Public Sector Housing (HRA) Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Plymouth Grove Refurbishment	-85			
Piper Hill Special School	15			
SEND Expansions - Melland and Ashgate	3			
Basic need - unallocated funds	67			
Lily Lane Prim Windows		50		
St. Augustine's	-2			
Mauldeth Road Rewire	-94			
Button Lane Primary Fire Alarm	-25			
Charlestown Comm Fire Alarm/Lighting	-38			
Northenden Primary Pipework and Radiators	-23			
Crowcroft Park roof repairs	-79			
Abbott Kitchen ventilation	-60			
Manley Park Primary roof repairs	-50			
Schools Capital Maintenance - unallocated	371	-50		
<b>Total Children's Services Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Internet Resilience	-3			
ICT Investment Plan	3			
<b>Total ICT Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



### Appendix B – Prudential Indicators as at end of December 2020

No	Prudential Indicator		Target		As at end Dec 20	Target Breached Y/N
			£m		£m	
1	Estimated Financing Costs to Net Revenue Stream		6.7%		6.7%	N
2	Forecast Capital Expenditure	Non – HRA	453.7		356.0	N
		HRA	38.8		16.1	N
		<b>Total</b>	<b>492.5</b>		<b>372.1</b>	N
3	Forecast Capital Financing Requirements	Non – HRA	1,637.1		1,401.4	N
		HRA	299.2		299.2	N
		<b>Total</b>	<b>1,936.3</b>		<b>1,700.6</b>	N
4	Authorised Limits for External Debt	Borrowing	1,384.5		774.1	N
		Other Long Term Liabilities	190.0		190.0	N
		<b>Total</b>	<b>1,574.5</b>		<b>964.1</b>	N
5	Operational Boundaries for External Debt	Borrowing	1,006.2		774.1	N
		Other Long Term Liabilities	190.0		190.0	N
		<b>Total</b>	<b>1,196.2</b>		<b>964.1</b>	N
6	Upper Limits for Principle Sums Invested for over 364 days		0		0	
			<i>Upper Limit</i>	<i>Lower Limit</i>		
7	Maturity Structure of Borrowing	under 12 months	80	0	43.6%	N
		12 months and within 24 months	70	0	17.5%	N
		24 months and within 5 years	60	0	8.9%	N
		5 years and within 10 years	50	0	0.1%	N
		10 years and above	80	20	29.9%	N

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## **Manchester City Council Report for Resolution**

**Report to:** Children and Young People Scrutiny Committee - 10 February 2021  
Executive - 17 February 2021

**Subject:** Children and Education Services Budget 2021/22

**Report of:** Strategic Director for Children and Education Services

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### **Summary**

As reported to the Executive on the 16 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 and January reports to Executive and to 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 £41m, as previously identified, will be sufficient. This report provides a further updated Children and Education Services 2021/22 budget proposals that reflect the feedback and decision(s) from the scrutiny and Executive meetings that were held in January 2021.

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 2020/21 Dedicated School Grant notification was received on the 17<sup>th</sup> December 2020 and totals £602.626m. The overall increase in grant since last year is £42.477m. The biggest change in the grant is due to 2% per pupil related increase in part of the grant that supports primary and secondary schools, transfer of Teacher's Pay and Pension Grants and £9.773m uplift (not including the teacher's pay and pension grant transfer) in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with Schools Forum on the 18<sup>th</sup> January 2021 and is reported on in a separate report to this meeting.

The Council's budget proposals for 2021/22 and onwards will be subject to further refinement following feedback from public consultation which is set to close on the 21 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.

The Executive is recommended to approve these budget proposals.

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**Wards Affected:** All

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

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**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 February 2021. The draft options for 2021/22 total £12.359m, 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 £10.998m 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.

#### **Contact Officers:**

Name: Paul Marshall  
 Position: Strategic Director for Children and Education Services  
 Telephone: 0161 234 3952  
 E-mail: paul.marshall@manchester.gov.uk

Name: Amanda Corcoran  
 Position: Director of Education  
 Telephone: 0161 234 4314  
 E-mail: amanda.corcoran@manchester.gov.uk

Name: Sean McKendrick  
 Position: Deputy Director Children's Services  
 Telephone: 0161 234 3952  
 E-Mail: sean.mckendrick@manchester.gov.uk

Name: Reena Vandhna Kohli  
 Position: Directorate Finance Lead - Children, Education and Schools  
 Telephone: 0161 234 4235  
 E-mail: reena.kohli@manchester.gov.uk

#### **Background documents (available for public inspection):**

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

Children and Education Services Budget 2021/22 – Children and Young People Scrutiny 13<sup>th</sup> January 2021

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

Children and Education Services Business Planning: 2019-2020, Executive 13<sup>th</sup> 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. This report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning. As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council 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 mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.
- 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 meetings held in November 2020 and January 2021 and as such 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. 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) impact 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 and January's scrutiny committee the proposals have been subject to further refinement.
- 1.6 The 2020/21 Dedicated School Grant notification was received on the 17<sup>th</sup> December 2020 and totals £602.626m. The overall increase in grant since last year is £42.477m. The biggest change in the grant is due to 2% per pupil related increase in part of the grant that supports primary and secondary schools, transfer of Teacher's Pay and Pension Grants and £9.773m uplift (not including the teacher's pay and pension grant transfer) in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with Schools Forum on the 18<sup>th</sup> January 2021 and is reported on in a separate report to this meeting.

## **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 £5,691 in 2021/22, an increase of £603 per pupil in cash terms. However, taking account of the Retail Price Index (RPI), it represents an actual real term reduction of around £470 per pupil. It should also be noted that the significant per pupil increase in 2021/22 is a result of funding formula changes whereby external grants have been rolled into core funding.
- 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 committees, 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' arrangements for children through adoption and the increased number of Special Guardianship Orders (SGOs). There are 592 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 Revenue Strategy**

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 the 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 and contributing to the development of Greater Manchester Care Leaver's covenant.

#### 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 between a 2%-3% increase in pupil related funding, this is estimated to equate to **£10.611m. Teacher's pay and pension grants have been transferred into DSG, in total this equates to £17.522m** 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%, and it is estimated that the additional allocation will be c. **£11.456**, included within the additional allocation is an uplift for Teacher pay and pension grant of £1.683m. 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.
- 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 £132.228m with 1,316 full time equivalent staff summarised in table one below, a subjective analysis is provided in appendix one of this report:

Table one: Base Budget

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	202/21 Budgeted Posts (FTE)
Children's Safeguarding	128,108	110,073	885
Education*	339,737	17,466	314
Directorate Core and Back Office	4,717	4,689	117
<b>Total</b>	<b>472,562</b>	<b>132,228</b>	<b>1,316</b>

\*Education gross budget includes the Dedicated Schools Grant (excluding Academy Schools)

### Overview of Options for Savings in the Children's and Education Services Directorate

- 4.8 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.
- 4.9 £12.359m 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 and are listed in table two below:
- 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

Table two: Budget Options

Area	Option	Description	RAG	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Children's Services	Placement Stability	Cost Avoidance	Amber	627	415			1,042
Children's Services	Re-commission – Lyndene	Effective Commissioning	Amber	462				462
Children's Services	Multi-Agency Arrangements	Effective Commissioning	Red	1,000				1,000
Children's Services	Leaving Care	Effective Commissioning	Green	1,767				1,767
Children's Services	Market Development	Effective Commissioning	Red	400	376			776
Children's Services	Unaccompanied Asylum Seeking Children	Effective Commissioning	Green	515				515
Children's Services	Commissioning Review	Effective Commissioning	Amber	300				300
Children's Services	Pace Beds	Effective Commissioning	Green	28				28
Children's Services	Improving Permanence	Care Planning & Practice Improvement	Green	160	159			319
Children's Services	Stability Team and Wrap Around Support	Care Planning & Practice Improvement	Green	300				300
Education	Premises	Efficiencies	Green	129				129
Education	Attendance	Efficiencies	Green	70				70
Core	Business Support	Efficiencies	Amber	130				130
Children's Services	Adoption Services	Efficiencies	Green	357				357
Education	SLA Schools	Efficiencies	Amber	30				30
Children's Services	Families First	Service Reductions	Green	445				445
Children's Services	Section 17	Service Reductions	Green	50				50
Children's Services	No Recourse to Public Funds	Service Reductions	Amber	600				600
Children's Services	Workforce Development	Service Reductions	Green	140				140
Children's Services	Legal - Fees reduction	Service Reductions	Amber	260				260
Education	Schools Quality Assurance	Service Reductions	Red	300	-150			150
Education	Free Travel	Service Reductions	Green	400				400

Area	Option	Description	RAG	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Core	Strategic Business Support	Service Reductions	Amber	80				80
Children's Services	CAMHS	Service Reductions	Amber	148				148
Children's Services	Early Years – Core offer, Speech & Language	Service Reductions	Amber	200	100	100	100	300
Children's Services	Managing Demand	Service Reductions	Red	1,000				1,000
Children's Services	Troubled Families	Use of reserves	Amber	1,150	-1,150			
Education	DSG reserve	Use of reserves	Green	1,000	-1,000			
Children's Services	Children's Services Reserve	Use of reserves	Green	311	-311			
Children's Services	Children's Services Reserve	Use of reserves	Green		1,409	-1,409		
<b>Total</b>				12,359	- 152	-1,309	100	10,998

### Cost Avoidance - Preventative and Edge of Care Services

- 4.10 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.
- 4.11 The primary aims of the placement options outlined in paragraph below 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

- 4.12 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 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

- 4.13 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

- 4.14 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

- 4.15 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.

- 4.16 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

- 4.17 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
- 4.18 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)

- 4.19 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.
- 4.20 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

- 4.21 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

- 4.22 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

- 4.23 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

- 4.24 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

- 4.25 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

- 4.26 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

- 4.27 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

- 4.28 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

- 4.29 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

- 4.30 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)

- 4.31 "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.
- 4.32 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

- 4.33 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

- 4.34 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

- 4.35 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.
- 4.36 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 therefore a 'risk stratification' will be used to ensure resources are targeted to maximise impact. 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.

### Free Travel

- 4.37 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.

- 4.38 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

- 4.39 This part of the service supports the service's social care system training offer to the workforce and information governance. The service has reviewed their approach to systems training, considering the unpredictability in demand for subject access requests and non-staffing costs, at this stage this review has identified a potential saving of **£80k** 2021/22 onwards.

#### Child and Adolescent Mental Health Services (CAMHS)

- 4.40 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>
- 4.41 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

4.42 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

4.43 The two 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:

- Commissioned Speech and Language Offer
- Sure Start Children's Centre Core Purpose

4.44 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. 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. It is becoming increasingly evident the impact of the pandemic is leading to increase need for this support rather than reducing, like referrals to Children's Services. The approach to delivery of this saving will be reviewed in 2022.

4.45 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

4.46 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

4.47 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 for 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.

#### Use of Grants

4.48 In addition to the Dedicated Schools Grant the Directorate's budget is reliant upon a range of other service areas funded through government grant which are summarised in the table below and accompanying notes. At this stage, the 2020/21 budget is based on assumptions the equivalent level of grant for 2021/22, where updates have not been made available. Budgets will be updated in year as grant announcements are made. They are reflected in the gross expenditure budget detailed in Appendix two.

4.49 The details on each of these grants are as follows:

- i. **Pupil Premium** - This funding supports disadvantaged pupils and assists them in decreasing the attainment gap between them and their peers. Pupil premium grant amounts per eligible child will remain unchanged for the financial year 2021/22. In addition to Local Authorities receiving the Pupil Premium grant to pay out to their maintained schools they receive an amount for each child they are looking after; they must work with the school to decide how the money is used to support the child's personal education plan.
- ii. **Universal Infant Free School Meal grant** – Universal infant free school meals (UIFSM) provides funding for all government funded schools to offer free school meals to pupils in reception, year 1, and year 2.

- iii. **Key Stage Two Moderation** – This will cover the monitoring of the phonics screening check and moderation of key stage 2 writing teacher assessment by the local authority
- iv. **Private Finance Initiative** – Education and Funding Agency grant related to two Manchester schools which have a 25 year contract with providers for facilities management.
- v. **Youth Justice** - Supports services to respond to and reduce offending behaviour; addressing the risk factors associated with it.
- vi. **Remand** – a contributory grant in respect of children remanded to youth custody, for which the full costs are met by the respective Local Authority.
- vii. **Troubled Families** – A results based funding scheme that provides financial incentive, attachment fee and sustained success payments to get to improve outcomes for troubled families.
- viii. **Staying Put** - grant to contribute to the financial costs that enable young people to continue to live with their former foster carers once they turn 18 and until they are 21 years of age.
- ix. **School Improvement Monitoring and Brokering Grant** - The grant has been allocated to local authorities since September 2017 and to allow them to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate. Manchester's allocation for next year is yet to be confirmed.
- x. **Unaccompanied Asylum Seeking Children grant** - the Home Office make funding available to local authorities relating to their placement costs of supporting Unaccompanied Asylum Seeking Children (UASC). Manchester receives £143 per night per UASC under 18 year olds and £240 per week over 18 year olds.

#### Demography and Growth

- 4.50 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.
- 4.51 **Demography** -. 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.
- 4.52 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 and totals £274k.

- 4.53 **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.
- 4.54 In the medium term the repercussions of the pandemic are 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.
- 4.55 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.
- 4.56 The Directorate has indicated in paragraphs 4.47 what step it can take to safely 'manage down' the additional demand Covid-19 may create.

#### Pressures/risks

- 4.57 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.
- 4.58 **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 £288k 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 is expected to be

concluded in the forthcoming financial year. The Directorate will look to manage this pressure through the Sales, Fee and Charges 75% grant.

- 4.59 **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.
- 4.60 **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.

## 5.0 Our Corporate Plan

- 5.1 Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the Our Manchester Strategy 2015-2025. These priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the council and city-wide focus on the importance of Equality, Diversity and Inclusion.
- 5.2 These budget proposals are aligned to our Corporate Plan to ensure the priorities will be achieved. Our Corporate Plan themes and revised priorities are set out in table three below:

**Table 3: Corporate Plan Themes and Priorities**

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i>	Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i>	Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.
	Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.

	Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities
<b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i>	All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.
	Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.
	Reduce number of children needing a statutory service.
<b>4. Healthy, cared-for people</b> <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i>	Take actions to improve population health outcomes and tackle health inequalities across the city.
	Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.
	Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.
	Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless
<b>5. Housing</b> <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i>	Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.
	Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by



	direct control of Council owned housing in the north of the city.
<b>6. Neighbourhoods</b> <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	Enable all our diverse neighbourhoods to be clean, safe and vibrant.
	Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.
<b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.
	Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.
<b>8. Equality</b> <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i>	Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	Development of the future shape of the Council, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

## 6.0 Impact on Workforce, Residents, Risk Management and Legal Considerations

### 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

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

6.4 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, faith, religion, belief, sex, sexual orientation and disability.

6.5 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. The Directorate is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using the service. To achieve this, we are committed to undertaking where required and monitor equality analysis of our new or altered functions, to ensure they are accessible and inclusive and do not cause adverse equality impacts. The service will use the Council's Equality Impact Assessment framework to do this. 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, remove barriers and proactively respond to make these as fair and equitable as possible.

### **Risk Management**

- 6.6 Children's Services will seek to manage all expenditure within the approved budget available and performance against budgets will be monitored and reported to the Executive and Elected Members on a regular basis, this will include a risk register with any mitigations identified.

### **Legal Considerations**

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

## **7.0 Consultation**

- 7.1 The savings options being considering protect residents' front-line services where possible and take into account what we'll need to recover from the pandemic. A number of Children's savings are service efficiencies. We believe that these options help us stick to the priorities that residents, businesses and our partners have helped us set, to make our city the best it can be in the coming decade – taking this opportunity to start reshaping our services and workforce to fit our city's future.
- 7.2 A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities. The consultation can be found at: [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

## **8.0 Conclusion**

- 8.1 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.
- 8.2 Should the proposed savings options be agreed and applied this would lead to a reduced budget of £10.995m.
- 8.3 Table four 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 4: Proposed budget 2021/22 Approved MTFP**

<b>Service Area</b>	<b>2020/21 Net Budget £'000</b>	<b>Approved savings £'000</b>	<b>Investment and other changes £'000</b>	<b>2021/22 Net Budget £'000</b>
<b>Children's Safeguarding</b>	110,073	-10220	5,753	<b>105,606</b>
<b>Education</b>	17,466	-1,929	274	<b>15,811</b>
<b>Directorate Core and Back Office</b>	4,689	-210	0	<b>4,479</b>
<b>Total</b>	<b>132,228</b>	<b>- 12,359</b>	<b>6,027</b>	<b>125,896</b>

8.4 It is also 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.

8.5 In conclusion, 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.

## Appendix One: Subjective Analysis

Subjective Heading	2020/2021 Budget £'000	2021/2022 Indicative Budget £'000
<b>Expenditure:</b>		
Employees	61,796	61,496
Running Expenses	434,851	447,408
Capital Financing Costs	-	-
Contribution to reserves	1,975	975
<b>Total Subjective Expenditure</b>	<b>498,622</b>	<b>509,879</b>
Less:		
Other Internal sales	-	-
<b>Gross Expenditure</b>	<b>498,622</b>	<b>509,879</b>
<b>Income:</b>		
Government Grants	358,258	376,847
Contributions from Reserves	2,182	1,182
Other Grants Reimbursements and Contributions	4,747	4,747
Customer and Client Receipts	1,157	1,157
Other Income	49	49
<b>Total Net Budget</b>	<b>132,228</b>	<b>125,896</b>

**Appendix Two: Children Grants**

<b>Grant Program</b>	<b>Service Area</b>	<b>Grant Funding £'000</b>
Dedicated Schools Grant	Education	339,719
Pupil Premium	Education	21,808
School Improvement Grant	Education	424
Universal Infant Free School Meal	Education	4,049
Youth Justice Board	Children Services	1,161
Unaccompanied Asylum Seekers Children	Children Services	5,627
Remand	Children Services	466
Troubled Families Grant	Children Services	3,044
Key Stage Two Moderation Grant	Education	17
Staying Put Grant	Children Services	529
<b>Total</b>		<b>376,847</b>

## **Manchester City Council Report for Resolution**

**Report to:** Health Scrutiny Committee - 9 February 2021  
Executive – 17 February 2021

**Subject:** Adult Social Care and Population Health Budget 2021/22

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

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### **Summary**

As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council 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 mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.

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 Health Scrutiny Committee is asked to consider and make comments on the budget proposals identified prior to being considered by Executive in February 2021.

The Executive is recommended to approve these budget proposals.

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**Wards Affected:** All

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

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
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	

**Contact Officers:**

Name: Katy Calvin-Thomas  
 Position: Chief Executive Manchester Local Care Organisation  
 Telephone: 07789 938739  
 E-mail: kathy.calvinthomas@nhs.net

Name: Bernie Enright  
 Position: Executive Director of Adult Social Services  
 Telephone: 0161 234 4207  
 E-mail: bernadette.enright@manchester.gov.uk

Name: Laura Foster  
 Position: Director of Finance Manchester Local Care Organisation  
 Telephone: 07779 981001  
 E-mail: laura.foster2@mft.nhs.uk

Name: Sarah Broad  
 Position: Deputy Director Adult Social Services (Interim)  
 Telephone: 07966 229569



E-mail: sarah.broad@manchester.gov.uk

Name : Simon Finch

Position: Head of Finance Adult Social Services

Telephone: 07939 132452

E-mail: simon.finch@manchester.gov.uk

**Background documents (available for public inspection):**

Not applicable.

## 1.0. Introduction

- 1.1. A key priority of the Our Manchester Strategy is to radically improve health and care outcomes in the city. Manchester has some of the poorest health outcomes in the country, and there are very significant health inequalities within the city. It has been agreed through the Manchester Partnership Board that the role and function of Manchester Local Care Organisation (MLCO) is to be the delivery vehicle for reducing health inequalities and improving population health of people in Manchester. This has become even more critical due to the disproportionate impact of COVID on many of our communities.
- 1.2. The Locality Plan, 'Our Healthier Manchester', represents the first five years of ambitious, transformational change needed to deliver this vision. The Locality Plan is fully aligned with the Our Manchester approach. This will mean supporting more residents to become independent and resilient, and better connected to the assets and networks in places and communities. Services will be reformed so that they are built around citizens and communities, rather than organisational silos. The Locality Plan is aligned to the Council's Corporate Plan priority - 'Healthy, Cared for People'.
- 1.3. 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.
- 1.4. 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.
- 1.5. For 2021/22, the budget plan for Adult Social Care will be essentially part of the Manchester Local Care Organisation (MLCO) Operational Plan. This report provides the final budget proposals following Scrutiny consideration of key considerations in November 2020 and January 2021. An overview and update of the development of the MLCO Operating Plan is provided at **Appendix 2**. For Population Health, the necessary focus on COVID-19 by the Director of Public Health (DPH) and the Population Health Team, means that 2021/22 will now be the transition year to ensure the appropriate transfer of some population health functions and associated budgets to the MLCO. The DPH will work with the Chief Executive of the MLCO, Deputy Chief Executive and City Treasurer and MHCC Chief Finance Officer to agree the Transition Plan by 31 March 2021.
- 1.6. The City Council is working with NHS Partners to strengthen the MLCO by continuing to support 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.

- 1.7. A key component of this work for 2021/22 will be around revising the governance and financial frameworks associated with the partnership between MCC and Manchester CCG (MHCC) and the partnership between MCC and MFT (MLCO) including pooled budget arrangements. Officers are working to prepare the new arrangements for implementation for 2021/22 and a report will be brought back to Health Scrutiny with further details once drafted for consideration. Similar to previous arrangements however, the Council will determine the scale of contribution into the pooled budget, and this is detailed in this report.

## **Background and Context**

### **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.

2.7. In Manchester, this means that we support a large number of Manchester residents meeting adult social care needs. At December 2020 (latest complete figures) we supported:

- 4,943 older people (long term support to 65+)
- 2,809 younger adults (long term support to 18-64)

These figures include:

- 1,246 adults with learning disabilities (long term support)
- 652 adults with mental health needs (long term support)
- 6,208 of the people we support are living in the community
- 1,016 people in residential care
- 528 in nursing care

We provide:

- Homecare to 1,974 people
- Supported accommodation to 756 people
- Support via shared lives schemes to 174 people
- Support via an extra care scheme or neighbourhood apartment to 125 people
- Cash personal budget or Individual Service Fund to 631 people
- Day care to 349 people

In addition:

- nearly 10,000 (9,519 in 2019/20) items of equipment and adaptations are installed/provided annually
- c.6,000 blue badges (6,378 in 2019/20) are issued annually and
- in 2019/20 1,818 people benefitted from our core reablement service.

- 621 carers were assessed in 2019/20
- 8,818 safeguarding concerns were responded to
- 1,255 safeguarding enquiries were completed

### **3.0. Population Health**

- 3.1. 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 lifecourse. The social and economic impact of Covid-19 has further exacerbated health inequalities in the city.
- 3.2. 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.
- 3.3. 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.
- 3.4. 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.
- 3.5. 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.
- 3.6. 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.

### **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 continues. 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.

## **Revenue Strategy**

### **5.0. 2021/22 Budget Context**

- 5.1. 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
- 5.2. 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.

- 5.3. 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 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. 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.
- 5.4. 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.
- 5.5. 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.
- 5.6. 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.



- 5.7. 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.
- 5.8. 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.

## 6.0. 2021/22 Budget Proposals

### 2020/21 Base Budget

- 6.1. 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 table 1 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);
  - (ii) Other minor budget amendments (£0.053m); and
  - (iii) There has also been changes to individual budget lines in relation to in-year allocations of funding from within the approved budget. This includes demographic growth, price inflation and funding for the national living wage. There remains £2.6m of price inflation and demographics which will be allocated before the end of 2020/21.

**Table 1: 2020/21 Budget**

Service Area	Narrative	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budget FTE
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	623.05
Mental Health	Emergency duty, social workers, external care, supported accommodation	29,313	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

Service Area	Narrative	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budget FTE
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
<b>Pooled Budget</b>		<b>267,610</b>	<b>216,147</b>	<b>1,535.11</b>
Asylum		2,982	57	7.00
Voluntary & Community Sector (Adults)		2,096	2,097	0
Safeguarding	Staffing	2,702	2,702	45.50
<b>Other ASC</b>		<b>7,781</b>	<b>4,856</b>	<b>52.5</b>
<b>Total</b>		<b>275,391</b>	<b>221,003</b>	<b>1,587.61</b>

#### Budget Pressures, Investment and Demography

6.2. For 2021/22, the Council's contribution to the pooled fund will be increased by £19.916m. This is to cover:

- (i) The costs of non-pay inflation and an allowance for the National Living Wage (NLW) increase (£3.621m). 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 (£2.831m); and
- (iii) £13.464m 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).

#### Efficiency Proposals, Social Care Precept and Social Care Grant

6.3. In addition, due to the difficult financial situation facing local government, a £20m savings target was agreed for Adult Social Care. 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 £6.097m 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.

- 6.4. A total of £5.5m system support has 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) and £2.5m residential and nursing funding (where government funding through health has substantially funded new discharges into care over 2020/21), together with £1.5m from MCCG.
- 6.5. 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 £6.316m 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.
- 6.6. The Council consultation on the 3% precept closed on 24 December. The Council is minded to take the full 3% increase and the funding, worth £5.077m, would be added to the Pooled Budget to support the funding of the £19.916m investment required to meet the ongoing costs from Covid-19 and demand and inflationary pressures detailed. In addition, £3.326m from additional Social Care Grant funding would also be deployed. This would reduce the savings target from £20m to £11.597m.
- 6.7. The £11.597m target will be met, £6.097m from the £18.400m savings programme through Better Outcomes Better Lives will be delivered in 2021/22, with the full amount being delivered by 2023/24. The balance of £5.500m from one-off system support as detailed above. The level of savings will increase in future years and replace the one-off grant and support funding provided.
- 6.8. The Social Care grant is a one-off amount of £6.316m. As stated above, £3.326m will be required to support the pressures detailed, leaving a balance of £2.990m of grant funding available. It is proposed that £2.690m of the remaining balance of the social care grant is allocated to the pool for investment (the balance of £0.300m to Children's Services).
- 6.9. For 2021/22 the budget proposals represent a total additional investment of £22.606m to the pool (£19.916m para 6.2 and £2.690m social care grant) and £11.597m savings of which £6.097m are recurrent to be delivered in 2021/22 through Better Outcomes Better Lives and £5.500m is delivered through

system support. This is felt to be reasonable in the light of the pressures and risks faced. The position for the delivery of the £11.597m target is also summarised in the table below:

<b>Delivery of savings target</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £000</b>
Better Outcomes Better Lives	6,097	13,100	18,400
Health and Social Care System Support	5,500	0	0
To be identified	0	1,823	0
<b>Total</b>	<b>11,597</b>	<b>14,923</b>	<b>18,400</b>

NB the increase in 2022/23 reflects that the social care grant being used to meet pressures in 2021/22 (£3.326m) is not built into the base budget.

6.10. The proposed deployment of the balance of social care grant within the pool (£2.690m) is:

- (i) Supplementing the demographic funding by £1.090m to support increased capacity within the in-house supported accommodation for people with Learning Disabilities to fund the costs of supporting the new units through the expansion of capacity at Freshwater, Northfields and Scout Drive which in total have added 60 units of capacity. The increase in capacity and type of accommodation is a significant development and has enabled:
  - Individuals to live in new purpose built accommodation with their own front door with the aim of increasing independence;
  - A more responsive service over the Covid-19 period;
  - The opportunity to pilot Technology Enabled Care including 'just roaming' devices; and
  - An opportunity to build teams around people ensuring we deliver person centred care and support.
- (ii) One-off funding for additional capacity, including external support, of £0.600m 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) To establish a £1.000m 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.

6.11. 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.

- 6.12. 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 Committees and the Executive with the updated S75 agreement and the full budgets in scope of the Pooled Fund from the Council and Health Partners.

#### Other Budget Changes

- 6.13. The budget for Homelessness commissioned services (£6.095m) has been transferred to the Homelessness Cash limit to reflect the placement of responsibilities. This therefore reduces the investment and other changes budget figure in Table 2 below from £22.606m to £16.511m.
- 6.14. The extra care expansion programme continues through 2021 with the addition of schemes at Brunswick, Oaklands House, Gorton and Dahlia House which will add 329 units of additional capacity over the period Sept 2020 to Sept 2021. The revised Extra care 2021/22 budget is detailed in the table below. The additional cost of £1.128m in 2021/22 will be funded through the increase in the Better Care Fund (£0.858m) with the balance (£0.270m) from resources set aside for care budgets within the 2021/22 budget strategy. The extracare programme is a critical element of delivering Better Outcomes Better Lives.

	<b>Expected Completion</b>	<b>Additional Capacity</b>	<b>2020/21 Budget £'000</b>	<b>2021/22 Budget £'000</b>	<b>2021/22 Increase £,000</b>
Oaklands House	May-21	36	365	346	-19
Elmswood Park	Sep-20	72	452	462	10
Brunswick	Jan-21	60	226	462	236
Dahlia House	Sep-21	55	188	272	84
Gorton	Apr-21	106	0	817	817
GM Transformation Funding/ Health			-233	-233	0
<b>Total</b>		<b>329</b>	<b>999</b>	<b>2,127</b>	<b>1,128</b>

#### Summary

- 6.15. 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.

- 6.16. Based on the revisions detailed above the 2020/21 ASC and Population Health budget of £221.003m is increased to £225.917m and analysed by the service areas in table 2 below. A subjective analysis is provided at **Appendix 1**.

**Table 2: 2021/22 proposed changes and revised budget**

<b>Service Area</b>	<b>2020/21 Net Budget</b>	<b>Approved net savings</b>	<b>Investment and other changes</b>	<b>2021/22 Net Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Localities	8,494		812	<b>9,306</b>
Reablement	5,361	1,421		<b>6,782</b>
Learning Disability	70,216	-5,006	1,090	<b>66,300</b>
Mental Health	27,111			<b>27,111</b>
Other Care	47,544	-2,512	9,182	<b>54,214</b>
Public Health	39,717		1,832	<b>41,549</b>
Commissioning	11,442		-5,688	<b>5,755</b>
Specialist and support services	3,686	-5,500	2,961	<b>1,148</b>
Demography, Inflation and National Living Wage	2,576		6,321	<b>8,897</b>
<b>Pooled Budget</b>	<b>216,147</b>	<b>-11,597</b>	<b>16,511</b>	<b>221,061</b>
Asylum	57	0	0	<b>57</b>
Voluntary & Community Sector (Adults)	2,097	0	0	<b>2,097</b>
Safeguarding	2,702	0	0	<b>2,702</b>
<b>Other ASC</b>	<b>4,856</b>	<b>0</b>	<b>0</b>	<b>4,856</b>
<b>Total</b>	<b>221,003</b>	<b>-11,597</b>	<b>16,511</b>	<b>225,917</b>

- 6.17. 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.

## **7.0. Capital Strategy / Programme**

- 7.1. The approved ASC capital programme is detailed in the Council's Capital Strategy report, which is included in the suite of budget reports submitted to the Executive and Council. The Capital Strategy also includes details on potential future capital investment which has been identified, and which is expected to be brought forward in the medium term.

- 7.2. The revenue implications of any approved capital projects have been incorporated into the revenue budget. Before any of the potential investment priorities are approved, the revenue implications of the investment will be reviewed and agreed as part of the approval process.

## 8.0. MLCO Operational Plan 2021

- 8.1. The Operating Plan for 2021/22 is currently in development and MLCO is aiming to publish a final draft of the plan by mid/end-April 2021. This is dependent on the publication of national NHS planning guidance, the timetable for which has not yet been made available. 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. Further detail is provided in **Appendix 2** which provides an update on the process to develop the MLCO Operating Plan for 2021/22.
- 8.4. The Operating Plan will outline the MLCO 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.
- 8.5. Whilst the MLCO Operational Plan remains in development sections 9-11 below provide further detail in relation to Better Outcomes Better Lives, Discharge Arrangements and New Care Models that will be contained in the finance chapter.
- 8.6. The MLCO Operational Plan will contain the ASC workforce implications, Equality, Diversity and Inclusion considerations, and Risk Management arrangements.

## **9.0. Improving Pathways and Focusing Support for Independence (Better Outcomes Better Lives)**

- 9.1. 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.
- 9.2. 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.
- 9.3. 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.
- 9.4. 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;

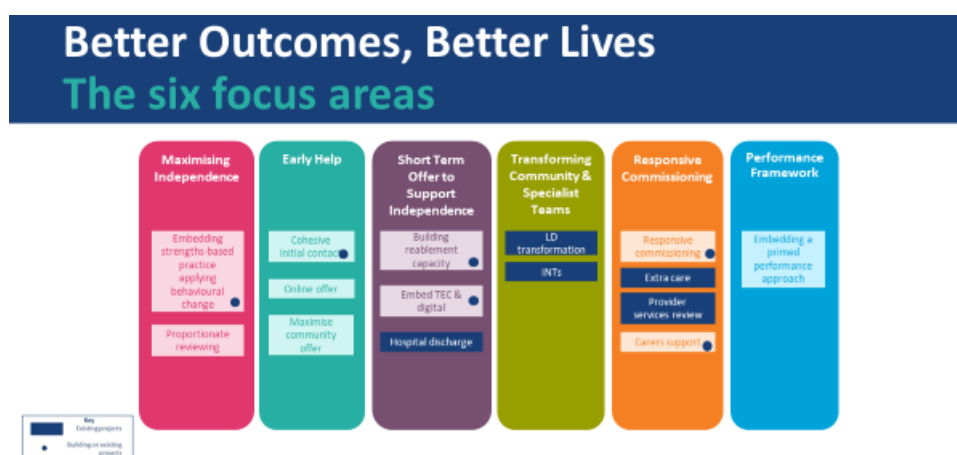
- (ii) There are opportunities emerging to build on the foundations developed in the last 2 years across ASC, to embed strength based practice consistently across all teams; awareness and use of community assets; broadening the Technology Enabled Care (TEC) offer, whilst building confidence in practitioners 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.

9.5. 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.

9.6. 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

- 9.7. 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.
- 9.8. 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.
- 9.9. 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.
- 9.10. 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.
- 9.11. The programme is comprised of 6 work streams as illustrated below



## 9.12. 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.

- 9.13. 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

#### **9.14. 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.

- 9.15. 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.

#### **9.16 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.

- 9.17. 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.
- 9.18. Reablement and TEC are priorities in delivering the desired financial trajectory and therefore will be early priorities for delivery.

#### **9.19. 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.

## **9.20. 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.

- 9.21. 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.
- 9.22. 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.

## **9.23. 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.

- 9.24. 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.
- 9.25. 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.
- 9.26. 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.

- 9.27. 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.

## **10.0. Discharge Arrangements**

- 10.1. 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 2<sup>nd</sup> 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.

## **11.0. New Care Models**

- 11.1. 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
<b>Total</b>		<b>3,043</b>

- 11.2. The recommendations included within Better Outcomes Better Lives includes further investment in areas such as reablement and technology enabled care and the savings are incorporated into this programme.

## 12.0. Consultation / Co-production

- 12.1. A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities.
- 12.2. The consultation can be found at [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.
- 12.3. 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. Equalities Considerations

- 13.1. An Equality Impact Assessment (EIA) is being produced for the Better Outcomes, Better Lives Programme which will consider the impact of the programme on all Manchester communities. As there are now further savings proposals for the ASC budget additional Equality Relevance Assessments and/or EIAs have not been produced.

### 14.0. Our Corporate Plan

- 14.1. Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the [Our Manchester Strategy 2015-2025](#). These priorities have been refreshed for 2021/22 to align with the reset of the Our Manchester Strategy and to further strengthen the council and city-wide focus on the importance of Equality, Diversity and Inclusion.
- 14.2. Our Corporate Plan themes and revised priorities are set out in the table below:

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i>	Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit</i>	Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by

<p><i>from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i></p>	<p>challenges to the international, national and local economy.</p>
	<p>Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.</p>
	<p>Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities</p>
<p><b>3. Young people</b>  <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i></p>	<p>All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.</p>
	<p>Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.</p>
	<p>Reduce number of children needing a statutory service.</p>
<p><b>4. Healthy, cared-for people</b>  <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i></p>	<p>Take actions to improve population health outcomes and tackle health inequalities across the city.</p>
	<p>Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.</p>
	<p>Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.</p>
	<p>Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless</p>
<p><b>5. Housing</b>  <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i></p>	<p>Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.</p>
	<p>Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.</p>



<b>6. Neighbourhoods</b> <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	Enable all our diverse neighbourhoods to be clean, safe and vibrant.
	Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.
<b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.
	Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.
<b>8. Equality</b> <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i>	Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	Development of the future shape of the Council, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

## 15.0. Conclusions

- 15.1. 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.
- 15.2. The report presents the updated position on 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.
- 15.3. 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.

- 15.4. The report details 2021/22 budget proposals that represent a total additional investment of £16.511m to the pool (£19.916m para 6.2 and £2.690m social care grant less transfer to Homelessness £6.095m) and £11.597m savings of which £6.097m are recurrent to be delivered in 2021/22 through Better Outcomes Better Lives and £5.500m is delivered through system support. 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. The proposed deployment of the balance of social care grant within the pool (£2.690m) is also outlined.
- 15.5. 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.
- 15.6. 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.
- 15.7. As set out above this report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning.

#### **16.0. Recommendations**

- 16.1. As presented at the front of the report.

**Appendix 1 – Net Budget Subjective Analysis 2020/21 and 2021/22**

<b>Subjective Heading</b>	<b>2020/21 Budget £'000</b>	<b>2021/22 Indicative Budget £'000</b>
<b>Expenditure:</b>		
Employees	60,533	63,519
Running Expenses	214,687	217,474
Capital Financing Costs	171	171
Contribution to reserves	0	0
<b>Total Subjective Expenditure</b>	<b>275,391</b>	<b>281,164</b>
Less:		
Other Internal sales	0	0
<b>Gross Expenditure</b>	<b>275,391</b>	<b>281,164</b>
<b>Income:</b>		
Government Grants	-5,095	-5,095
Contributions from Reserves	-4,152	-4,152
Other Grants Reimbursements and Contributions	-26,172	-27,030
Customer and Client Receipts	-17,738	-17,738
Other Income	-1,231	-1,231
<b>Total Net Budget</b>	<b>221,003</b>	<b>225,917</b>

## **Appendix 2**

### **Manchester Local Care Organisation (MLCO) Operating Plan 2021/22**

- 1.1. The purpose of this appendix is to outline the approach that the MLCO is following in order to develop an Operating Plan for 2021/22. It will be aligned to the Council Business Plan as there are clear interdependencies between the two plans.
- 1.2. The MLCO Operating Plan sets out the context for the MLCO and our priorities for the next 12 months and how we will work with all partners across public services, acute and primary care to contribute to the delivery of the vision for the city. It outlines our priorities and how the delivery of those priorities will be enabled through our plan for our staff, our IM&T and our estate.

#### **2.0. Background**

- 2.1. The MLCO Operating Plan 2021/22 covers community adult and children's health services and Adult Social Care services. The Council Business Plan will make reference to Adult Social Care services, clarifying that detail on those services will be documented in the MLCO Operating Plan; the rationale behind presenting this appendix to Health Scrutiny.
- 2.2. The MLCO Operating Plan will also outline how the MLCO will work with wider partners in the City during this financial year through its Transition Programme to 'Supercharge' the MLCO as per the approach agreed through the Manchester Partnership Board in January 2021.
- 2.3. The MLCO Operating Plan will not cover detail regarding services for those who are homeless.
- 2.4. The MLCO Operating Plan will be accompanied by a financial plan and strategy that has been developed in partnership with colleagues in MHCC, MCC and MFT. The ASC detail of this has been presented to Health Scrutiny Committee.

#### **3.0. The MLCO Operating Plan 2021-22**

- 3.1. The Operating Plan for 2021/22 is currently in development and MLCO is aiming to publish a final draft of the plan by mid/end-April 2021, noting that timescales are dependent on the publication of national NHS planning guidance.
- 3.2. The context in which the MLCO operates drives the timetable for the development of our Operating Plan. As an organisation tasked with delivering integrated health and social care services for the City of Manchester, we need to balance the timetable for the City Council planning and financial requirements, alongside those of the NHS.

- 3.3. The City Council is working to a timetable of February 2021 to approve its budget for 2021/22 and therefore outline its priorities through its Business Plan. However, the national planning timetable for the NHS (set by NHS England/NHS Improvement) has only to date been outlined in very high-level terms, with more detailed guidance unlikely to be published before the end of 2020/21. This is a departure from the usual national approach and is driven by the NHS focus on the response to the COVID pandemic.
- 3.4. As such at this stage, MLCO is presenting the context (both national and local) and outline priorities upon which its Operating Plan and content will be built to Health scrutiny with a commitment to bring the full draft plan to a future meeting for consideration.
- 3.5. The MLCO has sought previously to build its Operating Plan from its service plans, especially those of our Integrated Neighbourhood Teams (INTs). Last year we ran a range of planning sessions with all our service leads to establish what they had achieved in the previous 12 months, what they wanted to achieve in the next 12 months and support they needed to be able to do that. It was these service plans that were intended to inform the overall Operating Plan for the MLCO, but prior to the narrative for 2020/21 being finalised, all planning activity in the NHS was suspended and the MLCO moved into an incident-led response to service delivery. It should be noted that a financial plan and strategy was agreed and progressed across partners during 2020/21.
- 3.6. Due to the continued pressures of responding to the pandemic across health and care services, it will not be possible to undertake such a detailed and consultative approach.
- 3.7. As such, MLCO Executive will outline a draft Operating Plan, built from our understanding of what our services have delivered over the last 12 months and what we understand the key national and Manchester system context to be for the next 12 months. As we move out of the incident response, we will work with our teams to clarify this context and enable our service teams to document how they will deliver during 2021/22 to meet the national and local requirements, as well as outline how they intend to do that using their local knowledge and understanding of how they will deliver these priorities based on the needs of our residents.
- 3.8. The MLCO Operating Plan 2021/22, will be comprised of:
  - An overarching organisation-wide Operating Plan for 2021/22
  - 13 INT service plans
  - Service plans for the specialist community (health and social care) services provided to the residents of Manchester that would interact with, but may be delivered on a wider scale than in our neighbourhoods, such as specialist podiatry services or our citywide equipment services.
  - A financial strategy and budget plan for 2021/22; the MCC element of this has been outlined to Health Scrutiny.

3.9. The context that the MLCO Operating Plan 2021-22 will be developed based on includes:

- The Our Manchester strategy  
The Operating Plan will demonstrate MLCO's continued commitment and contribution to the vision and objectives of the Our Manchester strategy through the design and delivery of our operating models; through the Plan that we bring forward, we will show how we have done this to date and how we will continue to do this through the next phase of development of the MLCO
- The financial strategy and budget plan for the MLCO
- The emerging context in Manchester, such as:
  - the development of the Manchester Partnership Board,
  - Development of the future shape of the Council
  - the future of MHCC
- The national planning framework for the NHS. Whilst more detail is awaited on this, high level messages have been shared. These include a requirement for the NHS in 2021/22 to focus on:
  - The recovery of non-Covid services
  - Strengthen our plans for our People
  - Plans to address health inequalities
  - Plans to accelerate mental health service expansion
  - Prioritise investment in community and primary care services
  - Implement plans to integrate care (the recent consultation document to establish ICS systems)

3.10. The Operating Plan will be built around our existing strategic framework:

**Our vision, our way of working**  
Manchester Local Care Organisation is a pioneering public sector organisation, bringing together NHS community health and mental health services, primary care and social care services in the city. We have been set up to make a positive contribution to help people in Manchester live longer and enjoy better health than many do now.

**Our mission** sums up what we do  
Leading local care, improving lives in Manchester, with you

**Our vision** is simple  
We believe that, by working together, we can help the people of Manchester to:

- ➔ Have equal access to health and social care services
- ➔ Receive safe, effective and compassionate care, closer to their homes
- ➔ Live healthy, independent, fulfilling lives
- ➔ Be part of dynamic, thriving and supportive communities
- ➔ Have the same opportunities and life chances - no matter where they're born or live.

**There are 4 key ways** we will make this happen with our staff and the people of Manchester

- 1. PROMOTING HEALTHY LIVING**  
Helping people to stay well through prevention - supporting them to lead healthier lives and tackling health issues before they escalate.
- 2. BUILDING ON VIBRANT COMMUNITIES**  
Using all the resources available in the wider communities people live in and identify with in a true neighbourhood approach, improving population health and wellbeing.
- 3. KEEPING PEOPLE WELL IN THE COMMUNITY**  
Helping people who have existing health needs and complex health issues to stay as well as possible in their homes through 12 integrated neighbourhood based teams and our citywide services.
- 4. SUPPORTING PEOPLE IN AND OUT OF HOSPITAL**  
Ensuring community-based care helps people to avoid unnecessary hospital admissions, or to discharge them from hospital care, quickly and safely, as soon as they are ready if they do need time in hospital.

**10 years, 10 outcomes**  
How will we know we have made a difference in Manchester? By 2028 there's a number of things that we will have seen by working as one team across the city:

- ✓ We will have improved the number of people supported to stay well
- ✓ We will see fewer people dying early from preventable conditions
- ✓ Avoidable non-elective (unplanned) hospital activity will be reduced
- ✓ The overall costs of care packages will have reduced
- ✓ We will benefit from improved collaborative working in the city
- ✓ The outcomes that matter to local people will have improved
- ✓ We will have reduced variation in outcomes and access by place
- ✓ There will be reduced variation in outcomes and access by communities of identity
- ✓ The number of children who are school ready will have improved
- ✓ There will be more economically active households in Manchester.

**How we work with our teams**  
Our community health and social care staff are part of a team that:

- ➔ Break new ground in the delivery of safe, person-centred health and care
- ➔ Focus on the wellbeing of everyone living and working in Manchester
- ➔ Listen to people and learn from each other by focusing on what's important.

**How we work with local people**  
As an organisation we are committed to:

- ➔ Involving the people and communities of Manchester in designing services
- ➔ A neighbourhood approach to wellbeing, connecting people to groups and resources around them
- ➔ Starting by asking what matters to people, not what is the matter with them.

**Manchester Local Care Organisation**

3.11. It will describe what we will do to continue to deliver against our priorities as an organisation. The six priorities are:

- A **population health driven approach** to service planning and delivery; supporting prevention programmes to improve the health of the people of Manchester.
- **Consolidating and strengthening our neighbourhood approach**; supporting our 12 Integrated Neighbourhood Teams (INTs) to make an impact on their communities and continuing to integrate the operations of our community health and social care teams.
- Continue to **design and deliver safe, effective and efficient services** to people in our communities.
- **Mobilising primary care leadership at the heart of the MLCO**; formalising the governance between primary care and MLCO to ensure joint working with the new Primary Care Networks.
- Playing a **lead role in system resilience**; helping people get the right care in the right place with a community first ethos.
- Deliver the **agreed phased approach to the increasing scope of the MLCO** as an integrated health and care organisation; delivering public service reform in the place.

3.12. The MLCO Executive has started to consider some of the key areas it will focus on during 2021/22 to deliver the local and national context, but these are not finalised. Some key areas that the Operating Plan for the MLCO will be clear on:

- The approach we will take with partners to establish the MLCO as the delivery (provider) vehicle in the City to deliver a population health-based approach to service delivery, as well as address the increasing health inequalities gap in the City.
- Our continued focus on the integration of health and social care services for adults and children in the City, working in partnership with our colleagues in Primary Care through our operating model
- A clear mobilisation plan for the ASC transformation programme (Better Outcomes Better Lives); a key deliverable of our budget plan, focused on developing a strength-based approach to enable our residents to become increasing independent and able to self-care.
- Through the Team Around the Neighbourhood, continue to ensure public services are working together to understand the needs of our residents, as well as targeting service responses to meet those needs; the development of the Neighbourhood model for the City.
- Ensure community services continue to support the flow of people through the Manchester Control Room through clear and agreed admission avoidance and discharge pathways.
- Continued work with the Care Market to ensure it is sustainable for the future.
- How we will work with our staff and teams to support them as we move out of an incident response phase to the pandemic and enable them to move to a 'new normal'.

- How the MLCO will need to operate differently in the context of the MPB, with revised governance arrangements in development that outline new delegations and decision making; which is likely to mean reduced reporting into organisations, as MLCO will have direct and robust accountability arrangements to the MPB
- How the MLCO will work with colleagues in MCC to develop a more integrated and aligned response to the delivery of services for children.

3.13. The timescales for the development and publication of our Operating Plan are currently proposed to be (to note, all timings are indicative and maybe subject to change):

- Outline Operating Plan 2021/22 narrative drafted by end January 2021
- INT service plans and wider service plans (first drafts) by end February 2021
- Financial strategy and budget plan by end February 2021; noting that the MCC part of this will be approved through the February budget setting process.
- Work to develop and refine Operating Plan and supporting service plans during March; aiming to publish the final Operating Plan by end April 2021.

Alignment to the MCC Corporate Plan.

3.14. The MLCO will enable and/or support the delivery of the City Council Corporate plan in terms of:

Theme	Priority
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i>	<ul style="list-style-type: none"> <li>• Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities</li> </ul>
<b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i>	<ul style="list-style-type: none"> <li>• Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.</li> </ul>



<b>4. Healthy, cared-for people</b> <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i>	<ul style="list-style-type: none"> <li>Take actions to improve population health outcomes and tackle health inequalities across the city.</li> </ul>
	<ul style="list-style-type: none"> <li>Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.</li> </ul>
	<ul style="list-style-type: none"> <li>Enable delivery through the MLCO of the Adult Social Care transformation programme – ‘Better Outcomes, Better Lives’ – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.</li> </ul>
<b>6. Neighbourhoods</b> <i>Work with our city’s communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	<ul style="list-style-type: none"> <li>Enable all our diverse neighbourhoods to be clean, safe and vibrant.</li> </ul>
	<ul style="list-style-type: none"> <li>Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.</li> </ul>
<b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	<ul style="list-style-type: none"> <li>Facilitate the development of the city’s digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.</li> </ul>
<b>8. Equality</b> <i>Deliver on our equality, diversity and inclusion commitments to support Manchester’s vision to be a progressive and equitable city.</i>	<ul style="list-style-type: none"> <li>Work together with Manchester’s citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.</li> </ul>
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	<ul style="list-style-type: none"> <li>Development of the future shape of the Council, along with budget reductions and savings.</li> </ul>
	<ul style="list-style-type: none"> <li>Effectively manage our resources, via budget management and planning, support to managers and performance management.</li> </ul>

- 3.15. Work is underway between Council Corporate team and MLCO to determine clear delivery plans to support these priorities in the wider context of the MLCO as previously outlined.

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## Manchester City Council Report for Resolution

**Report to:** Neighbourhoods & Environment Scrutiny Committee - 10 February 2021  
Executive – 17 February 2021

**Subject:** Homelessness Directorate Budget and Savings Options 2021/22

**Report of:** Director of Homelessness

### Summary

As a result of the COVID pandemic there has been additional demand for services and impact on the Council's income (as set out in the January 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. The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social Care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provided an update on the finance settlement.

This report provides the high-level budget context and priorities for Homelessness across 2021/22 and is an update to the report presented to Neighbourhoods and Environment Scrutiny 13 January 2021, which has been used for the development of savings proposals 2021/22 and investment requirements to fund population driven and other budget pressures.

### Recommendations

1. The Committee is asked to consider and make recommendations to the Executive on the budget proposals which are within the remit of this Committee.
2. The Executive is recommended to approve these budget proposals.

**Wards Affected:** All

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

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

### Contact Officers:

Name: Bernie Enright  
 Position: Executive Director of Adult Social Services  
 Telephone: 0161 234 4314  
 E-mail: bernadette.enright@manchester.gov.uk

Name: Mike Wright  
 Position: Director of Homelessness  
 Telephone: 0161 234 3119  
 E-mail: mike.wright@manchester.gov.uk

Name: Chris Thomas

Position: Head of Group Finance  
Telephone: 0161 234 3851  
E-mail: chris.thomas@manchester.gov.uk

**Background documents (available for public inspection):**

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

Provisional Local Government Finance Settlement 2021/22 – Executive 20 January 2021

Homelessness Directorate Budget and Savings Options 2021/22 – Neighbourhoods and Environment Committee 13 January 2021 and Executive 20 January 2021

Homelessness Budget Report 2020/21 – Neighbourhoods and Environment Scrutiny Committee 5 February 2020 and Executive 12 February 2020

## **1.0 Introduction**

- 1.1 The report outlines the financial position and sets out proposals for savings against Homelessness aligned to the remit of the Neighbourhoods and Environment Scrutiny Committee to help achieve a balanced budget in 2021/22. As set out above this report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning.
- 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 £6.823m as well as increased need of £1.391m, a net increase of £5.879m. 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 retaining properties currently used to support A Bed Every Night (ABEN), protecting sites whilst retaining value for money and delivering improved 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 and Context**

- 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 January 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 9 2020/21 was £6.383m, 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 December 2020 (Quarter 3) are 6,766 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 1,663 in March 2020 to 1,913 in December 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 December averaged 239 households in this form of accommodation - 213 single people and 26 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 December 2020 (Quarter 3) are 6,766, 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 as well as an additional £0.546m linked to the Covid-19 investment of £6.823m, an increase in funding of £1.937m for Dispersed Accommodation provision.
- 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 Revenue Strategy

- 4.1 The current Directorate budget for 2020/21 is summarised in the table below, with a net budget of £15.521m for Homelessness. The Homelessness Commissioning budget in 2020/21 is currently part of the Manchester Health and Care Commissioning Pool but is managed by the Director of Homelessness, with a net and gross budget of £6.095m. As part of the 2021/22 budget setting process it is anticipated that this budget will formally transfer to Homelessness.

**Table 1: 2020/21 Base Budget**

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	202/21 Budgeted Posts (FTE)
Homelessness	40,007	15,521	270
Homelessness Commissioning*	6,095	6,095	6
<b>Total</b>	<b>46,102</b>	<b>21,616</b>	<b>276</b>

\*Homelessness Commissioning budgets are part of the Manchester Health and Care Commissioning pool in 2020/21 but are managed by the Director of Homelessness

- 4.2 The 2020/21 Homelessness budget is supported by significant non-recurrent one-off funding. Funding announcements for 2021/22 are detailed below.
- The Homelessness Prevention Grant replaces the Flexible Homelessness Support Grant and New Burdens Homelessness Reduction Grant in 2021/22, Manchester's allocation is £3.285m, an increase of £0.723m from last year.
  - 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 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. For budget purposes it is assumed that this funding will continue at similar levels to this financial year for the above schemes with a co-produced bid likely to be submitted to MHCLG in the coming months. However, the bid will also request support to continue the Protect programme which was funded by MHCLG. Protect Programme funding of £450k was allocated to support the ongoing efforts to provide accommodation for rough sleepers during the pandemic (December 2020 to March 2021), 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.
  - The proposed allocation of funding for the continuation of A Bed Every Night (ABEN) from Greater Manchester Combined Authority (GMCA) is £1.763m.

- 4.3 Dispersed temporary accommodation placements have increased by 303 since March 2020 to 1,913 in December 2020. The number of homelessness presentations in Manchester remains high despite the pandemic. Presentations from April to December are 6,766. Funding for increased need of £1.937m has been applied to support the budget position based on estimated growth in demand since the start of the year. Funding of £6.277m has been allocated to maintain the provision created as a result of the Governments Everyone In strategy to ensure that those provided with accommodation do not return to the streets beyond March 2021, however as noted in the January 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.
- 4.4 Resources of up to £1.620m held within the Homelessness reserve will be set aside to underwrite the potential pressures in Homelessness.

### **Savings Options and Proposals**

- 4.5 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 proposals deliver £2.335m in 2021/22, detailed in Table 2 below. 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.

Table 2: Savings Proposals

Service Area	Description of Saving	Type Of Saving	RAG Impact	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	FTE's
Singles Accommodation	New Provision Rough Sleepers, utilising established schemes and ensuring there is move on available through the system	Efficiency	Amber	1,400	0	0	0	1,400	0
Homelessness Commissioning	Realign service provision to support move on from single rough sleeper provision funded via investment	Efficiency	Amber	621	0	0	0	621	0
Homelessness Commissioning	Budget reductions in Homelessness Commissioned services with minimal impact on service delivery	Service Reduction	Red	66	0	0	0	66	0
Homelessness Management	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	Amber	89	0	0	0	89	3
Homelessness Management	Management reductions for G10 and above	Service Reduction	Amber	108	0	0	0	108	2
Families Specialist Accommodation	Full service redesign linked to VS/VR offer	Service Reduction	Amber	51	0	0	0	51	2
<b>Total</b>				<b>2,335</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,335</b>	<b>7</b>

## Covid-19 response and Everyone In

- 4.6 Initial indications were 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.
- 4.7 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.
- 4.8 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.
- 4.9 As referenced in 4.2, £1.763m funding from GMCA will be provided to deliver A Bed Every Night in 2021/22. The proposal is to reduce the ABEN provision in Manchester by approximately 39 beds, these beds costing £706k will be funded instead via the mainstream investment, as a result this should not be seen as a 'loss' of ABEN provision to the overall programme, but an outcome of continued integration into local systems to meet the specific makeup of local demand. 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

- 4.10 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 proposal of £0.621m.
- 4.11 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 4.6 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. Funding via the investment avoids the need to close some schemes which would have impacted significantly on service delivery and therefore protects accommodation schemes, resettlement and other support services.
- 4.12 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.
- 4.13 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

- 4.14 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.
- 4.15 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.

- 4.16 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.
- 4.17 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.
- 4.18 The proposed 2021/22 budget for the Homelessness and Homelessness Commissioned Services is a net budget of £27.495m as reflected in table 3 below:

**Table 3: Proposed Budget 2021/22 - Approved MTFP**

<b>Service Area</b>	<b>2020/21 Net Budget £'000</b>	<b>Approved savings £'000</b>	<b>Investment and other changes £'000</b>	<b>2021/22 Net Budget £'000</b>
Singles Accommodation	1,676	(1,400)	5,656	<b>5,932</b>
B&B's	3,974		0	<b>3,974</b>
Families Specialist Accommodation	299	(51)	0	<b>248</b>
Dispersed Temporary Accommodation	3,586	0	1,937	<b>5,523</b>
Homelessness Management	757	(197)	0	<b>560</b>
Homelessness Assessment & Caseworkers	2,629	0	173	<b>2,802</b>
Homelessness PRS & Move on	792	0	0	<b>792</b>
Rough Sleeper Outreach	397	0	0	<b>397</b>
Tenancy Compliance	201	0	0	<b>201</b>
Commissioned Services	1,210	(687)	6,543	<b>7,066</b>
<b>Total</b>	<b>15,521</b>	<b>(2,335)</b>	<b>14,309</b>	<b>27,495</b>

## **5.0 Capital Strategy**

- 5.1 The approved Homelessness capital programme is detailed in the Council's Capital Strategy report, which is included in the suite of budget reports submitted to the Executive and Council. The Capital Strategy also includes details on potential future capital investment which has been identified, and which is expected to be brought forward in the medium term.
- 5.2 The revenue implications of any approved capital projects have been incorporated into the revenue budget. Before any of the potential investment priorities are approved, the revenue implications of the investment will be reviewed and agreed as part of the approval process.

## **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 implemented in April 2020.
- 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 proposals for Homelessness which would contribute to the £50m 'least worst' option for the Council would result in an FTE reduction of 7 FTE.

## **7.0 Quality, Diversity and Inclusion**

- 7.1 The Homelessness Service works with some of Manchester's most diverse communities. The significant increase in the numbers of households who are homeless in Manchester in recent years has had an impact on our communities, residents and customers. The roll-out of Universal Credit and the Homelessness Reduction Act have made this even more challenging. Despite this, the Homelessness Service is committed to supporting the council's equality objectives and continues to make progress in a number of



areas. As stated above, the service continues to develop a co-production approach with the aim of engaging with, and understanding, the people using services and developing strong links with statutory and voluntary sector partners. This includes working with partners to share knowledge and understand the impact of big changes within the city on different communities. The service will work closely with partners to help people who are homeless into volunteering and subsequently employment. Alongside this, the service will continue to promote the diversity of Manchester residents, making use of communication channels and partners to celebrate Manchester's diverse communities.

- 7.2 The Homelessness Service is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using the service. To achieve this, we are committed to undertaking equality analysis of our new or altered functions, to ensure they are accessible and inclusive and do not cause adverse equality impacts. The service will use the Council's Equality Impact Assessment framework to do this.
- 7.3 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.

## **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 Consultation**

- 10.1 A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities.

The consultation can be found at [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

## 11.0 Our Corporate Plan and Council Business Plan

11.1 Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the [Our Manchester Strategy 2015-2025](#). These priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the council and city-wide focus on the importance of Equality, Diversity and Inclusion. The plan also reflects the priorities for the council's internal transformation including new work on the Future Shape of the Council that will support the delivery of future budget savings and managing pressures.

11.2 Our Corporate Plan themes and revised priorities are set out in the table 4 below:

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i>	Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i>	Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.
	Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.
	Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities
<b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and</i>	All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.

<p><i>successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i></p>	<p>Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.</p> <p>Reduce number of children needing a statutory service.</p>
<p><b>4. Healthy, cared-for people</b>  <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i></p>	<p>Take actions to improve population health outcomes and tackle health inequalities across the city.</p> <p>Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.</p> <p>Enable delivery through the MLCO of the Adult Social Care transformation programme – ‘Better Outcomes, Better Lives’ – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.</p> <p>Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless</p>
<p><b>5. Housing</b>  <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i></p>	<p>Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.</p> <p>Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.</p>
<p><b>6. Neighbourhoods</b>  <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i></p>	<p>Enable all our diverse neighbourhoods to be clean, safe and vibrant.</p> <p>Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.</p>
<p><b>7. Connections</b>  <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i></p>	<p>Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.</p> <p>Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.</p>
<p><b>8. Equality</b>  <i>Deliver on our equality, diversity, and inclusion</i></p>	<p>Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.</p>

<i>commitments to support Manchester's vision to be a progressive and equitable city.</i>	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	Delivery of the Future Shape of the Council change programmes, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

- 11.3 Our Council Business Plan 2021/22 describes in more detail the action we are taking to deliver our corporate plan this year. It is supported by our wider strategic framework including Our People Strategy and Our ICT Strategy. These budget proposals are also aligned to our Business Plan to ensure the priorities will be achieved.

## **12.0 Conclusion**

- 12.1 The budget strategy provides information on the work that has been undertaken and is ongoing within the directorate to both ensure that we are able to meet the existing budget pressures, whilst also contributing savings towards the wider council budgets.
- 12.2 The proposed revenue budget for 2021/22 is a one year budget which is aligned to both the Governments one year budget settlement and the Council one year budget proposals.
- 12.3 The budget proposals in this report reflect the initial feedback from the January round of scrutiny meetings and following February scrutiny meetings updated final budget proposals will be submitted to Executive on February 17 for approval.

## **13.0 Recommendations**

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

## Appendix 1

Subjective Heading	2020/2021 Budget £'000	2021/2022 Indicative Budget £'000
<b>Expenditure:</b>		
Employees	11,198	10,950
Running Expenses	28,809	45,137
Capital Financing Costs	0	0
Contribution to reserves	0	0
<b>Total Subjective Expenditure</b>	<b>40,007</b>	<b>56,087</b>
Less:		
Other Internal sales		
<b>Gross Expenditure</b>	<b>0</b>	<b>0</b>
<b>Income:</b>		
Government Grants	(3,286)	(4,009)
Contributions from Reserves	0	(1,620)
Other Grants Reimbursements and Contributions	0	(1,763)
Customer and Client Receipts	(21,200)	(21,200)
Other Income	0	0
<b>Total Net Budget</b>	<b>15,521</b>	<b>27,495</b>

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## Manchester City Council Report for Resolution

**Report to:** Economy Scrutiny Committee – 11 February 2021  
Executive – 17 February 2021

**Subject:** Growth and Development Directorate Budget Report 2021/22

**Report of:** Strategic Director Growth & Development

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### Summary

As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council 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 mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.

This report provides an updated Growth and Development 2021/22 budget and sets out the 2021/22 savings proposals which reflects any feedback from both the November and January Scrutiny committees. The report contains relevant content from the Council's overarching Business Plan report.

### Recommendations

The Committee is asked to consider and make comments on the savings proposals identified prior to being considered by Executive 17 February 2021.

The Executive is recommended to approve these budget proposals.

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### 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	Creating places where residents actively demonstrate the principles of Our Manchester

unlocking the potential of our communities	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

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### **Financial Consequences Revenue**

The proposals set out in this report will be considered as part of the City Council preparation of the 2021/22 budget which will be submitted to the Executive on 17 February 2021.

### **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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### **Contact Officers:**

Name: Louise Wyman  
Position: Strategic Director Growth and Development  
Telephone: 0161 234 5515  
Email: Louise.wyman@Manchester.gov.uk

Name: Paul Hindle  
Position: Head of Finance  
Telephone: 0161 234 3025  
E-mail: paul.hindle@Manchester.gov.uk



**Background documents (available for public inspection):**

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

Growth and Development Directorate Budget 2020/21 - Executive 12 February 2020  
Growth and Development Budget Options 2021/22 – Executive 11 November 2020  
Growth and Development 2021/22 Budget Proposals – Executive 20 January 2021

## **1. Introduction**

- 1.1 This report should be read in conjunction with the covering City Council budget report and sets out the budget reductions proposed to support the work required to deliver a balanced budget in 2021/22.
- 1.2 Following on from previous 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 two previous scrutiny committee meetings. Original Directorate savings proposals totalled c.£50m, but after accounting for additional Adult Social care funding through both additional precepts and grants the revised savings proposals from all Directorates total around c.£41m. Wherever possible consideration has been given to protecting front line services in order to protect the capacity to support the recovery planning.
- 1.3 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.
- 1.4 The proposals identified total £0.733m and requires a reduction of 11fte's, further details on these proposals are included in section 3 of this report.
- 1.5 As part of identifying the proposed budget reductions consideration has been given to minimising the impact on both other Council services and residents, although this has not always possible. The feedback from the earlier Scrutiny meetings and Executive has been taken into account in developing the proposed budget.

## **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 As part of ensuring residents have a good choice of safe and secure homes the Directorate will play a fundamental part in ensuring a smooth transition to the bringing back in house of the ALMO.
- 2.5 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).
- 2.6 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.
- 2.7 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 Revenue Budget Strategy**

- 3.1 The Growth and Development Directorate has a gross budget of c.£65.2m, and a net budget of c.£9.9m, with 650.4fte's. The breakdown by service area is provided in the table below:

**Table 1: 2020/21 base budget**

<b>Service Area</b>	<b>2020/21 Gross Budget £'000</b>	<b>2020/21 Net Budget £'000</b>	<b>2020/21 Budgeted Posts (FTE) £'000</b>
Operational Property	12,061	8,145	35.8
Facilities Management	14,943	9,687	176.0
Investment Estate	8,198	-11,904	28.8
Growth & Development	397	164	2.6
City Centre Growth and Infrastructure	2,141	1,234	25.8
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	182.0
Our Town Hall Project	2,385	0	5.8
<b>Grand Total</b>	<b>65,223</b>	<b>9,956</b>	<b>650.4</b>

- 3.2 The 2020/21 cash limit budget is £9.956m 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 December 20 (Period 9)**

- 3.3 As at December 2020 the Directorate is forecasting a net overspend of £2.965m, this includes Covid-19 related pressures of £5.527m, offset by in year mitigation of £2.562m.
- 3.4 The Covid-19 pressures are made up of a combination of £4.523m reductions in income and increased cost pressures of £0.992m. 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-19 crisis, this is forecast to cost net c.£0.783m in the current financial year.
- 3.6 As part of the ongoing work seeking to mitigate the above pressures in year forecast savings of £2.562m have already been identified, this is largely due to staff savings because of vacant posts and reduced running costs across all services.

- 3.7 The subjective budget breakdown for the Growth and Development Directorate is provided at Appendix 1.
- 3.8 As set out above this report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning.

### **2021/22 Savings Proposals**

- 3.9 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, 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 table 2 provides a summary table.

### **Proposed Savings**

- 3.10 **Housing and Residential Growth - £190k**, growth agenda continues to be a Priority and 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.
- 3.11 In light of the above, savings of £190k having been identified through increased rental income from a recently completed development. These properties were occupied in 2020/21 and so 2021/22 will realise the full year benefit and the income will increase year on year as rent levels increase.
- 3.12 **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 have considered these statutory functions.
- 3.13 The service currently have 11 long term vacant posts. The service are about to undertake a redesign to develop a fit for future structure with built in career paths and succession planning. It is expected that there will be some savings arising from the new structure which will enable a number of posts to be deleted and include a review of likely fee income levels. Consideration to the filling of any vacant posts will be made taking account of the ability to generate income. If following the conclusion of the staffing review, a permanent £393k saving is not achievable, then the Strategic Director will identify alternative savings options and this will be addressed as part of the 2022/23 budget process.
- 3.14 **Work and Skills - £150k** – through a reduction in the commissioning budget which will require ending the City Council support to My Future ILM. This has been done in the context of the Government announcement of the Kickstart

scheme, as a major national programme that gives employers a wage subsidy to employ unemployed young people aged 16 to 24. While it doesn't have some of the features of My Future ILM in terms of wrap around support, it is very large scale with the potential to offer many more opportunities for young people in the City.

- 3.15 Both the above savings proposals will reduce the level of resources available within the Directorate 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 will cease, such as sector based work, and reduce the team's ability to coordinate skills, training and employment support offered at a local level.

#### **Other Budget Changes.**

- 3.16 Due to the likely ongoing impacts of the Covid pandemic, it is anticipated that there will be an ongoing impact in respect of income generation, and the following one off adjustments have been made to mitigate loss of income in 2021/22.
- 3.17 In 2020/21 planning applications have continued to hold up despite the impacts of Covid, it was always anticipated that any likely impacts on developments would be towards the end of 2020/21 and into 2021/22. To reflect the likely reduction in fee income a one off adjustment to the income budget. This increase will be partially mitigated through ongoing Government support through the sales fees and charges return which has currently been extended into quarter 1 of 2021/22. The income position will be retained under review
- 3.18 There is also likely to be a downturn in the income received within the investment estate, this will be in the form of reduced rents, and in particular any investment income from across the property portfolio. A one off adjustment of £2.999m has been provided for as part of the budget. As this is classified as Commercial income it will not be supported through the sales fees and charges submission.
- 3.19 As part of the 2020/21 budget a one off £1m investment was approved to support the Carbon Reduction Delivery Plan and an adjustment has been made to remove this budget in 2021/22. The initial increase was funded through the Capital Fund to spend over 2020/21 and 2021/22 and any unutilised resources in the current financial year will be available to draw down in 2021/22 to support ongoing initiatives.
- 3.20 £2m funding has been allocated to provide resources to support the proposed capital works on St Johns Public Realm, this will include the creation of two new public squares and other public realm works. This increase was approved by Executive June 2020.
- 3.21 Initial one off funding of £100k from the housing investment reserve was provided in 2020/21 to support the ongoing work to develop the local delivery

vehicle model and this comes out in 2021/22, although with the work now progressing an additional £1.5m from the housing investment reserve was approved by Executive in June 2020 to support the next phase of the development.

- 3.22 Table 2 below is a summary table of the Directorate savings proposals broken down by service area and includes the FTE impact. Whilst table 3 shows the overall change in budgets broken down by service area.

**Table 2: Savings Proposals**

Service Area	Description of Saving	Type of Saving	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	FTE's
Planning, Licensing & Building Control	Hold 11 vacant posts	Reduction	393				393	11
Housing & Residential Growth	Additional income from housing redevelopment	Income	190				190	
Work & Skills	Reduction in commissioning activity	Reduction	150				150	
<b>Total</b>			<b>733</b>				<b>733</b>	<b>11</b>

**Table 3: Proposed Directorate budget 2021/22 - Approved MTFP**

Service Area	2020/21 Net Budget £'000	Approved savings £'000	Investment and other changes £'000	2021/22 Net Budget £'000
City Centre Regen	1,234		2,000	<b>3,234</b>
Strategic Development	164			<b>164</b>
Facilities Management	9,687	(270)		<b>9,417</b>
Housing and Residential Growth	1,445	(190)	(100)	<b>1,155</b>
Operational Property	8,145	(646)	(1,000)	<b>6,499</b>
Planning, Building Control and Licensing	(588)	(393)	751	<b>(230)</b>
Investment Estate	(11,904)	(375)	2,999	<b>(9,280)</b>
Work and Skills and MAES	1,773	(150)		<b>1,623</b>
<b>Total</b>	<b>9,956</b>	<b>(2,024)</b>	<b>4,650</b>	<b>12,582</b>

#### **4. Capital strategy**

- 4.1 The approved Growth and Development Directorate capital programme is detailed in the Council's Capital Strategy report, which is included in the suite of budget reports submitted to the Executive and Council. The Capital Strategy also includes details on potential future capital investment which has been identified, and which is expected to be brought forward in the medium term.

- 4.2 The revenue implications of any approved capital projects have been incorporated into the revenue budget. Before any of the potential investment priorities are approved, the revenue implications of the investment will be reviewed and agreed as part of the approval process.

## **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 11 current vacant posts to be held pending a redesign. The redesign will look to ensure a fit for future structure with built in career paths and succession planning and the overall staffing requirements will be determined based on the forecast likely fee income levels.
- 5.2 To support the workforce reductions a time limited targeted Voluntary efficiency scheme was opened, and this closed on 11 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. Equality Diversity and Inclusion**

- 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 Growth and Development is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using its services. To achieve this, we are committed to undertaking equality analysis of the proposed changed services to ensure they are accessible and inclusive, and do not cause adverse equality impacts. Growth and Development will use the Council's Equality Impact framework to do this.

## **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. Consultation

9.1 A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities.

9.2 The consultation can be found at [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

## 10. Our Corporate Plan and Council Business Plan

10.1 Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the Our Manchester Strategy 2015-2025. These priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the council and city-wide focus on the importance of Equality, Diversity and Inclusion.

10.2 These budget proposals are aligned to our Corporate Plan to ensure the priorities will be achieved. Our Corporate Plan themes and revised priorities are set out in table 4 below:

**Table 4: Corporate Plan Themes and Priorities**

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i>	Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions</i>	Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.

<i>in family poverty, as set out in the Our Manchester Industrial Strategy</i>	Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.
	Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities
<b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i>	All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.
	Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.
	Reduce number of children needing a statutory service.
<b>4. Healthy, cared-for people</b> <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i>	Take actions to improve population health outcomes and tackle health inequalities across the city.
	Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.
	Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.
	Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless
<b>5. Housing</b> <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i>	Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.
	Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.
<b>6. Neighbourhoods</b> <i>Work with our city's communities to create and maintain clean and vibrant</i>	Enable all our diverse neighbourhoods to be clean, safe and vibrant.
	Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.

<i>neighbourhoods that Mancunians can be proud of</i>	
<b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.
	Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.
<b>8. Equality</b> <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i>	Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	Development of the future shape of the Council, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

## 11. Conclusion

- 11.1 The Council continues to face a period of significant change and there are Increased demands for services alongside the need to make budget cuts. The budget strategy provides Members with details of the work that has been undertaken, and is ongoing within the Growth and Development to ensure we are able to continue to support delivery of Council priorities.
- 11.2 The proposed revenue budget for 2021/22 is a one year budget which is aligned to both the Governments one year budget settlement and the Councils one year budget proposals
- 11.3 The Directorate budget proposals in this report have been refined following feedback from both the November and January Scrutiny Committees.

# Appendix 1 - Subjective budget breakdown for the Growth and Development Directorate

Subjective Heading	2020/2021 Budget £000	2021/2022 Indicative Budget £000
Expenditure:		
Employees	25,541	24,842
Running Expenses	38,760	38,900
Capital Financing Costs	1,973	1,973
Contribution to reserves		0
<b>Total Subjective Expenditure</b>	<b>66,274</b>	<b>65,715</b>
Less:		
Other Internal sales	-7,207	-7,207
<b>Gross Expenditure</b>	<b>59,067</b>	<b>58,508</b>
Income:		
Government Grants	-9,162	-9,162
Contributions from Reserves	-8,817	-8,817
Other Grants Reimbursements and Contributions	-74	-74
Customer and Client Receipts	-31,057	-27,872
Other Income	-1	-1
<b>Total Net Budget</b>	<b>9,956</b>	<b>12,582</b>

## Manchester City Council Report for Resolution

**Report to:** Resources and Governance Scrutiny Committee – 9 February 2021  
Executive – 17 February 2021

**Subject:** Corporate Core Budget Report 2021/22

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

### Summary

As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council 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 mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.

This report provides an updated Corporate Core 2021/22 budget and sets out the 2021/22 savings proposals which reflect any feedback from both the November and January Scrutiny committees. The report contains relevant content from the Council's overarching Business Plan report.

### Recommendations

The Committee and the Executive are each invited to review and comment on the directorate budget report.

The Executive is recommended to approve these budget 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	Creating places where residents actively demonstrate the principles of Our Manchester

unlocking the potential of our communities	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

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## Financial Consequences Revenue

The proposals set out in this report will be considered as part of the City Council preparation of the 2021/22 budget which will be submitted to the Executive on 17 February 2021.

## 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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## Contact Officers:

Name: Carol Culley  
Position: Deputy Chief Executive & City Treasurer  
Telephone: 0161 234 3406  
Email: carol.culley@manchester.gov.uk

Name: Fiona Ledden  
Position: City Solicitor  
Telephone: 0161 234 3087  
Email: Fiona.leddon@manchester.gov.uk

Name: Paul Hindle  
Position: Head of Finance  
Telephone: 0161 234 3025  
E-mail: Paul.hindle@manchester.gov.uk

**Background documents (available for public inspection):**

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

Corporate Core Budget 2020/21 - Executive 12 February 2020  
Corporate Core 2021/22 Budget Options – Executive 11 November 2020  
Corporate Core 2021/22 Budget Proposals – Executive 20 January 2021

## **1 Introduction**

- 1.1 This report should be read in conjunction with the covering City Council budget report and sets out the budget reductions proposed to support the work required to deliver a balanced budget in 2021/22.
- 1.2 Following on from previous 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 two previous scrutiny committee meetings. Original Directorate savings proposals totalled c.£50m, but after accounting for additional Adult Social care funding through both additional precepts and grants the revised savings proposals from all Directorates total around c.£41m. Wherever possible consideration has been given to protecting front line services in order 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 Currently the Core has identified proposed budget reductions of £6.281m, and this requires a reduction of c.115.1ftes. 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.54 vacancies earmarked as contributing towards the overall reduction.
- 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 As part of identifying the proposed budget reductions consideration has been given to minimising the impact on both other Council services and residents, although this has not always been possible. The feedback from the earlier Scrutiny meetings and Executive has been taken into account in developing the proposed budget.

## **2 Strategic Context**

- 2.1 The priorities for the Council for 2021/22 and beyond are framed in the Our Manchester Strategy which was recently reset with the updated Strategy forming the overarching document to the suite of budget reports.
- 2.2 Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the Our Manchester Strategy 2015-2025. These priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the Council and city-wide focus on the importance of Equality, Diversity and Inclusion. The plan also reflects the priorities for the Council's internal transformation that will support the delivery of future budget savings and managing pressures.



- 2.3 These budget proposals are aligned to our Corporate Plan to ensure the priorities will be achieved. Our Corporate Plan themes and revised priorities are set out in the table below:

Theme	Priority
<b>1. Zero carbon Manchester</b> <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i>	Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO <sub>2</sub> emissions and improving air quality
	Deliver activities to reduce the Council's own direct CO <sub>2</sub> emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25
<b>2. Growth that benefits everyone</b> <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i>	Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.
	Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.
	Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities
<b>3. Young people</b> <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i>	All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.
	Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.
	Reduce number of children needing a statutory service.
<b>4. Healthy, cared-for people</b> <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i>	Take actions to improve population health outcomes and tackle health inequalities across the city.
	Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.
	Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.

	Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless
<b>5. Housing</b> <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i>	Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.
	Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.
<b>6. Neighbourhoods</b> <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	Enable all our diverse neighbourhoods to be clean, safe and vibrant.
	Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.
<b>7. Connections</b> <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.
	Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.
<b>8. Equality</b> <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i>	Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
<b>9. Well-managed council</b> <i>Support our people to be the best and make the most of our resources</i>	Development of the future shape of the Council, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

- 2.4 The Corporate Core will have an important role to play in supporting the Council in some of the major changes that will need to be delivered next year. The next section of this report sets out the role of the Core and the priorities for next year.

### 3 Corporate Core Directorate Background and Context

- 3.1 The Corporate Core plays a key role in supporting the delivery of the Our Manchester Strategy and the nine 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.

3.2 The Corporate Core will have an important role to play in supporting the Council in some of the major changes that will need to be delivered next year. These include:

- Support the delivery of place-based working and reform, including through 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 - the 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.
- Delivery of the Housing Strategy and the supporting delivery of the recent decision to bring the ALMO back in house

3.3 The Core also has a lead 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 Procurement. The priorities in these areas include to:

- Complete the reset of the Our Manchester Strategy.
- Produce a balanced budget in 2021/22 reflecting Member priorities and the Our Manchester reset .
- Co-ordinate and lead Council support to the delivery of the Council's transformation programme.
- Deliver the ICT strategy, pipeline of key projects and technological enablers
- The provision of data and intelligence to services to enable them to manage performance and outcomes.
- Develop and implement a comprehensive organisational development plan that is owned by leaders in the Council.
- Champion co-production techniques and asset-based approaches to engage more effectively with residents, partners and staff.
- Adapt working environments to make efficient use of the space whilst creating an environment that supports agile working across our estate.
- Develop our existing workforce, including targeted development, so that fair representation at all levels is achieved.

- Deliver key projects including the refurbishment of Hammerstone Road, Gorton Hub, House of Sport and support to the Our Town Hall Project.
- Delivery of the Equalities Strategy and Race Review Action Plan
- Support the Council to deliver all nine corporate plan priorities
- Support the delivery of place-based working and reform through Bringing Services Together for People in Places.

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

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

3.5 The priorities for 2021/22 include:

- Provide effective support and assistance to residents affected by COVID-19, including handling enquiries relating to self-isolation payments.
- Provide high quality help and advice across a range of access channels and supported services, that recognise our residents' strengths and needs. If we cannot help, we will signpost people to the correct organisation.
- Provide the most cost-effective service and this means that where they can, residents should self-serve, via our website or by using modern technology.

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

## 4 Corporate Core Revenue Budget Strategy

4.1 The latest 2020/21 Corporate Core gross budget is £308m, with a net budget of £71.2m, with 1,810fte'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	13,056	7,129	267
Elections	1,178	1,079	12
Coroners & Registrars	3,691	2,348	53
Executive Office	987	987	13
Communications	4,834	3,371	82
CEX Corporate Items	1,561	545	-

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE)
<b>Chief Executives Sub Total</b>	<b>25,307</b>	<b>15,459</b>	<b>427</b>
Procurement & Commissioning	1,710	1,414	32
Commercial Governance	332	259	6
Revenue & Benefits	212,386	9,856	324
Financial Management	5,901	5,532	152
ICT	13,791	13,746	161
Human Resources & Organisational Development	4,318	4,091	88
Audit, Risk & Resilience	1,906	1,483	44
Shared Service Centre	1,719	1,132	92
Customer Services	4,288	4,217	175
Policy, Performance & Reform	19,529	14,883	172
Capital Programmes	621	(31)	89
Parking & Bus Lane Enforcement	16,127	(983)	48
Corporate Items	299	226	-
<b>Corporate Services Sub Total</b>	<b>282,927</b>	<b>55,825</b>	<b>1,383</b>
<b>Corporate Core Grand Total</b>	<b>308,234</b>	<b>71,284</b>	<b>1,810</b>

- 4.2 The current 2020/21 cash limit budget is £71,284 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 December 20 (Period 9)**

- 4.3 As at December 2020 the Directorate was forecasting a net overspend of £1.321m, this includes COVID-19 related pressures of £5.969m, offset by in year savings and other mitigations of £4.648m. The COVID-19 costs include the increased costs for ICT to support more staff to work flexibly and additional costs in the Coroners Service. In addition, there is a reduction in sales, fees and charges income of £2.4m including £0.7m 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.
- 4.4 The pressures are partly offset by £3.8m in year underspending from a combination of staff savings through vacant posts, staff turnover and also staff not being at top of grade, along with reduced running costs across all Core services. Within the employee savings there will be some posts that have been held in advance of needing to deliver the required staff reductions as part of the savings in 2021/22.

- 4.5 The subjective budget breakdown for the Corporate Core is provided at Appendix 1.
- 4.6 As set out above this report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning.

### **Savings Proposals**

- 4.7 Heads of Service reviewed all the budgets across the Core in order to identify savings and cuts proposals for consideration by members. These have been reported to the two previous scrutiny committees and the savings have been revised to reflect feedback from those Committees. The proposals do 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 be realised until the replacement of SAP and the savings included as part of the proposed budget will lead to a real reduction in the level of support that can be provided.
- 4.8 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.
- 4.9 The proposals identified from the Core as part of the wider c£41m savings equate to c£6.281m with a reduction of 115.1fte. Further details on these proposals is set out in the paragraphs below.

### **Legal Services - £170k -3fte's**

- 4.10 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.
- 4.11 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.
- 4.12 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 -6.5fte's**

- 4.13 Following the successful introduction of the new Coroners case management system and resulting efficiencies it is proposed to reduce the current headcount by 6.5fte which will deliver savings of £198k.

#### **Executive Office -£15k**

- 4.14 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**

- 4.15 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 reviewing the costs of production of the council tax and business rate information booklets in order to lower overall costs, as well as reviewing all other commitments including spend on statutory notices. Other measures include a reduction in sponsorship and a move to second class mail only.
- 4.16 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**

- 4.17 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**

- 4.18 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.

- 4.19 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.
- 4.20 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.
- 4.21 It is proposed to reduce existing discretionary housing payments budget by £1m. This has reduced from the previous £1.5m 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 the City Council provides a further £2m. The City Council contribution will be reduced by £1m from 2021/22. It is anticipated that some of the impact will be mitigated due to the 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 which will minimise the impact of the cut. 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. Should there be a significant change in government policy, for example regarding LHA rates then the level of discretionary support provided will need to be reviewed.

#### **Shared Service Centre - £252k - 8.8fte**

- 4.22 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**

- 4.23 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.

- 4.24 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.
- 4.25 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.
- 4.26 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**

- 4.27 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**

- 4.28 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.

- 4.29 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.
- 4.30 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**

- 4.31 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.
- 4.32 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.

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

- 4.33 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.
- 4.34 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**

- 4.35 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 14 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**

- 4.36 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 restructured to achieve a net reduction of 10fte 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, 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.
  - Table 2 below is a summary table of the Corporate Core savings proposals broken down by service area and includes the FTE impact. Whilst table 3 shows the overall change in budgets broken down by service area

### **Other Budget Changes**

- 4.37 Due to the impact of Covid-19 there are ongoing financial implications in terms of both increased costs, and loss of income. Whilst there are still many unknowns, and the risks continue to be monitored, and reported on there are some services whereby risks have been identified and the necessary budget adjustments have been made, these include:-

**Coroners Service** will have a backlog of Jury cases in 2021/22 and the forecast cost implications of these are £131k, this has been included in the budget for next year.

As part of planning for the May 2021 **Elections** additional costs will be incurred in order to ensure that the election is Covid secure, this will include

purchase of additional screens and enhanced cleaning. The estimated costs of this are c£113k and a one year budget increase is proposed to meet these costs.

- 4.38 Government have extended the support for any lost income through sales, fees and charges into quarter 1 of 2021/22 and based on the current forecast the overall support to the Corporate Core is likely to be c£0.939m. The largest loss will be in Revenue and Benefits (£480k) through the loss of summons income, other income losses include Communications £263k, Legal £80k, Registrars £82k and reduced annual leave purchase £34k.
- 4.39 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.

**Table 2 - Summary of Corporate Core savings proposals broken down by service area**

Service	Description of Saving	Type of Saving	21/22 £000's	22/23 £000's	Total £000's	FTE's
Legal Services	Reduce staff resources	Efficiency	(96)	0	(96)	3.0
	Increased income and other budget reductions	Efficiency	(49)	(25)	(74)	
Coroners & Registrars	Reduce staff resources	Reduction	(198)	0	(198)	6.5
Executive	Travel/ subsistence expenses reductions	Efficiency	(15)	0	(15)	
Comms	Reduce staff resources	Reduction	(137)	0	(137)	4.0
	Reduce printing costs, increase recharges and postage	Efficiency	(163)	0	(163)	
Procurement, Commissioning and Commercial Governance	Delete 2 vacant posts	Reduction	(122)	0	(122)	2.0
	Increase income and reduce	Reduction	(36)	0	(36)	

Service	Description of Saving	Type of Saving	21/22 £000's	22/23 £000's	Total £000's	FTE's
	supplies and services					
Revenues and Benefits	Reduce staff resources	Reduction	(160)	0	(160)	5.5
	Reduce Discretionary Housing Payments	Reduction	(1,000)	0	(1,000)	
Financial Management	Reduce staff resources	Reduction	(843)	0	(843)	20.0
ICT	Reduce staff resources	Reduction	(400)	0	(400)	10.0
	Savings on system running costs and telephony	Efficiency	(300)	(300)	(600)	
HR/OD	Reduce staff resources	Reduction	(306)	(237)	(543)	13.0
Audit	Reduce staff resources	Reduction	(118)	0	(118)	3.0
Shared Service Centre	Reduce staff resources	Reduction	(252)	0	(252)	8.8
Customer Services	Reduce staff resources	Reduction	(614)	0	(614)	19.3
City Policy	Reduce staff resources and special projects budget	Reduction	(270)	0	(270)	4.0
PRI	Reduce staff resources	Reduction	(500)	0	(500)	13.0
Reform & Innovation	Reduce staffing resource	Reduction	(140)	0	(140)	3.0
<b>Corporate Core Totals</b>			<b>(5,719)</b>	<b>(562)</b>	<b>(6,281)</b>	<b>115.1</b>

**Table 3 - Overall change in budgets broken down by service area - Approved MTFP**

Service	Description	21/22 £000's	22/23 £000's	23/24 £000's	Total	FTE's
Growth & Development						
Operational Property	Staffing Reduction	36			36	1.4
	Reduced Estate	610	591	(601)	600	
Facilities Management	Staffing Reduction	270			270	10

Service	Description	21/22 £000's	22/23 £000's	23/24 £000's	Total	FTE's
Investment Estate	Survey Fee Income	75			75	
	Ground Lease Income			300	300	
	Investment estate income	300			300	
<b>Growth &amp; Development</b>		<b>1,291</b>	<b>591</b>	<b>(301)</b>	<b>1,581</b>	<b>11.4</b>
<b>Neighbourhoods Service</b>						
Commercial	Small Format Advertising	1,300			1,300	
	Piccadilly Gardens	225	225		450	
	Dawson St	50			50	
	Off Street Parking	4,100			4,100	
	Bereavement Services	85			85	
<b>Neighbourhoods Total</b>		<b>5,760</b>	<b>225</b>		<b>5,985</b>	

## 5. Scrutiny Arrangements

- 5.1 As part of supporting scrutiny committees with their roles all service areas from across the Council under the remit of each scrutiny panel have been included in one overall report. Therefore, 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 table 2 above.

### 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.

- 5.5 Currently there are 10 vacant positions with Facilities Management, and it is proposed to delete these posts to achieve savings of £270k.
- 5.6 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.
- 5.7 Alongside the above 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**

- 5.8 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:
- 5.9 Advertising - The tenders for the small format advertising contract were received in September and the new contract went 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.
- 5.10 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.
- 5.11 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.

- 5.12 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.
- 5.13 City Council markets operate on a cost recovery basis, except for 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. Capital Strategy**

- 6.1 The approved Corporate Core capital programme is detailed in the Council's Capital Strategy report, which is included in the suite of budget reports submitted to the Executive and Council. The Capital Strategy also includes details on potential future capital investment which has been identified, and which is expected to be brought forward in the medium term.
- 6.2 The revenue implications of any approved capital projects have been incorporated into the revenue budget. Before any of the potential investment priorities are approved, the revenue implications of the investment will be reviewed and agreed as part of the approval process.

## **7. Workforce Implications**

- 7.1 The proposals set out in this report will lead to the deletion of c.115.1fte posts in the Corporate Core, of which c.54 are vacant.
- 7.2 To support the workforce reductions a time limited targeted Voluntary efficiency scheme was opened, and this closed on 11 December, based on the number of applications received, it is expected that the required reduction in staff will be achieved.
- 7.3 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.

## **8. Equality Diversity and Inclusion**

- 8.1 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.

- 8.2 The Corporate Core is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using its services. To achieve this, we are committed to undertaking equality analysis of the proposed changed services to ensure they are accessible and inclusive, and do not cause adverse equality impacts. The Corporate Core will use the Council's Equality Impact framework to do this.

## **9. Risk Management.**

- 9.1 The Corporate Core will seek to manage all expenditure within the approved budget 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.

## **10. Legal**

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

## **11. Consultation**

- 11.1 A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities.
- 11.2 The consultation can be found at [www.manchester.gov.uk/budget](http://www.manchester.gov.uk/budget). The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

## **12. Conclusion**

- 12.1 The Council continues to face a period of significant change and there are increased demands for services alongside the need to make budget cuts. The budget strategy provides Members with details of the work that has been undertaken, and is ongoing within the Corporate Core to ensure we are able to continue providing quality effective services, whilst also contributing savings towards the wider council budgets.

- 12.2 The proposed revenue budget for 2021/22 is a one year budget which is aligned to both the Governments one year budget settlement and the Councils one year budget proposals
- 12.3 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.
- 12.4 The Directorate budget proposals in this report have been refined following feedback from both the November and January Scrutiny Committees. The report will be submitted to Scrutiny and Executive in February 2021.

### **13. Recommendations**

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

**Appendix 1 - Subjective analysis**

<b>Subjective Heading</b>	<b>2020/2021 Budget £'000</b>	<b>2021/2022 Indicative Budget £'000</b>
<b>Expenditure:</b>		
Employees	76,149	72,037
Running Expenses	237,185	241,517
Capital Financing Costs	-	-
Contribution to reserves	10,501	10,219
<b>Total Subjective Expenditure</b>	<b>323,835</b>	<b>323,773</b>
<b>Less:</b>		
Other Internal sales	(15,601)	(15,601)
Gross Expenditure	(15,601)	(15,601)
<b>Income:</b>		
Government Grants	(184,309)	(184,322)
Contributions from Reserves	(3,619)	(9,229)
Other Grants Reimbursements and contributions	(5,036)	(5,041)
Customer and Client Receipts	(32,189)	(30,985)
Other Income	(11,797)	(11,797)
<b>Total Net Budget</b>	<b>71,284</b>	<b>66,798</b>

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## **Manchester City Council Report for Resolution**

**Report to:** Children and Young People Scrutiny Committee – 10 February 2021  
Executive – 17 February 2021

**Subject:** School Budget 2021/22

**Report of:** Strategic Director for Children and Education Services

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### **Summary**

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

Local authorities receive and manage the DSG within four blocks: schools, central school services, high needs and early years. A large proportion of it is paid directly to schools and other settings to provide the majority of education services. A proportion of the DSG is provided for local authorities to deliver education services.

DSG funding is determined in two stages: first, the government provides the grant to local authorities for all state funded schools in the city, and then local authorities determine the grant distribution to the local educational establishments.

DSG arrangements for 2021/22 remain unchanged with the grant continuing to be allocated to local authorities in four blocks based on a national formula, but Local Authorities can continue to fund schools on the local formula. Manchester's Schools Forum has opted to maintain the local funding formula. In the Autumn the Government re-confirmed the intention to implement a National Funding Formula which means that primary and secondary school funding longer term is likely to be determined by the Department of Education (DfE), however it is expected the allocation of budgets will continue to take place locally.

This report provides a summary of the confirmed DSG allocation from the 2021/22 settlement announced on the 17th December and the budget allocation across individual school budgets and Council's retained schools budgets which was reported to Schools Forum on the 18th January 2021.

### **Recommendations**

The Committee and the Executive are invited to review and comment on the 2021/22 individual school budgets (ISB) and Council retained school budgets (RSB) determined from the Dedicated Schools Grant (DSG) settlement.

The Executive is recommended to approve these budget proposals.

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**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.

<b>Manchester Strategy Outcomes</b>	<b>Summary of the Contribution to the Strategy</b>
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

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**Financial Consequences for the Capital and Revenue Budgets:**

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2021/22 to be reported to the Executive for approval in February 2021.

**Contact Officers:**

Name: Paul Marshall  
Position: Strategic Director for Children and Education Services  
Telephone: 0161 234 3952  
E-mail: paul.marshall@manchester.gov.uk

Name: Amanda Corcoran  
Position: Director of Education  
Telephone: 0161 234 4314  
E-mail: amanda.corcoran@manchester.gov.uk

Name: Reena Vandhna Kohli  
Position: Directorate Finance Lead - Children, Education and Schools  
Telephone: 0161 234 4235  
E-mail: reena.kohli@manchester.gov.uk

**Background documents (available for public inspection):**

None

## 1.0 Introduction

- 1.1 The Dedicated Schools Grant (DSG) for 2021/22 was received on 17 December 2020, this is a ring fenced grant of which the majority is used to fund:
- Individual schools' budgets in maintained schools and academies in Manchester.
  - Early years nursery entitlement for two, three- and four-year olds in maintained school nursery classes, private, voluntary and independent (PVI) nurseries.
  - Provision for pupils with high needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision, mainstream schools and further education in Manchester and independent settings (commonly known as Out of City placements).
- 1.2 The DSG is split into four blocks: schools, central school services, early years and high needs. This report sets out the 2021/22 settlement and implications of it on schools and the Council. This report which for ease of reference is structured as follows:
- |           |   |
|-----------|---|
| Section 1 | Introduction  |
| Section 2 | 2021/22 DSG Settlement  |
| Section   | Distribution of grant across educational establishments and Council retained budgets. |
| Section 4 | Dedicated Schools Grant Deficit Recovery Plan   |
| Section 5 | Summary   |

## 2.0 Dedicated Schools Grant (DSG) 2021/22 Settlement

- 2.1 The 2021/22 DSG notification was received on the 17<sup>th</sup> December 2020 and totals **£602.626m**. Table one provides a breakdown of the grant across the DSG blocks and sets out why the grant changed between 2020/21 and 2021/22.
- 2.2 The overall increase in grant since last year is £42.477m, table one sets the movement since last year:
- **£20.236m** of the change is due to increases in the grant, £10.611m in the school block, £9.184m uplift in the high needs block. Part of this increase is due to the City having greater need, free school meals have increased by 7% since the start of the pandemic, which is given a heavier weighting in the formula. £0.524m of the increase relates to increase in hourly rates for Early Years and £83k reduction in central services schools grant.
  - **£19.498m** of the increase relates to the transfer of the Teacher's Pay Grant and Teacher's Pension Grants into the DSG.
  - **£4.454m** of the increase in the grant relates to increases in pupil numbers (last financial year this was £11.528m).
  - downward adjustment of **£1.711m** relating to growth funding allocation.



Table one: DSG settlement 2021/22 and 2020/21

BLOCK	Schools £m	Central School Services £m	High Needs £m	Early Years £m	Total £m
2021/22	456.200	3.902	100.583	41.941	602.626
2020/21	425.944	3.661	89.127	41.417	560.149
<b>Difference</b>	<b>30.256</b>	<b>0.241</b>	<b>11.456</b>	<b>0.524</b>	<b>42.477</b>
<b>As a result of:</b>					
Change in Grant	10.611	-0.083	9.184	0.524	20.236
Transfer of TPG & TPECG	17.522	0.292	1.683	Tbc	19.498
Pupil No. increases	3.833	0.032	0.589		4.454
Growth Fund change	-1.711				-1.711
<b>Difference</b>	<b>30.256</b>	<b>0.241</b>	<b>11.456</b>	<b>0.524</b>	<b>42.477</b>

### Schools Block

- 2.3 The Schools Block allocation of £456.200m has been calculated bottom up on the basis as if the national funding formula (NFF) was applied at school level. Local authorities are permitted to use a local ('soft') formula to distribute the aggregated total between each school and academy as is the case in Manchester. The £456.200m will be allocated out to schools in individual budget shares or held for the growth fund.
- 2.4 The allocation has increased by **£30.256m** in 2021/22. The funding allocation provides a guaranteed unit of funding of £4,945.87 per primary pupil and £6,636.18 per secondary pupil. These units of funding have increased due to Manchester's historically funding levels are above the national formula funding values and because of this the Council funding is protected which is 2.00% of the minimum increase that can be applied. Part of this increase is due to the City having greater need, free school meals have increased by 7% since the start of the pandemic, which is given a heavier weighting in the formula. This makes up **£10.611m** of the grant increase.
- 2.5 **£17.522m** of the increase relates to the transfer of the Teacher's Pay Grant and Teacher's Pension Grants into the DSG.
- 2.6 The budget is based on 80,159 children aged 5-16, the allocation has increased by **£3.833m** to reflect growth in primary and secondary pupils between October 2019 and October 2020 of 724 (0.9%).
- 2.7 The growth fund allocation has reduced significantly in 2021/22, owing to a reduction in the **levels** of pupil growth between the October 2019 and October 2020 censuses. The 2021/22 growth fund allocation of £3.634m is **£1.711m less** than the 2020/21 allocation and impacts Manchester's ability to fund growing schools in the City.

- 2.8 At the time of writing this report it is expected that at January 2021 Schools Forum will endorse Council's intention to increase funding for pupils, pupil characteristics, and protection as much as is affordable within the formula when allocating out funding to schools.

#### Central Schools Services Block

- 2.9 The central school services block allocation is £3.902m and supports the Council's role in education. It comprises two elements:
- 'On-going Responsibilities' - funding for this is determined by number of pupils and deprivation
  - 'Historic Commitments' (previously known as Combined Services) - funding for this is based on past actual costs.
- 2.10 'Ongoing Responsibilities' - funds the Admissions service, copyright licenses, servicing of Schools Forum and duties local authorities have for both maintained schools and academies. The per pupil amount for 'On-going Responsibilities' has reduced by 2.5% which equates to per pupil reduction of £1.04 to £40.54 per pupil. The impact of the reduction in the rate per pupil has been offset by an increase in Manchester's pupil numbers, demonstrated in table three below.
- 2.11 'Historic Commitments' are time-limited and expected to reduce over a period. The DfE has suspended a planned 20% reduction in funding in 2020/21 where local authorities can demonstrate an on-going borrowing commitment. Manchester has evidenced the on-going commitment for unsupported borrowing against a school's capital scheme of £358k per year, the scheme runs until 2032/33.

**Table two: Central Schools Service Block**

<b>CSSB</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Difference</b>
<b>Historic Commitments (£m)</b>	<b>0.358</b>	<b>0.358</b>	<b>0</b>
<b>On-going responsibilities:</b>			
Unit of funding	£41.58	£40.54	-£1.04
Transfer TPG & TPECG	£0.00	£3.67	£3.67
Total Unit of funding	£41.58	£44.21	£2.63
Oct 20 census number on roll	79,435	80,159	724
<b>Total On-going responsibilities (£m):</b>	<b>£3.303</b>	<b>£3.544</b>	<b>£0.241</b>
<b>CSSB Total (£m)</b>	<b>£3.661</b>	<b>£3,902</b>	<b>£0.241</b>

#### High Needs Block

- 2.12 The high needs block allocation is £100.583m and provides funding for children and young people with special educational needs and disability (SEND) from early years to age 25. The DfE has allocated an additional £0.7bn to the high needs block nationally. Manchester's additional high needs

block grant allocation is £11.456m, an increase of 12.85% compared to 2020/21.

- 2.13 This block of funding is for those pupils or students who require provision that would not normally be available within the delegated resources of a mainstream school. It is also for pupils who would require additional targeted resources in order to meet their needs in a mainstream setting or placement in a specialist setting, such as a SEND resource unit or a special school. It enables both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality alternative provision (AP) for pre-16 pupils who cannot receive education in schools.

#### Early Years Block

- 2.14 The early years block funding is £41.941m and is provisional, this reflects the 2021/22 early years national funding formula (EYNFF) rates for all councils published in December 2020. Both the two year old rate and the three and four year old rate for Manchester have increased in 2021/22, by 8p and 6p per hour respectively. This is an increase of 1.21% for three and four year olds and 1.49% for two year olds.

### **3.0 Distribution of grant across educational establishments and Council retained budgets**

- 3.1 DSG funding is provided in two stages: first, the government provides the grant to a local authority, and then the Council determines the grant distribution to the local educational establishments.

#### Schools Block

- 3.2 The schools block funds individual primary and secondary (mainstream) schools' budgets. Funding is currently based on a local funding formula. This formula applies to all primary and secondary schools and academies. Individual school funding is determined by pupil numbers, pupil characteristics, a lump sum and premises related factors.
- 3.3 No change to Manchester's individual schools formula for primary and secondary schools is proposed. Manchester schools will receive a 3% increase on funding for pupils and pupil led characteristics. The lump sum continues to be funded at £37k above the rate the Council has been funded as part of the local formula. Protection of plus 2% per pupil compared to last year's budgets has been provided. This ensures that all schools will receive an inflationary increase compared to what was received last financial year on a per pupil basis.
- 3.4 The element of the grant which should support new schools and ones that are expanding is over-committed by £1.259m, this shortfall will be met from the budget which would otherwise be allocated out to all schools.

### Central Schools Services Block

- 3.5 This block provides funding for the Council to carry out central functions on behalf of pupils in state-funded maintained schools and academies. The block is split into funding for historic commitments and funding for the Council's school responsibilities, such as Admissions.

### High Needs Block

- 3.6 The 2021/22 high needs block grant allocation totals £100.584m and includes an £11.456m uplift to the block. The table below provides the planned spend against the additional allocations provided in 2020/21 and 2021/22 are table three below:

**Table three: High Needs Block growth**

	2020/21 £m	2021/22 £m
<b>Additional HNB Allocation</b>	<b>11.994</b>	<b>11.456</b>
Mainstream EHCPs, Special School places, Resource units, Education, Health and Care Plans	5.124	6.076
Post 16 Places	1.700	0.956
Out of City Places	3.059	1.281
Central Services	0.279	-0.040
<b>TOTAL: Growth</b>	<b>10.162</b>	<b>8.273</b>
TPG and TPECG		1.683
Recovery Balance (year 1)	1.832	1.500
<b>Balance</b>	<b>0</b>	<b>0</b>

## **4.0 DSG – High needs pressures**

- 4.1 DSG deficits can no longer be paid off from general funds without requesting permission from the Secretary of State. Deficits needs to be paid off from within DSG funds. Manchester's DSG is overspent due to high needs block pressure, table four below sets out the position 2017/18 – 2020/21 (forecast). At the point of 2020/21 budget setting, £1.83m of the 2020/21 HNB allocation was earmarked for planned recovery against the 2019/20 brought forward £4.28m deficit. Due to additional demand for EHCPs and Post 16 support surpassing expectations, very little of last year's deficit has been recovered.

**Table four: DSG Outturn Position**

Balance surplus/(deficit)	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 (forecast) £m
Opening	0.045	(0.769)	(1.711)	(4.281)
In-Year	(0.814)	(0.942)	(2.570)	(0.239)
<b>Year-End</b>	<b>(0.769)</b>	<b>(1.711)</b>	<b>(4.281)</b>	<b>(4.520)</b>

- 4.2 The key cause for the deficit is due to pupil growth and demand on part of the grant supporting children with high level of needs is greater than growth in the high needs block grant allocation. High needs block pressures are recognised to be a pressure nationally, over 80% of local authorities are reporting a high needs block deficit and the scale of the shortfall in funding is rapidly escalating. In order to manage high needs block the Council continues to develop more local less costly provision by creating additional special school places to meet demand within Manchester.
- 4.3 In the light of the DSG settlement and following review of all high needs block budget the recovery plan has been revised. The additional high need block will fund existing shortfalls and expected growth in both special schools and EHCPs in 2020/21 but not fully cover current shortfalls. Given this it is planned that the deficit is recovered over a three year period, whereby £1.5m of the annual grant allocation will be set aside for the recovery.

## 5.0 Summary

- 5.1 Table five below sets out the grant breakdown of DSG blocks. The table provides a summary of the split between individual school budgets and those budgets retained centrally by the authority across each of the blocks in 2020/21 and 2021/22.

**Table five: DSG individual school budgets and retained school budgets**

Budget	Schools £m	Central School Services Block £m	High Needs £m	Early Years £m	Total £m
Retained School	2.392	3.661	30.188	1.262	<b>37.503</b>
Individual School	423.552	0	58.939	40.155	<b>522.646</b>
<b>DSG 2020/21</b>	<b>425.944</b>	<b>3.661</b>	<b>89.127</b>	<b>41.417</b>	<b>560.149</b>
Retained School	1.100	3.902	33.884	1.569	<b>40.455</b>
Individual School	455.100	0	66.699	40.372	<b>562.171</b>
<b>DSG 2021/22</b>	<b>456.200</b>	<b>3.902</b>	<b>100.583</b>	<b>41.941</b>	<b>602.626</b>

- 5.2 The DSG recovery plan has been revised, whereby £1.5m of next year's grant will be earmarked for the grant's recovery.

## Glossary

<b>Central Services Block</b>	This is one of four blocks of Dedicated Schools Grant (DSG) allocated to local authorities to carry out functions on behalf of pupils in both maintained schools and academies. There are two distinct elements within this block: the 'ongoing responsibilities', comprising of funds previously separately specified by the Department for Education (DfE) and retained centrally (admissions, copyright licenses and servicing schools' forum). the 'historic commitments' previously known as 'combined services'.
<b>Early Years Block</b>	The early years block funds all factors relating to three and four-year-olds and disadvantaged two-year-olds in nurseries, private, voluntary and independent settings, and maintained schools.
<b>High Needs Block</b>	The high needs block covers place funding for special schools/academies and units, top-up funding for high needs pupils, alternative provision and education otherwise than at school, and funding for local authority central special educational; needs services.
<b>Minimum Funding Guarantee</b>	The MFG stipulates the minimum amount by which a school's budget must increase (or maximum decrease) when compared with its budget for the previous year, before allowing for changes in pupil numbers. Some specific items of expenditure (such as rates and resources specifically assigned to individual pupils with special needs) are excluded from the coverage of the MFG. The local authority can modify the operation of the MFG with the approval of the Secretary of State
<b>National Funding Formula</b>	National Funding Formula DfE has published proposals for a new national funding formula for schools, high needs and early years funding. In March 2016 DfE published proposals to make the distribution of schools and high needs funding fairer, and in August 2016 DfE published proposals on early years funding reforms.
<b>Soft Funding Formula</b>	The DfE will moved to a national funding formula at Local Authority level. The DfE use the national funding formula to calculate LAs' funding allocations, LAs can still determine individual schools' funding allocations through their local formula.
<b>Schools Block</b>	The schools block will fund all primary and secondary school pupils that are not funded through high needs or early years blocks.
<b>TPG &amp; TPEG</b>	Teacher's Pay Grant and Teacher's Pension Grant. This funding covers the cost of the increase in the employer contribution rate of the Teachers' Pension Scheme (TPS) from 16.4% to 23.6%, from September 2019.

**Manchester City Council  
Report for Resolution**

**Report To:** Executive – 17 February 2021  
Resources and Governance Scrutiny Committee – 1 March 2021  
Council – 5 March 2021

**Subject:** Capital Strategy and Budget 2020/21 to 2024/25

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

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## **Summary**

The purpose of the report is to present the 2020/21 capital programme and forward commitments, alongside the Capital Strategy for the City Council.

## **Recommendations**

The Resources and Governance Scrutiny Committee is requested to note and comment on the report.

The Executive is requested to:

1. Approve and recommend the report to Council, including the projects for Executive approval in section 7.1, and note that the overall budget figures may change subject to decisions made on other agenda items.
2. Note the capital strategy.
3. Note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2020/21.
4. Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2020/21 to 2024/25 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

The Council is requested to:

1. Note the budget changes for the 2020/21 capital programme noted in section 7.1.
2. Approve the capital programme as presented in Appendix 3 (for £372.2m in 2020/21, £479.6m in 2021/22, £331.8m in 2022/23, £135.1 in 2023/24 and £36.3m in 2024/25) which will require prudential borrowing of £832.9m to fund non-HRA schemes over the five year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).

3. Note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2020/21.
4. Delegate authority to:
  - a) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to approve capital expenditure on schemes which have budget approval.
  - b) The Chief Executive and Director of Highways in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
  - c) The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.
  - d) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2021/22 and then £5m per year thereafter.
  - e) The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years when necessary within the programme subject to resource availability.
  - f) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and approve where appropriate the programme of schemes for the delivery of the corporate asset management programme.
5. Adopt the application of the Manchester Low Carbon Build Standard for the Council's capital projects approved from 2021 onward.

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**Wards Affected:** Various

<b>Environmental Impact Assessment</b> - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
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Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved.
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For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network and the Carbon Reduction Programme.
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<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards the strategy, notably investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in areas such as ICT and the City's infrastructure of road networks and other travel routes

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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## **Financial Consequences – Revenue**

The capital programme report as presented will require £832.9m (all non-HRA) of prudential borrowing over the period 2020/21 to 2024/25, all for Manchester City Council projects. Provision has been made in the proposed revenue budget for the associated financing costs, and for the revenue contributions to capital outlay (RCCO) which are forecast to be received from the General Fund and HRA.

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## **Financial Consequences – Capital**

For the City Council programme the latest budget for 2020/21 is £372.2m, of which £231.9m is forecast to be funded from borrowing. Across the forecast period 2021/22 to 2024/25, the budget is £982.8m, of which £601.0m is forecast to be funded from borrowing.

**Contact Officers:**

Name: Carol Culley  
 Position: Deputy Chief Executive and City Treasurer  
 Telephone: 0161 234 1647  
 E-mail: carol.culley@manchester.gov.uk

Name: Helen Seechurn  
 Position: Deputy City Treasurer  
 Telephone: 0161 234 1017  
 E-mail: helen.seechurn@manchester.gov.uk

Name: Tim Seagrave  
 Position: Group Finance Lead – Capital and Treasury Management  
 Telephone: 0161 234 3459  
 E-mail: tim.seagrave@manchester.gov.uk

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**Attachments**

Appendix 1: Capital Approval Process flowchart  
 Appendix 2: Proposed Amendments to the Capital Budget  
 Appendix 3: Detailed Capital Programme 2020/21 – 2024/25  
 Appendix 4: Comparison of Capital Financing Requirement to External Debt and Internal Borrowing

**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.

Report to the Executive 12 February 2020 (Capital Strategy and Budget 2019/20 to 2023/24)  
 Report to Council 6 March 2020 (Capital Strategy and Budget 2019/20 to 2023/24)  
 Report to the Executive 11 March 2020 (Capital Programme Update)  
 Report to the Executive 3 June 2020 (Capital Programme Outturn Position 2019/20)  
 Report to the Executive 3 June 2020 (Capital Programme Update)  
 Report to the Executive 3 July 2020 (Capital Programme Update)  
 Report to the Executive 29 July 2020 (Capital Programme Monitoring 2020/21)  
 Report to the Executive 9 September 2020 (Capital Programme Update)  
 Report to the Executive 14 October 2020 (Capital Programme Monitoring 2020/21)  
 Report to the Executive 14 October 2020 (Capital Programme Update)  
 Report to the Executive 11 November 2020 (Capital Programme Update)  
 Report to the Executive 20 January 2021 (Capital Programme Update)  
 Report to the Executive 17 February 2021 (Capital Programme Monitoring 2020/21)

## **1 Introduction**

- 1.1 As part of the suite of budget reports submitted on this agenda, Executive and Council are recommended to approve the updated Capital Strategy for 2020-25. This report details the latest position on the Strategy, the governance process and progress on delivery.
- 1.2 The capital strategy provides the medium to long term context in which capital investment decisions are made, governance arrangements and the approach to investments and Treasury Management Strategy, which is elsewhere on the agenda.
- 1.3 Section 3 of the report sets out the priority areas for future investment, including carbon reduction and housing. Schemes and projects are added to the budget at the point they have been developed and agreed as part of the checkpoint process.

## **2 The Impact of COVID-19**

- 2.1 The COVID-19 pandemic has, and will continue to have, a wide-reaching impact on the Council's capital programme. The early impact has been highlighted in previous reports to the Executive, with an initial pause across construction activity and work resuming on major sites relatively quickly.
- 2.2 The required social distancing measures reduces productivity and increases cost as the work programmes take longer to complete and is likely to continue for the foreseeable future. The inflationary impact of COVID-19 will be absorbed through existing project contingencies where possible and further approvals sought if this proves insufficient.

## **3 Strategic Context**

- 3.1 COVID-19 has had a major impact on the global and national economy. The UK's economy is forecast to contract by 11.3% during 2020, the largest fall in output in 300 years. Increased public spending to tackle COVID-19's health and economic impacts and the reduction in receipts have resulted in the Office for Budget Responsibility (OBR) projecting the public sector deficit to peak at £394bn (19% of GDP) in 2020, its highest level since 1944/45.
- 3.2 As well as the short term increase in public spending on health and the economy, the UK Government has announced a number of new funding programmes to support economic recovery which have been announced during summer 2020 and in the November 2020 Spending Review. Although some funding such as the Levelling Up Fund will be shared across all local authority areas, others will be competitive and it will be important for Manchester to have a well-developed pipeline of projects which can demonstrate existing financial support from the public or private sector.

*The Greater Manchester Context*

- 3.3 The ambition is for Greater Manchester (GM) to become a financially self sustaining region at the heart of the Northern Powerhouse. GM have been working hard with Government to turn that vision into a reality. The priorities around growth and reform are distinctive and evidence based, and the City Region is one of the few economic geographies that can be a national engine for growth for the North and the UK as a whole.
- 3.4 GM have published a one year “Living with Covid Resilience Plan” to act as a bridge with the GM Strategy which is due to be formally refreshed in 2021. The plan sets out the ambition to ‘Build Back Better’ with actions across a range of areas including the economy and economic stimulus, cycling and walking, integrated public transport, housing and public buildings and digital and health. The GM Infrastructure Programme seeks to influence priorities delivered by others as well as directly funding schemes. These, along with the GM Industrial Strategy, Housing Strategy and the developing Spatial Framework will provide frameworks for future investment decisions.

*Our Manchester Strategy for the City*

- 3.5 Manchester continues to be an ambitious city with a strong track record of delivery through partnerships and effective strategic leadership, improving the quality of life for residents and delivering the vision of making Manchester a world class city. In response to the COVID-19 pandemic, the Our Manchester Forum have overseen a reset of the Our Manchester Strategy which will be reported to Executive in February and Full Council in March 2021. The reset is based on the findings of extensive engagement programme which highlighted priorities including: young people; economy; health; housing; environment; and infrastructure; with equality and inclusion as a cross-cutting theme.
- 3.6 The reset will also restate the existing vision for Manchester to be in the top flight of world class cities by 2025, when the city will:
- have a competitive, dynamic, sustainable and fair economy that draws on our distinctive strengths in science, advance manufacturing, and culture, creative and digital businesses – cultivating and encouraging new ideas
  - possess highly skilled, enterprising and industrious people
  - be connected, internationally and within the UK
  - play its full part in limiting the impacts of climate change
  - be a place where residents from all backgrounds feel safe, can aspire, succeed and live well
  - be clean, attractive, culturally rich, outward-looking and welcoming
- 3.7 And to be internationally competitive the Council will need to:
- deliver on meeting the need to reduce dependency and improve the productivity outcomes for residents – creating a more inclusive economy for the city’s residents;
  - embrace the need to be a zero-carbon exemplar - as part of the city’s aims to be zero carbon by 2038 at the latest;

- invest in, and strengthen, the Council's existing economic and infrastructure asset base;
- ensure that there is a diverse housing offer for the city including homes that are affordable to those households on low and average incomes; and
- support the city's cultural and sporting offer.

#### *The Manchester Economic Recovery and Investment Plan*

3.8 In direct response to the economic challenges of the COVID-19 pandemic, the Council has worked with key partners in the private and public sectors to develop an ambitious plan for a more inclusive and sustainable recovery. The Manchester Economic Recovery and Investment Plan was officially launched on 25 November 2020 with the full support of local businesses. It includes 50 projects with a total investment value of £800m. The projects include a number thematic areas including skills, zero carbon, digital, culture and transport, but with four key strategic areas of investment which will drive economic growth:

- **Innovation:** Building, in part, on the city's work across its universities, Manchester has the potential to leverage Greater Manchester's science, research, innovation and teaching asset base to create new largescale clusters of high-value economic activities.
- **Manchester City Centre and Urban Realm:** investment in public space and mobility will capitalise on the City's success in this area and make the area yet more attractive to investors.
- **Zero Carbon Housing Retrofit:** The UK Government has already committed to a net zero carbon emissions target by 2050 and through hosting the 26th UN Climate Change Conference of the Parties (COP26), there is a clear focus on zero carbon and climate resilience. This project provides an opportunity to link new investment to local employment and deliver skills initiatives alongside delivering long-term investment in zero carbon.
- **North Manchester:** Two major developments provide the basis for the social and economic transformation of an area. A new North Manchester General Hospital with a health and wellbeing campus and Northern Gateway; a major housing and regeneration initiative.

#### *Other City Council Priorities*

3.9 A number of other significant developments will inform the approach to capital investment within the city. These include:

- The Our Manchester Industrial Strategy,
- the Manchester Residential Growth Strategy and Affordable Housing Strategies with the commitment to supporting overall and affordable housing growth
- Maximising new commercial development opportunities,
- Delivering on the outcomes of the reviews of the Highways Estate, the Operational Built Estate and the ICT Estate.

- The Council's declaration of a Climate Emergency in July 2019 and our Climate Change Action Plan with the objective of halving the Council's direct emissions by 2025 and to play our full part in supporting the city to do the same.

#### 4 Development of the Capital Strategy

- 4.1 The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability.
- 4.2 Capital investments will be made in line with the Capital Strategy priorities. These decisions are within the economic powers of the Council and have strong governance arrangements that underpin decision making. The Council will not invest in capital schemes purely for yield, although some schemes will be financed all or in part from returns on investment. Usually investment will be within the local authority area although there may be exceptions if it is within the relevant economic area and meeting a key regeneration or zero carbon objective.
- 4.3 There will also be:
- externally funded programmes such as those for schools or The Factory;
  - schemes funded from ring-fenced resources such as those within the Housing Revenue Account (HRA); or
  - required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways infrastructure, delivery of the ICT Strategy, asset management and the refurbishment of the Town Hall.
- 4.4 The capital priorities from 2020/21 have been updated in the light of the priorities set out in Section One of the report and are set out below.
- ***Investment that is catalytic*** in supporting economic growth, housing growth, job creation, reducing carbon emissions, transforming health, economic and social outcomes, and creating further investment in the city and supporting economic recovery of the city following the COVID-19 pandemic.
  - Supporting the declaration of the Climate Emergency. The Council has a clear target to at least ***halve its carbon output by 2025***. Investment plans must consider the carbon impact alongside financial impact. The costs of new build programmes to higher environmental standards, following the introduction of the Manchester Low Carbon Build Standard endorsed by the Manchester Climate Change Agency, and meeting the needs of the Local Plan and planning requirements (including investment in green spaces and place such as trees and green walls) need to be considered alongside any revenue implications. Procurement practices will ensure carbon is a focal point. The majority of the Council's carbon emissions are

from the existing corporate estate and housing stock and significant investment will be required to bring this up to carbon efficient standards. This represents a major opportunity to both establish Manchester as a centre for green technology and services, and to work with local skills providers.

- ***Deliver new affordable housing*** to meet the increased delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes between April 2015 and March 2025.
- Developing a more ***inclusive economy*** as set out within the Our Manchester Industrial Strategy and reiterated in the Economic Recovery and Investment Plan. This will require investment on an invest to save basis in existing Council assets and strategic investment to unlock wider commercial and residential developments. There is an opportunity for new developments in the city such as the Northern and Eastern Gateways to become inclusive and zero carbon exemplars, but they need to be adequately resourced to realise the full social, economic and environmental benefits. The use of progressive procurement policies and social value will ensure the maximum benefit to residents from these new developments.
- Regeneration in ***North Manchester***. This includes the North Manchester General Hospital redevelopment, anchoring a health and wellbeing campus as proposed in the Economic Recovery and Investment Plan. This, alongside the Northern Gateway should create the potential to support a growing city, create new housing and regenerate the area.
- Investment in the ***city centre*** as a key driver of growth and jobs for the city and one of the four strategic areas of interventions within the Economic Recovery Plan. Whilst a significant amount of investment will be from the private sector, public sector investment is needed in core areas such as public realm, in order to stimulate further private investment and growth in those areas.
- Investment in ***cultural and creative industries*** which make a major contribution to Manchester's international reputation and role as a destination for cultural tourism and are a growing element of the city economy. Given the importance of these industries and the particular challenge that people working in them have faced due to the pandemic, both short- and longer-term support is needed.
- ***Market intervention*** where the existing market outputs do not support the Council's wider aims. This is likely to be focussed on areas such as health and social care such as residential and intermediate care and will require significant partnership support. This may be short term in nature, to support the development of sustainable business plans, or of a longer nature to support market change.

- Ensuring the Council's ***corporate estate is fit for purpose***. This includes investment to reduce the Council's carbon output and in relation to the current condition of the estate. This is particularly important for the leisure estate where the assets developed for the Commonwealth Games are now nearly 20 years old, and also in the social care estate where the budget challenges faced by providers has led to a lower level of investment on maintenance than expected.
- ***Investment in digital infrastructure, data management, and the application of new approaches***. These are now key elements of the Manchester economy and reflected in the new draft Manchester Digital Strategy – “Creating an Inclusive, Sustainable & Resilient Smart City”. The provision of digital infrastructure and the application of digital technology is needed to capitalize on private sector investment and compete economically on the national and international stage. It can also drive greater inclusion for residents and workers and projects have the potential to find technological solutions to health, mobility and environmental challenges by utilising the power of connected devices.
- Continued Investment in ICT infrastructure as part of being a ***well-managed Council***. Increased digitisation, and the need to move from legacy ICT platforms will mean investment is required, alongside work on ICT resilience, network capability, and key operating systems.

4.5 Taking the above into account the Council will need to maximise its investment capacity and will focus on the following areas:

- to support employment growth through a strengthening and diversification of the economic base and efficient use of land;
- investment in new and upgraded transport infrastructure including delivering the Highways Investment Programme;
- to provide an expanded, diverse and affordable housing offer, creating the conditions to increase the supply of affordable and social housing, and that all new homes in the city are supported by good local public services and an accessible public transport infrastructure;
- to support new and expanded high quality primary and secondary school facilities for a growing population;
- to ensure that there is a sufficiency of facilities in the city to support the demands within our adults and social care system;
- securing investment for an internationally competitive cultural and sporting offer and sustaining core assets such as parks, leisure facilities and libraries for Manchester residents;
- to support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer; and
- to promote the role and continuing growth of the City Centre as a major regional, national and international economic driver.

4.6 Underscoring all of the above will be the need to pursue interventions that both encourage and deliver the city's zero carbon goals.



- 4.7 The above priorities will be considered against the criteria for the Government's Levelling Up Fund and the UK Shared Prosperity Fund, once available. The Levelling Up Fund of £4bn for England will invest in local infrastructure that has a visible impact on people and their communities and is aimed at supporting economic recovery, and further details on the Fund are expected in early 2021. The UK Shared Prosperity Fund is expected to be on average £1.5bn a year across the UK, to match the receipts from EU structural funds which have previously been received. A pilot programme ahead of its introduction is expected to be announced in 2021/22.
- 4.8 The Council will seek to maximise the use of all other available funding sources, including Green Homes grant, the Getting Building Fund and the Public Sector Decarbonisation scheme. Similarly, access to EU programmes which can continue to be used following the ending of the transition period, such as Horizon Europe which is the EU's research and innovation programme, could play a significant role in supporting the Recovery Plan.
- 4.9 This report includes identified pipeline projects which have been identified to support the delivery of the Council's objectives and may require capital investment. These projects do not form part of the approved capital programme but will be added as they are developed and approved. Likewise a number of programmes, such as highways and schools maintenance, are funded via government grant and these will be brought into the programme when the funding is confirmed.

## **5 Carbon Reduction**

- 5.1 The City Council has declared a climate emergency and set an aim to become carbon neutral by 2038, requiring the Council to reduce its direct carbon dioxide emissions by at least 50% by 2025. This will require reducing carbon to be embedded across all planning and investment. Changes in how buildings are operated alongside behavioural changes such as recycling will be important, but will need to be supported by capital investment aimed at reducing carbon.
- 5.2 The existing approved capital programme contains significant investment in carbon reducing measures, for example:
- the Street Lighting replacement programme is replacing the lights with LED lights with lower emissions;
  - the Civic Quarter Heat Network is currently being built, which will allow Council buildings to be powered through cleaner energy;
  - the purchase of electric refuse collection vehicles; and
  - the Carbon Reduction Programme with building-specific projects across the Council's estate to reduce the carbon output.
- 5.3 There will also be specific investment required with the forecast additional projects identified in this report including:

- moving to a sustainable transport system across the City, including investment in cycle lanes and electric charging points;
- investment in the Corporate Estate to improve energy efficiency given the estate accounts for roughly 70% of the Council's carbon emissions;
- retrofit works to the Council's housing stock to move towards it being carbon neutral; and
- further investment in green energy solutions.

5.4 In recognising the importance of capital investment to achieving the carbon neutral date of 2038, it is also important to recognise the financial challenge that this creates. This means that capital investment aimed at reducing carbon must focus on projects which will make the biggest difference.

#### *The Manchester Build Standard*

5.5 To mitigate the impact of capital projects on the environment, it is proposed that all Manchester City Council projects should use as a basis for their specification a Low Carbon Build Standard to mitigate the impact on the environment. The Manchester Low Carbon Build Standard, created by the Council's Capital Programmes team, provides a stepping-stone which will enable the Council to move towards the 2023 target date for all new developments being zero carbon and climate resilient. The Standard sets minimum expectations which should be followed by all MCC schemes, with zero carbon exemplar schemes actively encouraged.

5.6 The Standard achieved the endorsement of the Manchester Climate Change Agency in December 2020 and is being applied across the Council's capital programme. It has been supported by several external partners including the North West Construction Hub Board and the National Association of Construction Frameworks (NACF). The Standard will be reviewed and updated accordingly by June 2021 and six-monthly thereafter.

5.7 It is requested that the Council approves the adoption of the Manchester Low Carbon Build Standard for the Council's capital projects.

## **6 Governance and Asset Management Planning**

6.1 Capital expenditure is spent on the purchase or improvement of assets that have a long-term value to the Council, such as land and buildings. The Council and its residents receive a benefit from the capital expenditure invested in the assets for a long period of time (i.e. more than a year). It is the Council's policy to capitalise any expenditure, over a total value of £10,000 which fulfils these criteria.

6.2 The potential capitalisation flexibilities, such as the use of capital receipts to support revenue expenditure for service transformation have not been utilised. This will be reviewed during 2021/22, in the light of the significant change the Council will have to deliver and the continued revenue budget challenges.

- 6.3 The capital expenditure and investment decision making process has five distinct stages to cover project initiation, project design and costs, democratic process, capital expenditure approval and monitoring/review. The process is shown at Appendix 1. For any project seeking capital expenditure approval a business case must be drafted, covering:
- **Strategic Fit:** how the project links to the City Council's strategic priorities, social value, and any statutory requirements.
  - **Economic Value:** what economic value the project will provide to the City, including social value.
  - **Financial Implications:** funding model, with evidence of cost and capital and revenue implications
  - **Risk and Deliverability:** timescale for delivery and identification of risks to the project, including legal issues.
  - **Outcomes to be delivered:** what the project will achieve, and the benefits that will be realised. This includes social value, and impact on the low carbon strategy.
- 6.4 The business cases must be agreed by the relevant directorate board and supported by the relevant Executive member prior to submission to the Strategic Capital Board chaired by the Deputy Chief Executive and City Treasurer. The Board will then make recommendations to members.
- 6.5 The governance process for approving capital investments is the same. Any investment proposal is peer reviewed and within the Council there are commercial and public sector professionals who will assess any proposals including for internal and external risks and to establish investment structures to mitigate any identified risks. Where required external advice is commissioned to perform due diligence or to support the creation of the business case. External advisors are also used for material projects that have a level of risk associated with them.
- 6.6 The capital programme is managed on a rolling basis and updated as new schemes are developed or there are material changes to existing schemes. The Strategic Capital Board receives monthly updates from each directorate board detailing financial forecasts, risks, and expected outcomes. The Executive receives monthly reports to approve any changes and a quarterly monitoring report.
- 6.7 The approved capital programme includes several asset management programmes for the operational estate, housing, highways and schools. The Executive Member Estates Board is responsible for the strategic direction and decision making for the operational estate, including estate asset management and estates transformation. These decisions support the activity contained within the Asset Management Programme which forms part of the capital budget. The Council also holds assets for expected future regeneration projects. Work is undertaken to ensure that these assets are maintained. The asset such as land, could also gain or lose value in the intervening period, but the overarching aim is to release the value in the asset,

which will be wider than purely financial considerations, once the regeneration has been completed.

- 6.8 There remains a strong focus on achieving value for money. The Capital Programmes function was peer reviewed in 2018 by the Local Government Association. A further assurance review is planned for 2021/22 to ensure that practices remain robust and deliver best value.
- 6.9 The format of the monitoring was updated in 2019/20 to enable the Executive to monitor spend against the life of the project. It will be further reviewed in advance of the 2021/22 to ensure it is easy to use and is less cumbersome to produce.

## **7 Changes to the Capital Programme**

- 7.1 There are a number of schemes which have been developed and are ready for inclusion in the capital programme which are summarised below. A summary of the schemes, funding and profile of spend can be found at appendix 2.

*For Executive approval:*

- Highways: City Centre (Triangle) and Wythenshawe Active Travel Fund Schemes. Transport for Greater Manchester (TfGM) has confirmed Manchester Highways has been successful in its bid for Active Travel Fund (ATF) Tranche 2 funding. The City Centre (Triangle) and Wythenshawe Cycleway schemes were first and second ranked as part of TfGM's project prioritisation exercise and awarded £4m and £1.5m of ATF funding respectively. Both will seek to introduce permanent infrastructure to increase sustainable travel by encouraging more residents to walk and cycle. The City Centre (Triangle) scheme includes routes and infrastructure to support active travel between travel hubs within the city centre including Deansgate station, Piccadilly station and Victoria station. This will link the Triangle project to the Northern Quarter Mayors Challenge Fund (MCF) projects, Deansgate and Whitworth Streets for All projects and provide a continuous route through the city linked to other key walking and cycling schemes to maximise investment. The Wythenshawe Cycle Scheme will improve cycling links between Wythenshawe town centre and within Manchester City Centre. The deadline for scheme delivery set by the Department for Transport is currently March 2022. A capital budget increase of £5.5m in 2021//22 is requested, funded by External Contribution.
- Growth: Public Sector Decarbonisation Scheme. In July 2020 the Chancellor announced £1bn of grant funding would be made available as part of a range of measures to support economic recovery in response to COVID-19 for investment in decarbonisation of public estates. The Public Sector Decarbonisation Scheme (PSDS) is focused on energy efficiency in public buildings and in particular measures which decarbonise heat. The Council bid totalled £23m, with a projected carbon saving of 2,303 tCO<sub>2</sub>e

per annum. The bid was developed with energy services partner Ameresco and covers 13 buildings with a range of proposed carbon reduction technologies, including Solar PV, Heat Pumps and Battery Storage. A capital budget increase of £0.041m in 2020/21 and £22.943m in 2021/22 is requested, funded by Government Grant, alongside a capital budget increase of £0.070m in 2020/21 is requested, funded by RCCO.

- Private Sector Housing: Social Housing Decarbonisation Fund. The Council has successfully bid for funding from the Department of Business, Energy and Industrial Strategy (BEIS) for low carbon retrofit works to social housing, which One Manchester will match-fund and decarbonise 150 housing on the Grey Mare Lane estate in Beswick. A capital budget increase of £0.075m in 2020/21 and £3.045m in 2021/22 is requested, funded by Government Grant.
- Additional Disabled Facilities Grant (DFG). The Council has been awarded additional DFG by MHCLG. There are no timescales for spending the grant, other than MHCLG requests it be spent at the earliest opportunity, recognising the challenge that COVID-19 has created for adaptation programmes. A capital budget increase of £1.007m in 2021/22 is requested, funded by Government Grant.

## **8 Proposed Capital Programme from 2021/22**

- 8.1 The capital programme 2021/22 to 2024/25 includes the continuation of the existing programme and approved schemes. The pipeline priorities and externally funded programmes and schemes will be added as they are developed and approved. The programme is based on that forecast as at the end of December 2020, which is reported elsewhere on the agenda. Details of the potential pipeline schemes are also contained below
- 8.2 The budget for 2020/21 is £372.2m. The profile of capital expenditure will be updated as projects develop through the design stage or if the resource position changes. This is reported through to Executive in the regular Capital Update and Monitoring reports.
- 8.3 Current inflation forecasts remain varied, reflecting the complex market situation that exists due to COVID-19 and other factors. Some forecasts suggest nationally inflation could be negative in the near term before increasing significantly, others see a more gradual rise. Estimates for 2021 the North West are between 0.5% and 3.5%, and it is important to note that the inflationary pressures faced by any project may vary due to size, value or procurement route. Given these pressures, there remains £17.3m of the inflation budget established last year to be used to support projects where inflation cannot be contained within the existing budget.
- 8.4 The proposed programme is summarised in the table below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>	<b><i>Total 21/22- 24/25 £m</i></b>
<b>Manchester City Council Programme</b>							
Highways	53.0	63.6	2.7	2.2	0.0	<b>121.5</b>	<b>68.5</b>
Neighbourhoods	10.4	30.0	29.9	13.4	0.0	<b>83.7</b>	<b>73.3</b>
Growth	87.6	152.1	80.9	33.1	0.0	<b>353.7</b>	<b>266.1</b>
Town Hall Refurbishment	34.6	63.6	88.2	57.5	36.2	<b>280.1</b>	<b>245.5</b>
Housing – General Fund	13.9	18.8	11.2	12.7	0.1	<b>56.7</b>	<b>42.8</b>
Housing – HRA	16.1	40.2	45.5	3.2	0.0	<b>105.0</b>	<b>88.9</b>
Children’s Services (Schools)	37.2	39.0	44.9	0.0	0.0	<b>121.1</b>	<b>83.9</b>
ICT	3.8	8.8	12.9	7.7	0.0	<b>33.2</b>	<b>29.4</b>
Adults, Children’s and Corporate Services	115.6	63.5	15.6	5.3	0.0	<b>200.0</b>	<b>84.4</b>
<b>Total Programme</b>	<b>372.2</b>	<b>479.6</b>	<b>331.8</b>	<b>135.1</b>	<b>36.3</b>	<b>1,355.0</b>	<b>982.8</b>

- 8.5 Please note that these figures shown here do not include the proposed additional investment for Collyhurst, which is subject to a separate report to Executive. Should this be approved, the budgets and associated funding will be higher.
- 8.6 The programme budget for 2021/22 should be considered provisional, and it is fully expected that it is likely to be developed over a longer period of time as work develops, designs are finalised and work programmes agreed.
- 8.7 Further details of the major schemes included are set out in this report and a full list of the projects and the budget split by financial year is shown at appendix 3. The programme will be updated at the May meeting of the Executive to reflect the final outturn position for 2020/21 and will change as new projects are approved.

## **9 Highways**

- 9.1 The Highways capital programme consists of the investment in the City’s highways network, including work on bridges, cycle paths and bus priority lanes. The programme is forecast to be £68.5m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.
- 9.2 The Highways Maintenance Investment Programme (£28.7m) will continue. The programme will seek to implement longer term preventative maintenance measures, which would result in the Council’s highways assets being

improved and reducing maintenance costs. This includes works to drainage systems, large patching works, carriageway works and repairs to footpaths.

- 9.3 The Bridge Maintenance project (£6.7m) will continue to ensure that the Council's bridge assets across the highways network are maintained according to statutory guidelines.
- 9.4 The Chorlton Walking and Cycling Scheme (£9.5m) is well underway and will create a 5 km route from Chorlton Park to Manchester, linking with existing routes and continuing into the city centre. The Norther Quarter Scheme (£9.6m) has also started and will create an east/west walking and cycle route between Piccadilly Station and Victoria Station via the Northern Quarter, and seeks to make the streets safer, greener and better for everyone, and especially for those on foot or bicycle. Other externally funded walking and cycling schemes include Beswick Active Neighbourhood, Fallowfield Loop, Rochdale canal, Northern Gateway route and the Levenshulme Active Neighbourhood improvements and all those schemes have either started already or will start in 2021.
- 9.5 The Public Realm programme (£0.9m) will support the maintenance and development of the Council's public realm assets.
- 9.6 The Street Lighting Private Finance Initiative (PFI) project (£0.8m) will deliver the procurement and installation of modern, state of the art, low energy light emitting diode (LED) street lighting technology. The scheme will provide revenue savings due to reduced energy charges, and lower maintenance costs for the Council's street lighting.
- 9.7 The significant capital investment programme will improve road safety as wherever possible the changes to the highway are made to support it, for example the Great Ancoats Street where accident prevention is a key aim of the project. Similarly, the programme of cycling and walking improvements funded through the GM Mayor's Challenge Fund will see significant road safety benefits from better road crossings, segregated cycle lanes and additional pedestrian facilities.

#### *Potential Future Investment*

- A significant proportion of the Highways Capital programme is funded from government grant and will be confirmed once the funding has been allocated.
- Alongside the recent public consultation of the draft City Centre transport strategy, investment is proposed on key transport corridors across the City Centre using the existing budget for other highways improvements.
- A review of the current Highways Investment Plan, due to be substantially spent by the end of 2021/22, is underway. The outcomes will be used to support the business case for further investment to continue to improve the

highways network and footways which may be required to compliment government grant funding.

- The closure of Deansgate will be progressed, beginning with consultation and the implementation of an experimental traffic order so the proposals can be fine-tuned.
- Investment which prioritises improvements to the network to support active travel and reallocate road space to walking and cycling will continue to be pursued, with the development of a number of schemes approved through the GM Mayor's Challenge Fund. These works supplement other proposals which promote sustainable forms of transport across the city.
- Further investment is planned in road safety and security measures.
- Investment to support the establishment and delivery of several major projects where highways infrastructure will play a key role. Currently proposals include consideration of HS2, Etihad Campus, Northern Gateway and the Airport and the Bee Network along with localised pinch points and corridors.

## 10 Neighbourhoods

10.1 The Neighbourhoods capital programme includes the investment required to support the City's neighbourhoods and well-being, such as libraries and leisure centres. The programme is forecast to be £73.3m between 2021/22 and 2024/25, as shown in the table below, and the primary schemes within the programme are also detailed below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>
Environment and Operations	6.7	6.4	0.4	0.0	0.0	<b>13.5</b>
Leisure	3.4	22.5	29.5	13.4	0.0	<b>68.8</b>
Libraries	0.3	1.1	0.0	0.0	0.0	<b>1.4</b>
<b>Total Neighbourhoods</b>	<b>10.4</b>	<b>30.0</b>	<b>29.9</b>	<b>13.4</b>	<b>0.0</b>	<b>83.7</b>

### *Environment and Operations*

10.2 As part of the waste and street cleaning contract, a loan will continue to be available to the contractor to upgrade vehicles (£0.9m), including to make them clean air compliant, on a spend to save basis. The loan will be repaid through reduced service costs. The purchase of electric refuse collection vehicles (£4.1m) will continue, replacing the standard diesel vehicles and making significant reductions in carbon emissions.

### *Leisure*



- 10.3 The Parks Investment Programme (£11.4m) will focus on improvements to the quality of the community and local parks, green spaces and allotments across Manchester.
- 10.4 Investment will continue at Abraham Moss leisure centre (£22.6m). These works will reduce revenue costs associated with the upkeep of the building and provide long-term savings to the Council.
- 10.5 The refurbishment of the Manchester Aquatic Centre (£29.7m) will return the building to a compliant venue for all current uses, to modern standards, and will incorporate carbon reducing technologies.

*Potential Future Investment*

- The Economic Recovery and Investment Plan highlights the importance of culture to Manchester. Potential investment to ensure that there is space available for cultural and creative industries, alongside supporting existing cultural infrastructure is being reviewed, with an intention to leverage external funding where available.
- The development of New Smithfield Market with work continuing to understand the scope of such works and the implications for the Council.
- The continued development of the leisure estate, with the introduction of new leisure assets as well as large scale improvements to existing facilities which will also contribute to the low carbon aims of the Council. The funding will be mixed with the joint management of Waterfall funding with Sport England, the ability to access other national funds and some use of City Council resources. This is expected to include the National Cycling Centre refurbishment, Manchester Aquatics Centre refurbishment, and the Hub at Hough End.
- Further investment in the library estate, including the refresh of neighbourhood libraries and the self-service system, to ensure that communities can continue to have wide access to library services
- Parks investment linked to the approval of the Parks Development Plan. Funding is already held against this programme and details of individual schemes will be brought forward.
- Redevelopment of the North Manchester General site will form part of the regeneration of North Manchester, linking with the planned Northern Gateway investment as well as the provision of the new hospital and associated health facilities. Initially this may be focussed around Crumpsall Park. Such investment will be a priority for the Council against any source of regeneration finance that the Government may bring forward.

**11 Growth**

- 11.1 Growth includes the programme for the Council's property assets, and investment in neighbourhood development and cultural facilities. The programme is forecast to be £266.1m between 2021/22 and 2024/25, as shown in the table below, and the primary schemes within the programme are also detailed below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>
Culture	36.5	56.0	31.9	0.0	0.0	<b>124.4</b>
Corporate Property	19.1	52.3	13.8	10.0	0.0	<b>95.2</b>
Development	32.0	43.8	35.2	23.1	0.0	<b>134.1</b>
<b>Total Growth</b>	<b>87.6</b>	<b>152.1</b>	<b>80.9</b>	<b>33.1</b>	<b>0.0</b>	<b>353.7</b>

### *Culture*

- 11.2 The continuing Factory project (£84.1m) will create a cultural facility within the St John's area of the City Centre.

### *Corporate Property*

- 11.3 The Asset Management Programme (£12.6m) will ensure that the Council's assets, including its elite sporting assets, are well-maintained.
- 11.4 In addition to this programme the Hammerstone Road Depot project (£18.1m) will continue. This investment will allow other sites to be released and reduce the maintenance costs associated with these sites.
- 11.5 The continuing Carbon Reduction Programme (£20.2m) will be used to develop schemes to reduce carbon emissions including the use of combined heat and power plant, solar photovoltaic panels, and the use of LED lighting within the Council's estate.

### *Development*

- 11.6 The Strategic Acquisitions budget (£1.3m) will provide funding for the Council to acquire key sites throughout the city, provided they become available, which can further the aims and objectives of the corporate plan particularly with regard to housing and regeneration.
- 11.7 The Sustaining Key Initiatives (£11.5m) investment provides the Council with the capacity to intervene to ensure key commercial, operational and mixed use development priorities are secured in the city. It is expected that any intervention would be done primarily on an investment basis.
- 11.8 The Northern Gateway investment plan (£16.6m) will lead to significant residential growth in the neighbourhoods of New Cross, Lower Irk Valley and Collyhurst through land assembly and the provision of core infrastructure, with the regeneration completed with Far Eastern Consortium who are the Council's joint venture partner. Alongside this, works will progress on the

grant-funded Housing Infrastructure Fund (£50.8m) which will support land remediation, investment in utility networks, flood risk issues, and create new roads, footpaths and cycleways to prepare the Norther Gateway area for development.

- 11.9 Works will continue on the refurbishment of the existing National Squash Centre to create the House of Sport (£7.3m).
- 11.10 Public realm investment will continue throughout the city centre, with schemes at the Medieval Quarter (£1.9m), providing public realm improvements in the north of the city centre around the River Irwell, Manchester Cathedral, Cheetham's and Victoria Station, including the Glade of Light memorial; Lincoln Square (£1.2m) supporting the wider redevelopment of the area and providing a more distinctive identity for the square; and Piccadilly Gardens (£1.6m).
- 11.11 The Civic Quarter Heat Network (£4.7m) project aims to provide a heat network throughout the Council owned property estate in and around the Town Hall complex and to developments owned by the private sector in the vicinity of the Town Hall. This will reduce energy costs, and also help achieve the City's aim of reducing carbon emissions.

*Potential Future Investment*

- 11.12 The programme includes the Asset Management Programme (AMP) which is kept under review to ensure it is a comprehensive programme for all Council assets. This may include bringing in assets such as City Council owned schools and the maintenance of previous Sure Start centres and care homes, with the existing leasing arrangements with reviewed to ensure the ongoing operation of the sites.
- 11.13 Investment to reduce the Council's carbon footprint and bring the estate up to a minimum energy performance certificate (EPC) rating of C, based on a strategy of Reduce, Produce and Connect. This will reduce demand for energy, through design measures e.g. LED lighting, produce low carbon energy through solar panels and ground source heat pumps, and connect schemes together by gathering and sharing data to examine how energy demand can be further reduced. Works will be aligned to the AMP repairs schedule where possible, alongside existing programmes such as the Carbon Reduction Programme and Civic Quarter Heat Network. Investment opportunities into sustainable energy supplies for the City are being actively explored in line with the Council's Climate Change Action Plan.
- 11.14 The Growth pipeline is wide and varied and consideration of appropriate investment strategies will be key. This may include using Council-owned land to leverage investment from partners, rather than solely seeking a capital receipt. There may also be investments where the capital financing costs are covered by an income stream from a third party. These should not have a negative impact on the Council's capital financing capacity but will increase the Council's level of debt until they are fully repaid. Proposals include:

- Investment opportunities in key strategic areas including the Etihad Campus, the Northern Gateway, Eastern Gateway, and other areas for development such as Wythenshawe Town Centre and Moston Lane.
- Investment in public realm, particularly in the city centre, to drive economic growth and attracting new investment, will focus on the pipeline highlighted in the Economic Recovery Plan, including Mayfield, Piccadilly Gardens and active travel hubs.
- Following completion of the public consultation on the draft development framework for the former Central Retail Park, proposals for this site are expected to be progressed.
- Following the report to Executive in November, proposals to develop a mobility hub in Ancoats will be brought forward to support promoting modal shift towards cycling, public transport and electric vehicles.
- The Economic Recovery Plan sets out projects which create new enterprise, craft and production space which can accommodate small enterprises and safeguard jobs in the cultural and creative industries.
- In line with the emerging Manchester Digital Strategy, the Digital Cooperative Project will enhance and future-proof digital networks across the city, and provide support for existing and new businesses, as well as advanced digital skills training for local people. Alongside this, the proposed Civic Innovation Programme will provide a route to identify solutions to key social challenges.
- Opportunities to support the development of strategic assets through direct purchases or loans to partner organisations and third parties are being explored. This will be particularly important for specific sites where the Council's involvement could help progress and accelerate wider investment progress.

## **12 Town Hall Refurbishment**

- 12.1 The Town Hall and Albert Square Refurbishment programme is for the full refurbishment and upgrade to modern standards of the Town Hall and the associated costs for Albert Square. The programme is currently forecast to be £245.5m between 2021/22 and 2024/25 with planned spend currently £34.6m in 2020/21.

## **13 Housing – General Fund**

- 13.1 The Housing – General Fund capital programme includes housing regeneration schemes, such as the Council's housing Private Finance Initiative (PFI) schemes. It also includes funding for disabled facilities and energy efficiency schemes. The programme is forecast to be £42.8m between

2021/22 and 2024/25 and the primary schemes within the programme are detailed below.

- 13.2 Funding remains set aside within the programme for commercial and residential acquisitions (£6.7m) which will support the existing Brunswick and Collyhurst schemes.
- 13.3 Major adaptations funding is expected to be available (£10.2m) for major disability adaptations to private owner-occupiers, non-City Council owned social housing, and the tenants of privately rented properties, where eligible. Funding is through government grant and agreed voluntary contribution from social landlords.
- 13.4 Further investment plans include support for the development of Extra Care accommodation within Manchester (£2.4m).
- 13.5 Funding remains available, through the government's Marginal Viability Fund, to support the delivery of new homes on the New Victoria (£4.5m) site by addressing infrastructure works.

*Potential Future Investment*

- The priority is to deliver safe, secure and affordable housing to achieve the minimum of 6,400 Affordable Homes by March 2025. There is limited capacity from within the Housing Revenue Account and Housing Affordability Fund. The development of the Local Housing Delivery Vehicle with a view to creating multiple phases of delivery and relationships with Registered Housing Providers will be key, along with the commitment to leveraging the Council's land and property assets.
- The Council will play a key role in bringing forward investment across the City, but particularly in the Eastern and Northern Gateways. The roles of developers and the Council will need to be considered on a case by case basis for each development.
- Work will continue with colleagues in Greater Manchester to identify and access funding for energy conservation measures in private households.
- Work is continuing to develop proposals for the development of supported and semi-supported housing options to address the needs of residents who require independent living with support, including homeless people and young people at risk of homelessness. The establishment of a Council-owned temporary accommodation unit for homeless families continues to be worked on. This would also reduce revenue spend on bed-and-breakfast and hotel accommodation.

## **14 Housing – Housing Revenue Account (HRA)**

- 14.1 The Housing – HRA capital programme consists of the investment in the Council's public sector housing estate, including acquisitions and capital works

on existing Council housing assets. The programme is forecast to be £88.9m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below. The long term HRA business plan contains assumptions around future capital spend, and such projects will form part of the Council's capital programme once approved.

- 14.2 Provision is also made in the budget to reflect the delivery of new works in future years that will support the ongoing 30-year HRA asset management plan (£47.5m). The funds will be used to maintain the Decent Homes Standard within Manchester's housing stock and, in addition, will support innovative climate change investment; essential health and safety works including the installation of sprinklers in multi storey blocks; public realm environmental works; and, where appropriate, it will support estate regeneration and re-modelling.
- 14.3 The Silk Street project (£12.1m) will continue, building high quality affordable homes on a site in Newton Heath.
- 14.4 The programme includes funding for the ongoing regeneration works in Collyhurst (£18.2m), including proposals for new social housing new builds and land assembly linked to the Northern Gateway. There are capital investment proposals for Collyhurst elsewhere on the agenda.

#### *Potential Future Investment*

- With the decision to bring the ALMO back under Council control in July 2021, the Northwards capital programme will be reviewed to ensure there is the right prioritisation and pace for works to deliver fire safety and decent homes standards.
- The Council will consider options for retrofit works to make its existing housing zero-carbon. The potential initial investment sought, noted in the Economic Recovery and Investment Plan, is for the Manchester Housing Provider Partnership to establish a collaborative approach to procurement and delivery, with a view to retrofitting 3,500 properties a year including the Council's housing. This would also contribute to addressing fuel poverty.
- There will be a continued focus on increasing the level of affordable housing, either through models of direct delivery or through working with registered providers and other partners. The role of the HRA in providing new affordable housing will continue to be reviewed. This will include the development of housing at Silk Street, Newton Heath.

## **15 Children's Services (Schools)**

- 15.1 The Children's Services capital programme is predominantly focused on the building of new schools, to meet school place demand, and investment in the existing school estate. The programme is forecast to be £83.9m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.

- 15.2 The programme to increase the Special Educational Needs capacity (£8.1m) across the city will continue, with works to be undertaken at Roundwood, North Hulme, and Moston.
- 15.3 Work will continue on the design of the Co-op Academy in Belle Vue alongside the provision of places at Connell College (£4.3m) to accommodate the early opening of the Belle Vue school. As noted below, once design work is complete approval for the full scheme will be sought.
- 15.4 The Council will receive no Basic Need grant in 2021/22. The existing unallocated grant is c. £62.3m, which is expected to be required for the creation of secondary school places.
- 15.5 A Government grant-funded schools maintenance programme (£5.0m), to help maintain the Council's school assets, is included within the budget. Officers expect this funding stream to continue, however the annual budgets will be revised once confirmation of the level of funding is received.

*Potential Future Investment*

- The statutory requirement to provide sufficient school places across primary, secondary and specialist education continues to be monitored along with approvals as part of the Government's Free School programme to ensure there are sufficient places to meet demand. Once the design has been completed, proposals will be brought forward for a new secondary school at Hyde Rd.
- School maintenance projects will continue and be scaled in accordance with the level of government grant received, taking into account the condition of school buildings and prioritising accordingly.

## **16 Information and Communication Technology (ICT)**

- 16.1 The ICT capital programme provides investment to the Council's ICT estate. The programme is forecast to be £29.4m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.
- 16.2 The Network Refresh Programme (£9.0m) will progress, updating the Council's wider area network, local area network and wi-fi. This will also require works to the hardware used by the Council for communications.
- 16.3 With the changes to the way in which a significant element of the Council's workforce has been operating throughout the pandemic, the End User Experience project (£4.2m) will be important in updating the technology available to staff to allow them to undertake their roles more effectively.
- 16.4 The remaining ICT Investment Plan funding (£15.8m) is currently unallocated, to allow projects such as those noted as potential future investment priorities

below to continue to be developed. Once projects are approved, they will be funded from this budget allocation.

- 16.5 It is expected that some of this budget may need to be transferred to revenue, depending on the type of work required, and this decision can only be made when the appropriate ICT solution has been identified. Such transfers will be proposed on a case by case basis and reported to members through the regular capital update reports.

*Potential Future Investment*

- Future investment will focus on improvements to the Council's core systems and infrastructure, and in supporting services across the Council in developing ICT solutions to their needs. Proposals will be brought forward to continue the network refresh, to review and improve the way in which residents and businesses can access Council services with the replacement of the CRM system, and to replace the Council's ERP SAP system which includes payroll, HR, the finance ledger and procurement. The replacement of these legacy systems is critical to modernising and automating business processes and maximising the use of data and reporting.

## **17 Adults, Children's and Corporate Services**

- 17.1 The Adults, Children's and Corporate Services capital programme provides investment for the health and social care work of the City Council, and strategic investments. The programme is forecast to be £84.4m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.
- 17.2 To provide integrated health and community services it is proposed to invest in a new facility at the Gorton District Centre (£19.8m). This is on an invest to save basis with the income from the leases to partners providing the funding to repay the build costs.
- 17.3 Financial support for the development of the project with Health Innovation Manchester (£10.1m), to conduct research on life science sub-sectors of health and medical technologies, will continue.
- 17.4 The approved loan support to Manchester Airport (£36.2m) will continue to be available.
- 17.5 As noted above at paragraph 8.3, there continues to be a budget allocation for inflation (£17.3m) to support projects where inflationary pressures cannot be contained within existing budgets.

*Potential Future Investment*

- There is a potential need for Adult Social Care to intervene in the social care market to shape the market to meet health and social care needs including new build facilities, or the acquisition of existing buildings which can be



tailored to care models. There are no specific schemes in the pipeline, and these would be developed with health service partners. There may also be a need to address areas of market failure to ensure continuity of service. The intervention may be short-term but could be vital in limiting the impact on residents. By its nature this may need to be actioned quickly and appropriate budgets and approval routes are being considered.

- The Corporate Core needs to retain the ability to provide market intervention or provide loans to third parties as part of a wider investment strategy to deliver the strategic aims for the city. These would be bought forward with a clear business case and due diligence process. Investment options for carbon efficient energy sources are also being actively explored and are likely to be brought forward in the last quarter of 2020/21.

## **18 Capital Financing**

- 18.1 The Council has several funding streams available to fund capital expenditure. Alongside external grants and contributions revenue funding, capital receipts and prudential borrowing can also be used. Capital receipts are generated through the sale of assets. These receipts are ring-fenced, under legislation, to fund capital expenditure and cannot be used to fund the revenue budget.
- 18.2 There are restrictions around the use of certain capital funds, some statutory and some at the Council's discretion.
- 18.3 The Housing Revenue Account (HRA) is a restricted fund and can only be used to fund capital expenditure on HRA assets.
- 18.4 The Council also operates the following fund restrictions:
- Housing capital receipts (both Housing General Fund and Housing Revenue Account) are reserved for use on new Housing projects;
  - General Fund capital receipts will be used in the first instance to support the Asset Management Programme.
  - Grants received will be used for the specific purpose intended even if the terms of such grants are not restrictive, unless alternative use promotes the same aims.

### ***Prudential Borrowing***

- 18.5 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision (MRP).
- 18.6 Where expenditure is funded through borrowing there is a requirement to make a minimum revenue provision towards the repayment of the debt. This ensures that the revenue cost of repaying the debt is spread over the life of the asset, similar to depreciation. The Council's MRP policy is contained within the Treasury Management Strategy Statement.

- 18.7 The estimated financing costs for the capital programme and existing debt have been calculated as part of the budget process. The proposed programme and the existing debt liabilities are affordable within the existing revenue budget. There is a finite level of borrowing that the Council can undertake to remain affordable and meet the Prudential Indicators (which are included in the Treasury Management Strategy). In line with the Prudential Code the Local Authority must have explicit regard to option appraisal and risk, asset management planning, strategic planning, and achievability of the forward plan.
- 18.8 The Council continues to work to develop schemes which attract external funding or deliver a substantial return on investment. All schemes are reviewed so that the revenue consequences and capital financing costs are understood and budgeted for.
- 18.9 Borrowing decisions are taken separately for the General Fund and HRA. Each must determine whether proposals requiring borrowing meet the requirements outlined above, although for the HRA it is depreciation rather than MRP which is incurred.
- 18.10 Following the increase in the margin on Public Works Loan Board (PWLb) debt last year, Government has consulted on the future of the PWLB. Further details are contained in the Treasury Management Strategy Statement. The Prudential Code will be revised to incorporate the additional requirements for local authorities.
- 18.11 It is proposed that the City Council capital programme for 2021/22 is funded as follows:

Fund	Housing Programmes		Other Programmes	Total
	HRA	Non-HRA		
	£m	£m	£m	£m
Borrowing	0.0	0.7	257.8	<b>258.5</b>
Capital Receipts	1.6	3.3	25.1	<b>30.0</b>
Contributions	0.0	0.4	36.4	<b>36.8</b>
Grant	1.8	10.4	97.4	<b>109.6</b>
Revenue Contribution to Capital Outlay	36.8	0.0	7.9	<b>44.7</b>
<b>Grand Total</b>	<b>40.2</b>	<b>14.8</b>	<b>424.6</b>	<b>479.6</b>

- 18.12 Prudential borrowing of up to £601.0m over the period will be needed to support the City Council programme in line with the new schemes and previous planning and profile approval. The breakdown over 2021-2025 is:
- 2021/22 - £258.5m
  - 2022/23 - £205.9m
  - 2023/24 - £100.4m
  - 2024/25 - £36.2m

- a. The Housing HRA programme will not require prudential borrowing at this stage but it is likely that projects will be brought forward that will require HRA borrowing which will be reported to members. Schemes are currently financed through the use of the cash backed reserves within the HRA. At the point these reserves are fully utilised additional borrowing will be required with additional financing costs incurred.
- b. The General Fund programme requires £601.0m of prudential borrowing which includes:

<b>Scheme</b>	<b>£m</b>
Highways Investment Plan	23.2
Bridge maintenance	6.7
Mancunian Way and Princess Parkway NPIF	0.1
Princess Rd Safety Review	0.0
School Crossing Patrols	1.5
A6 Stockport Road Pinch Point Scheme	0.0
Street Lighting PFI	0.8
Waste Reduction Measures	0.3
Waste Contract	0.8
Purchase of Electric RCVs	4.1
Blackley Cremator and Mercury Abatement	1.4
Parks Investment Programme	11.4
Gately Brook Pre-Development Fees	0.1
Wythenshawe Track Changing Rooms	0.3
Indoor Leisure Provision at Abraham Moss	22.6
Boggart Hole Clough - Visitors Centre	0.0
Manchester Aquatics Centre	28.4
Libraries investment	1.1
The Factory	51.1
Hammerstone Road	18.1
Carbon Reduction	20.2
Estates Transformation	1.3
The Sharp Project	0.6
Digital Asset Base - One Central Park	0.7
Sustaining Key Initiatives	11.4
Mayfield Park	0.0
Eastern Gateway	0.6
Northern Gateway	16.6
House of Sport	7.3
Lincoln Square	1.2
Piccadilly Gardens - Phase 1	1.6
Manchester Digital Security Innovation hub (Cyberhub)	2.0
HOME Arches Phase 1	0.2
New Smithfield Market	0.0
Civic Quarter Heat Network	4.7
Refurbishment of the Town Hall and Albert Square	245.6
West Gorton Regeneration	1.2

<b>Scheme</b>	<b>£m</b>
Ben Street Regeneration	1.0
Acquisition of land at Hyde Road	0.0
ICT Investment Plan	29.4
Gorton integrated health development;	19.8
BioMedical Investment	10.1
Airport Loan	36.2
Inflation Fund	17.3

18.13 A number of these schemes will be on an invest to save basis, and will generate revenue savings. The remainder are affordable within the existing capital financing budget.

18.14 Further “spend to save” investment opportunities may arise and delegated authority is given to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to increase the capital budget accordingly. The delegation is restricted to an annual limit of £5,000,000. This is on the understanding that the costs of borrowing (interest and principal) of any additions are financed in full by additional income, revenue budget savings, or cost avoidance.

18.15 The proposed funding for the programme across the forecast period is shown below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>
Grant	71.6	109.6	70.7	18.3	0.0	<b>270.2</b>
External Contribution	33.0	36.8	4.2	0.0	0.0	<b>74.0</b>
Capital Receipts	12.4	30.0	8.9	4.8	0.1	<b>56.2</b>
Revenue Contribution to Capital Outlay	23.2	44.7	42.1	11.6	0.0	<b>121.6</b>
Borrowing	231.9	258.5	205.9	100.4	36.2	<b>832.9</b>
<b>Total</b>	<b>372.2</b>	<b>479.6</b>	<b>331.8</b>	<b>135.1</b>	<b>36.3</b>	<b>1,354.9</b>

18.16 The funding forecast includes use of capital receipts already received and a forecast of future receipts based on officer's views on when surplus assets may be sold and the likely market valuations. These forecasts are subject to change which may affect the future funding position.

18.17 The final capital budget will be reported to Council in March and will include any changes to the financing position alongside the impact of any changes in the delivery of the 2020/21 programme.

## **19 Investments and Liabilities**

- 19.1 Capital investments are regularly reviewed to ensure they continue to perform as expected. With the increased national focus on council investment activities the Capital Strategy has been expanded to include relevant investments and liabilities.

***Approach, Due Diligence and Risk Appetite***

- 19.2 Council investments are managed in line with the Ministry of Homes, Communities and Local Government (MHCLG) investment guidance principles of security, liquidity and yield. The application of these principles will differ when considering capital investment rather than treasury management investment. The risk appetite for these two distinct types of investment may differ as capital investments also consider the broader strategic and regeneration objectives and benefits.
- 19.3 Capital investments are considered in line with the Checkpoint process. Schemes could include lending to organisations with low credit ratings if the appropriate security over the organisations assets or guarantees from parent companies or organisations can be given. A key consideration is that income received from the investment covers the capital financing costs incurred.

***Summary of material investments, guarantees and liabilities***

- 19.4 The Council has the current historic investments on the balance sheet as at 31<sup>st</sup> March 2020:

	Value as at 31/3/20 £m
Long-term Debtors	310.2
Long-term Investments	137.0
Investment Property	475.2
<b>Total</b>	<b>922.4</b>

- 19.5 Long-term debtors - loan finance including the loans to Manchester Airport (£218.7m), Public Finance Initiative prepayments (£23.25m), and Manchester College (£17.6m). These loans are regularly reviewed and would be impaired if there was a risk of default.
- 19.6 Long-term investments - equity investments held including Manchester Airport (£112.4m), Destination Manchester (£10.2m) which is the Council's investment in Manchester Central, Manchester Science Park (£5.9m) and Matrix Homes (£6.5m). Investments are valued on an annual basis.
- 19.7 Investment property - held on the basis that it will generate a revenue return, for example land at Manchester Airport and at Eastlands. Some of the properties are held for regeneration purposes but provide a return and have to be shown as investment property. Investment properties are independently valued on an annual basis.
- 19.8 The capital programme contains the following which will create either long-term debtors, investments or investment properties:

- Waste Contract - providing a loan to the contractor to upgrade vehicles;
- Civic Quarter Heat Network - creation of a heat network through a Council-owned company;
- Private Sector Housing Equity Loans - loans to residents to provide housing support;
- Manchester Airport Car Parks - financial support to the Airport to develop the business;
- Manchester Airport loan – loan funding for the Airport;
- Manchester College Loan - loan to support the College's expansion;
- Manchester Jewish Museum Loan – loan to support the development of the museum;
- Irish World Heritage Centre loan – financial support to the Centre; and
- Biomedical Investment - loan to support the development of health innovation.

There may be other projects which become capital investments, such as to support the Eastern and Northern Gateways.

- 19.9 All investments are scrutinised via the capital approval process with independent financial, legal and other relevant advice sought. New investments and reported to Executive for approval where appropriate.
- 19.10 Where investments provide a return through interest or dividends this can be used to support the revenue budget. In 2020/21 it is forecast that c. £9.3m of dividends will be used within the revenue budget. Where investments are funded by borrowing the income received is used to fund the capital financing costs, for example the Airport Strategic Loan.
- 19.11 All investments are monitored regularly with the frequency based on risk, and at a minimum once a year. Any material changes will be reported to the Deputy Chief Executive and City Treasurer at the earliest opportunity.

### ***Commercial Investments***

- 19.12 Capital investments are made for strategic or regeneration purposes. The Council will not invest in capital schemes purely for yield, although some schemes will be financed all or in part from returns on investment. Usually investment will be within the local authority area, although there may be exceptions if it is within the relevant economic area and meets a key regeneration or zero carbon objective.
- 19.13 Following the consultation on the future of the PWLB and the introduction of new terms for accessing PWLB loans, local authorities are actively discouraged from investing in assets primarily for yield. All proposed capital investments will have to be reviewed against PWLB guidance to assess whether they are:
- Service spending;
  - Investment in housing;

- Regeneration;
- Investment as preventative action; or
- Investment in assets primarily for yield.

19.14 The decision over whether a project complies with the terms of the PWLB is for the Council's Section 151 officer but may be reviewed by Treasury and external auditors. Where local authorities do invest in assets primarily for yield, irrespective of how such assets are financed, access to the PWLB for new debt will be removed apart from for refinancing existing debt.

19.15 The outcome of the consultation also requires local authorities to only invest within their economic area. This may mean that some investment types, such as green energy, become more challenging for the Council to access.

## **20 Treasury Management**

20.1 There is a clear link between capital investment activities and treasury management activities, particularly with regard to how the Council will repay debt and the impact on the revenue budget. The treasury management strategy for the Council is the subject of a separate report on the agenda and the principles are outlined below.

### ***Long Term Planning (inc. MRP)***

20.2 The Treasury Management Strategy provides the framework for treasury management decisions which have to be made with the longer-term impact in mind.

20.3 Under the Prudential Code, the Council must make an annual revenue provision for the repayment of debt, called the minimum revenue provision (MRP). This provision spreads the cost of repaying the debt for an asset over the useful economic life of the asset. It is a real cost and will impact the revenue position. The MHCLG MRP guidance is followed and principles applied. The following asset lives are used when calculating MRP, unless there are asset-specific reasons for deviating from them – such deviation will be guided by qualified valuers recommendations on maximum useful lives:

- Land: 50 years
- Property: 50 years
- Highways: 25 years
- ICT: 5 years

20.4 When making debt decisions the forecast MRP in each future financial year is taken into account. The policy is to seek to match debt repayments to MRP in each year as this is the most prudent approach.

20.5 The Capital Financing Requirement measures an Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital

grants/contributions or from revenue income), or over the longer term by prudent Minimum Revenue Provision (MRP) or voluntary application of capital receipts for debt repayment etc. Alternatively it provides a figure for the capital expenditure incurred by the Council but not yet provided for.

- 20.6 The long term forecast for external debt is compared to the Capital Financing Requirement and shown at Appendix Four. This highlights the level of internal borrowing, where the council is using its own cashflow and cash backed reserves in lieu of external debt. Levels of internal borrowing are currently high at £1.1bn, which is reasonable with the very low returns experienced on cash held. However, with the planned use of reserves to support the revenue and capital budgets means this position will change and further external borrowing will be required. External debt peaks as the forecast capital programme for approved schemes ends and will change as further projects are approved and the level of internal borrowing reduced.
- 20.7 The forecast profile for the Capital Financing Requirement is shown in the table below:

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Opening CFR	1,496.5	1,700.6	1,925.4	2,092.2	2,150.5	2,143.1
Borrowing	231.9	258.5	205.9	100.4	36.2	0.0
Additional long term liabilities <sup>1</sup>	1.1	0.8	0.9	0.8	0.7	1.3
MRP	(28.9)	(34.5)	(40.0)	(42.9)	(44.3)	(46.5)
<b>Closing CFR</b>	<b>1,700.6</b>	<b>1,925.4</b>	<b>2,092.2</b>	<b>2,150.5</b>	<b>2,143.1</b>	<b>2,097.9</b>

- 20.8 The principles the Council will follow when taking new debt, and how the debt portfolio will be managed, is set out in the Treasury Management Strategy Statement. This also includes the authorised limit and operational boundary for external debt, based on the forecast debt requirement.

### ***Risk appetite, key risks and sensitivities***

- 20.9 For treasury management investments and debt the Council's risk appetite is extremely low with security of funds the primary concern. The Council seeks to invest surplus cash in instruments with high credit quality and for relatively short periods, and to have debt options available at all times.
- 20.10 The role of the treasury management teams is to balance the risks associated with the management of cash, acknowledging that they cannot all be mitigated, and to seek optimum performance in terms of liquidity and return.

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<sup>1</sup> The additional long term liabilities are likely to increase following the introduction of International Financial Reporting Standard 16, due in April 2021. Work is underway to identify the impact of this, and it will be reported to members in due course, the estimate included in these figures is a c. £20m increase.



The key sensitivities are changes in market conditions and the availability of debt. The team are in regular contact with brokers in the market and the Council's treasury management advisors to review market conditions and debt opportunities.

- 20.11 The Council's treasury management position and activities will be reported to Audit Committee throughout the financial year with any changes in market conditions or the Strategy highlighted to members.

## **21 Skills and Knowledge**

- 21.1 Information, advice and training on the capital checkpoint processes is available for officers and Members. The Capital Programme team use their experience to evaluate new proposals. All proposals are reviewed by the Senior Management Team, including the Deputy Chief Executive and City Treasurer. Capital investments are reviewed under the same approval process with input from appropriately qualified and skilled Finance professionals and external advisors where required.
- 21.2 Since January 2018 the Markets in Financial Instruments Directive II (MiFID II) regulations are in force. For the Council to continue to invest as before it is required to opt up to become a "Professional Status" counterparty. Those with responsibility for the delivery of the treasury management function must be able to demonstrate that they have significant skills and experience of working in a market environment. The existing team fulfils this requirement and the Council currently holds "Professional Status".

## **22 Conclusions**

- 22.1 This capital strategy provides an overview of how capital expenditure, capital financing and treasury management activity support service delivery, and should be taken in context with the capital budget and the treasury management strategy statement.
- 22.2 The proposed capital programme described within the report is affordable within the existing revenue budget based on the estimated capital financing costs associated with delivering the programme.
- 22.3 There are risks associated with the delivery of the capital strategy, specifically regarding delays to the programme or treasury management risks. Measures are in place to mitigate these risks through both the Strategic Capital Board and the treasury management strategy. Reports will be provided throughout the year to Council, Executive and other relevant committees providing updates on the progress of the capital programme and the risks associated with its delivery and funding.

## **23 Contributing to a Zero-Carbon City**

- 23.1 Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved.
- 23.2 For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network.

## **24 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

- 24.1 The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

### **(b) A highly skilled city**

- 24.2 The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

### **(c) A progressive and equitable city**

- 24.3 The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.

### **(d) A liveable and low carbon city**

- 24.4 Investment in all areas of the capital programme contributes towards the strategy, notably investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

### **(e) A connected city**

- 24.5 Through investment in areas such as ICT and the City's infrastructure of road networks and other travel routes

## **25 Key Policies and Considerations**

### **(a) Equal Opportunities**

- 25.1 The proposals have been drawn up in awareness of Council policy on equality.

### **(b) Risk Management**

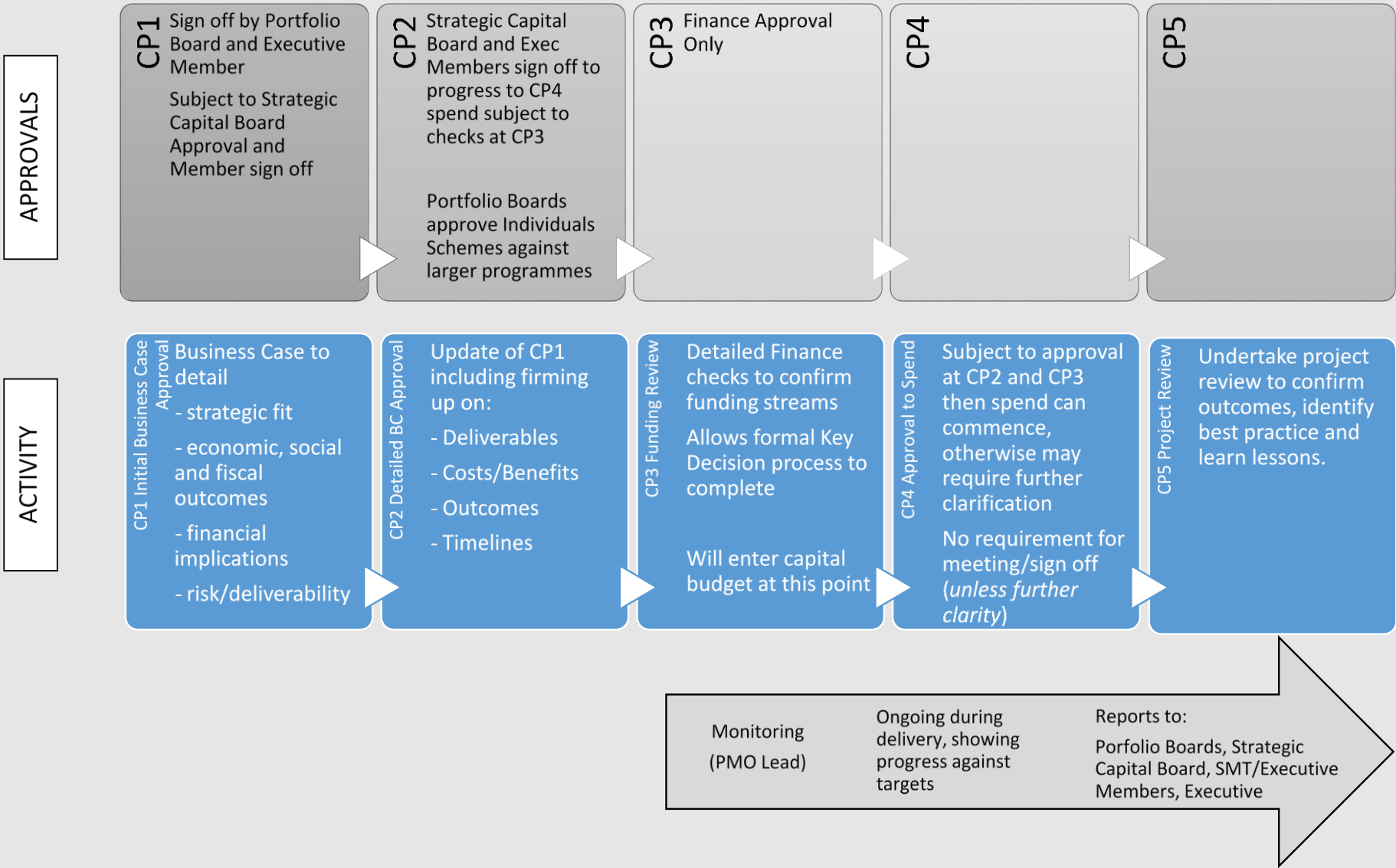
- 25.2 The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate changes. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality, and affordability, to help manage and mitigate these risks.

**(c) Legal Considerations**

- 25.3 None in this report.

**Capital Approval Process and Governance**

**Appendix 1**



## Appendix 2 – amendments to the capital budget introduced as part of this report

### Adjustments to the Capital Budget

Dept	Scheme	Funding	2020/21 £'000	2021/22 £'000	2022/23 £'000	Future £'000	Total £'000
<b><u>Executive Approval Requests</u></b>							
Highways	City Centre (Triangle) Active Travel Scheme	External Contribution		4,000			4,000
Highways	Wythenshawe Active Travel Scheme	External Contribution		1,500			1,500
Growth	Public Sector Decarbonisation Scheme	Government Grant	41	22,943			22,984
Growth	Public Sector Decarbonisation Scheme	Government Grant	70				70
Private Sector Housing	Disabled Facilities Grant	Government Grant		1,007			1,007
Public Sector Housing	Social Housing Decarbonisation Fund	Government Grant	75	3,045			3,120
<b><u>Total Executive Approval Requests</u></b>			<b>186</b>	<b>32,495</b>	<b>0</b>	<b>0</b>	<b>32,681</b>
<b><u>Total Budget Adjustment Approvals</u></b>			<b>186</b>	<b>32,495</b>	<b>0</b>	<b>0</b>	<b>32,681</b>

Please note that the additional budgets for 2020/21 are not included in the Capital Monitoring report for quarter 3, as they are new approvals.

### Appendix 3 – the proposed Capital Programme Budget

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
<b>Highway Programme</b>					
<b>Highways Planned Maintenance Programme</b>					
Drainage	2,120	1,871	0	0	0
Large Patching repairs	0	164	0	0	0
Patching Defect repairs	3,236	2,166	0	0	0
Carriageway Resurfacing	9,031	8,083	0	0	0
Footway schemes	1,720	1,706	0	0	0
Carriageway Preventative	2,355	3,534	0	0	0
Bridge Maintenance	500	2,234	2,233	2,233	0
Other Improvement works	791	11,151	0	0	0
Highways Maintenance Challenge Fund	4,960	910	0	0	0
<b>Highways Major Projects</b>					
Hyde Road (A57) Pinch Point Widening	3,147	0	0	0	0
Manchester/Salford Inner Relief Road (MSIRR)	100	0	0	0	0
Great Ancoats Improvement Scheme	5,669	699	0	0	0
Mancunian Way and Princess Parkway NPIF	4,910	87	0	0	0
Christie Extension RPZ	52	257	0	0	0
Hathersage RPZ	60	0	0	0	0
North Mcr General Hospital RPZ	63	0	0	0	0
St George's RPZ	112	49	0	0	0
Rusholme RPZ	32	227	0	0	0
School Crossings	2,305	1,479	0	0	0
Chorlton Cycling Scheme	2,858	9,456	66	0	0
Northern Quarter Cycling Scheme	636	9,640	0	0	0
Manchester Cycleway	772	271	0	0	0
Beswick Filtered Neighbourhood Development Costs	731	701	0	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Green Bridge at Airport City	852	71	0	0	0
A6 Stockport Road Pinch Point Scheme	438	8	0	0	0
Levenshulme Mini Holland Cycling and Walking scheme	519	459	0	0	0
Northern/Eastern GW Walking and Cycling scheme	897	1,463	0	0	0
Rochdale Canal	177	0	0	0	0
<b>Highways Stand Alone Projects Programme</b>					
20mph Zones (Phase 3)	124	0	0	0	0
Princess Rd Safety Review	73	15	0	0	0
Public Realm	1,608	567	381	0	0
Street Lighting PFI	750	750	0	0	0
A56 Liverpool Road	62	0	0	0	0
A56 Chester Road	40	0	0	0	0
Sunbank Lane S278	7	0	0	0	0
Sharston Roundabout SCOOT	6	0	0	0	0
Derwent Avenue S106	8	0	0	0	0
Woodhouse Park	16	0	0	0	0
Arena Security Measures	28	0	0	0	0
Ladybarn District Centre	26	0	0	0	0
CCTV Operating System Upgrade	243	0	0	0	0
Manchester Trash Screens	143	0	0	0	0
Oldham Rd Feasibility study	300	0	0	0	0
Enterprise Car Club Bays	28	0	0	0	0
Off Street Car Parks post JV project	247	0	0	0	0
Electric Vehicle Charging Points Ph 1	30	0	0	0	0
TfGM Bus Enhancements	38	0	0	0	0
Bee Network Crossings	53	0	0	0	0
Active Travel Development Costs	160	5,540	0	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
<b>Total Highways Programme</b>	<b>53,033</b>	<b>63,558</b>	<b>2,680</b>	<b>2,233</b>	<b>0</b>
<b>Environment and Operations Programme</b>					
Waste Reduction Measures	750	330	0	0	0
Waste Contract	50	500	350	0	0
Purchase of Electric RCVs	5,786	4,110	0	0	0
Cremator & Mercury Abatement Plant Replacement Strategy	136	1,415	0	0	0
<b>Leisure Services Programme</b>					
<b>Parks Programme</b>					
PIP - Park Events Infrastructure	12	0	0	0	0
Parks Development Programme	275	3,097	3,574	4,685	0
Somme 100 Year Memorial	3	0	0	0	0
Painswick Park Improvement	2	0	0	0	0
Heaton Park Southern Play Area	28	0	0	0	0
Wythenshawe Park Sport Facilities S106	5	0	0	0	0
King George V Park	15	0	0	0	0
Angel Meadow S.106	192	0	0	0	0
Gately Brook Pre-Development Fees	36	80	0	0	0
<b>Leisure &amp; Sports Facilities</b>					
Wythenshawe Track Changing Rooms	40	340	0	0	0
Indoor Leisure - Abraham Moss	280	9,800	12,794	45	0
Boggart Hole Clough - Visitors Centre	0	0	535	0	0
Mount Road S106	0	32	0	0	0
Culture Website	4	0	0	0	0
Manchester Regional Arena Track Replacement	324	0	0	0	0
Mellands Playing Fields - Levenshulme	11	153	0	0	0



Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Mellands Project - Longsight Ward	330	0	0	0	0
Gorton & Abbey hey Project	96	196	0	0	0
Hough End Master Plan - Strat Football Hub Development Costs	277	231	0	0	0
Range Stadium Capital Project	168	0	0	0	0
MAC - Car Park Improvements	402	0	0	0	0
Non-Turf Wickets - Parks & Playing Fields	141	91	0	0	0
Manchester Aquatics Centre	716	8,498	12,621	8,620	0
<b>Libraries and Culture Programme</b>					
Central Library Wolfson Award	0	2	0	0	0
Central Library Refresh	35	922	0	0	0
Open Libraries	107	198	0	0	0
Contact Theatre loan	200	0	0	0	0
<b>Total Neighbourhoods Programme</b>	<b>10,421</b>	<b>29,995</b>	<b>29,874</b>	<b>13,350</b>	<b>0</b>
<b>Cultural Programme</b>					
First Street Cultural Facility	14	0	0	0	0
The Factory (Build)	36,163	52,237	31,835	0	0
St Johns (Public Realm)	312	3,811	75	0	0
<b>Corporate Estates Programme</b>					
Asset Management Programme	6,885	11,456	1,191	0	0
MAC feasibility works	215	249	0	0	0
Town Hall Complex Transformation Programme	54	0	0	0	0
Hammerstone Road Depot	1,208	11,249	6,815	0	0
Carbon Reduction Programme	3,910	5,200	5,000	10,000	0
Public Sector Decarbonisation Scheme	111	22,943	0	0	0
Greening of the City	250	750	0	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Estates Transformation	0	0	800	0	0
Estates Transformation - Hulme District Office	3	0	0	0	0
Estates Transformation - Alexandra House	6,156	450	0	0	0
Proud Trust - Sidney Street	250	0	0	0	0
<b>Development Programme</b>					
<b>Digital Assets Board (MCDA)</b>					
Space - Phase 3	100	550	0	0	0
The Sharp Project	0	600	0	0	0
Digital Asset Base - One Central Park	101	667	0	0	0
<b>Strategic Acquisitions Board</b>					
Strategic Acquisitions Programme	3,038	1,323	0	0	0
Sustaining Key Initiatives	0	0	11,458	0	0
Mayfield Park	296	35	0	0	0
<b>Northern Gateway</b>					
Housing Infrastructure Fund	250	15,980	16,500	18,270	0
Acquisition of land at Red Bank	2,305	0	0	0	0
Northern Gateway	6,700	4,445	7,275	4,875	0
<b>Eastern Gateway</b>					
Eastern Gateway - Central Retail Park	200	509	0	0	0
Eastern Gateway - New Islington Marina	15	50	0	0	0
House of Sport	1,130	7,290	0	0	0
Demolition of Grey Mare Police Station	500	261	0	0	0
<b>City Centre</b>					
St. Peters Square - Peterloo	0	106	0	0	0
Medieval Quarter Public Realm	851	1,938	0	0	0
Manchester College	5,000	0	0	0	0
Digital Business Incubators	200	0	0	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Lincoln Square	0	1,200	0	0	0
Piccadilly Gardens - Phase 1	250	1,561	0	0	0
Manchester Digital Security Innovation hub (Cyberhub)	0	2,000	0	0	0
HOME Arches Phase 1	20	195	0	0	0
<b>Other Strategic Development Initiatives</b>					
New Smithfield Market	100	369	0	0	0
Heron House & Registrars	1,966	0	0	0	0
Civic Quarter Heat Network	9,000	4,679	0	0	0
<b>Total Growth &amp; Development Programme</b>	<b>87,553</b>	<b>152,103</b>	<b>80,949</b>	<b>33,145</b>	<b>0</b>
<b>Town Hall Refurbishment Programme</b>					
Our Town Hall refurbishment	34,618	63,626	88,231	57,482	36,217
<b>Total Town Hall Refurbishment Programme</b>	<b>34,618</b>	<b>63,626</b>	<b>88,231</b>	<b>57,482</b>	<b>36,217</b>
<b>Private Sector Housing Programme</b>					
<b>Brunswick PFI (PSH)</b>					
Brunswick PFI Land Assembly	100	593	677	0	0
<b>Collyhurst (PSH)</b>					
Collyhurst Regeneration	0	178	1,000	2,700	0
Collyhurst Environmentals	0	0	0	0	55
Collyhurst Land Assembly Ph1	0	29	0	0	0
Collyhurst Land Acquisitions Ph2	0	0	210	799	0
Eccleshall Street - 3 Sites	0	0	500	0	0
<b>Housing Investment Model</b>	0				
Site Investigation and Early Works HIF Pilot Sites	0	0	65	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
<b>Miles Platting PFI (PSH)</b>					
Miles Platting PFI Land Assembly	7	143	266	0	0
<b>Private Housing Assist Citywide Programme</b>					
Disabled Facilities Grant	3,004	8,357	1,850	0	0
Toxteth St CPO & environmental works	1	10	19	0	0
Bell Crescent CPO	0	0	0	482	0
<b>Private Sect Housing Standalone Projects</b>					
HCA Empty Homes Cluster Phase 2	257	265	891	0	0
Princess Rd	100	0	0	0	0
Empty Homes Scheme (s22 properties)	2,000	0	0	0	0
Ancoats Dispensary: Survey Work to Confirm Major Project Viability	352	0	0	0	0
<b>Redrow Development Programme</b>					
Redrow Development Phase 2 onward	21	0	0	0	0
<b>West Gorton (PSH)</b>					
West Gorton Compensation	4	0	0	0	0
West Gorton Ph 2A Demolition & Commercial Acquisitions	115	322	904	0	0
<b>Private Sector Housing - Stand Alone Projects</b>					
HMRP	10	30	89	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	0	664	0	0	0
Extra Care	0	0	1,245	1,200	0
Moston Lane Acquisitions	0	0	0	7,500	0
Equity Loans	0	0	397	0	0
West Gorton Community Park	350	25	25	0	0
Ben St. Regeneration	53	375	623	0	0
Marginal Viability Fund - New Victoria	6,900	2,054	2,446	0	0
Chimebank S.106	34	0	0	0	0
Next Steps Accommodation Programme Property Acquisitions	5	2,735	0	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Green Homes Grant Delivery scheme	500	0	0	0	0
Social Housing Decarbonisation Fund	75	3,045	0	0	0
<b>Total Private Sector Housing Programme</b>	<b>13,888</b>	<b>18,825</b>	<b>11,207</b>	<b>12,681</b>	<b>55</b>
<b>Public Sector Housing</b>					
<b>Northwards - External Work</b>					
Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1	2,264	6,535	3,484	0	0
Environmental works	0	0	5	0	0
Moston Miners Low Rise externals	0	0	5	0	0
External cyclical works ph 3b Ancoats Smithfields estate	50	40	0	0	0
Environmental improvements Moston corrolites	50	0	31	0	0
ENW distribution network phase 4 (various)	12	70	120	0	0
Various Estate based environmental works	77	100	86	0	0
Moston Corrolites external work	0	1,004	216	0	0
Retaining Walls	0	168	90	42	0
Delivery Costs	352	1,029	525	5	0
<b>Northwards - Internal Work</b>					
Decent Homes mop ups ph 9 and decent homes work required to voids	0	0	20	0	0
Ancoats - Victoria Square lift replacement	4	0	0	0	0
Harpurhey - Monsall Multis Internal Works	876	0	64	0	0
Newton Heath - Multies Internal Works	2,922	204	11	0	0
Higher Blackley - Liverton Court Internal Works	4	0	0	0	0
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	185	52	0	0	0
Charlestown - Rushcroft/Pevensey Court Internal Works	879	0	95	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	405	238	0	0	0
Decent Homes mop ups phase 10 and voids	40	0	377	0	0
One off work - rewires, boilers, doors	44	8	0	0	0
Fire precautions multi storey blocks	0	0	150	0	0
ERDF Heat Pumps	2,737	1,234	443	0	0
Charlestown - Rushcroft/Pevensey Courts Lift Refurb	0	240	198	99	0
One off type work (rewires/boilers/doors)	195	16	0	0	0
Fire Risk Assessments	353	2,968	1,103	1,387	0
Northwards - Harpurhey 200 Estate Internal Works	632	0	219	0	0
Rushcroft and Pevensey Courts Ground Source Heat Pumps	556	1,867	0	0	0
Harpurhey Baths Estate (excl Edward Grant Court) and Cheetham Appleford Estate	60	532	234	0	0
Newton Heath Troydale and Croyden Drive Low Rise Estates	300	1,093	512	111	0
Responsive Investment Works	64	387	299	0	0
Retirement blocks various M&E/H&S works	0	813	323	213	0
One off type work such as rewires boilers doors	50	300	0	0	0
Delivery Costs	1,479	1,293	526	235	0
<b>Northwards - Off Debits/Conversions</b>					
Bringing Studio Apartments back in use	0	0	12	0	0
Various Locations - bringing bedsits back into use	0	0	104	0	0
Delivery Costs	0	0	15	0	0
<b>Homeless Accommodation</b>					
Improvements to Homeless accommodation city wide	0	0	24	0	0
Plymouth Grove Women's Direct Access Centre	0	0	28	0	0
Improvements to Homeless Accommodation Phase 2	350	289	103	0	0
Woodward Court reroofing	0	227	20	0	0
Woodward Court lift replacement	0	0	434	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Delivery Costs	50	67	79	0	0
<b>Northwards - Acquisitions</b>					
Stock Acquisitions	2	0	0	0	0
<b>Northwards - Adaptations</b>					
Adaptations	75	150	75	0	0
Various Locations - Adaptations	180	350	215		0
Delivery Costs	26	46	28		0
<b>Northwards - Unallocated</b>					
Northwards Housing Programme - Unallocated	0	467	13,361	0	0
<b>Retained Housing Programme</b>					
Collyhurst Maisonette Compensation & Dem	0	89	935	0	0
<b>West Gorton Regeneration Programme</b>					
West Gorton PH2A Low & High Rise Demolition	26	0	0	0	0
<b>Future Years Housing Programme</b>					
Collyhurst Estate Regeneration	0	0	1,541	0	0
Buy Back Properties - Right to Buy	141	365	500	500	0
Collyhurst Regen - Highways Phase 1	0	287	1,394	0	0
Collyhurst Regen - Churnett Street	0	0	790	0	0
Collyhurst Regen - Needwood & Overbrook acquisition / demolition	0	134	0	0	0
Willert Street Park Improvements	0	10	0	0	0
North Manchester New Builds	38	339	0	0	0
North Manchester New Builds 3 – Silk Street	210	3,322	8,114	647	0
Parkhill Land Assembly	0	0	4,270	0	0
Collyhurst	400	13,890	4,310	0	0
<b>Total Public Sector Housing (HRA) Programme</b>	<b>16,088</b>	<b>40,223</b>	<b>45,488</b>	<b>3,239</b>	<b>0</b>

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
<b>Children's Services Programme</b>					
<b>Basic Need Programme</b>					
Lytham Rd	14	0	0	0	0
Plymouth Grove Refurbishment	4	0	0	0	0
Crossacres Primary School	24	0	0	0	0
Dean Trust Expansion	2,859	0	0	0	0
Brookside Rd Moston	3,714	3,707	0	0	0
North Hulme Adv Playground	1,798	2,861	0	0	0
Roundwood Road	6,436	1,368	200	0	0
Piper Hill Special School	15	0	0	0	0
SEND Expansions - Melland & Ashgate	3	0	0	0	0
Coop North Expansion	488	0	0	0	0
Our Lady's Expansion	160	0	0	0	0
Manchester Communications Academy	111	0	0	0	0
Co-op Academy Belle Vue - Permanent	1,000	3,146	0	0	0
Co-op Academy Belle Vue - Early Opening	1,000	1,140	0	0	0
St Peters RC High school expansion	383	0	0	0	0
Lancasterian Rebuild & Expansion - Pre Devel Costs	0	140	0	0	0
Our Lady's RC Permanent Expansion	100	1,800	500	0	0
Basic need - unallocated funds	0	18,386	43,944	0	0
Universal Infant Free School Meals (UIFSM) - Allocated	7	0	0	0	0
Universal Infant Free School Meals (UIFSM) - Unallocated	75	0	0	0	0
<b>Schools Maintenance Programme</b>					
Broad Oak Primary School Kitchen	12	745	0	0	0
Lily Lane Prim Windows	0	96	0	0	0
Moston Lane Reroof	6	0	0	0	0
St.Augustine's	66	0	0	0	0



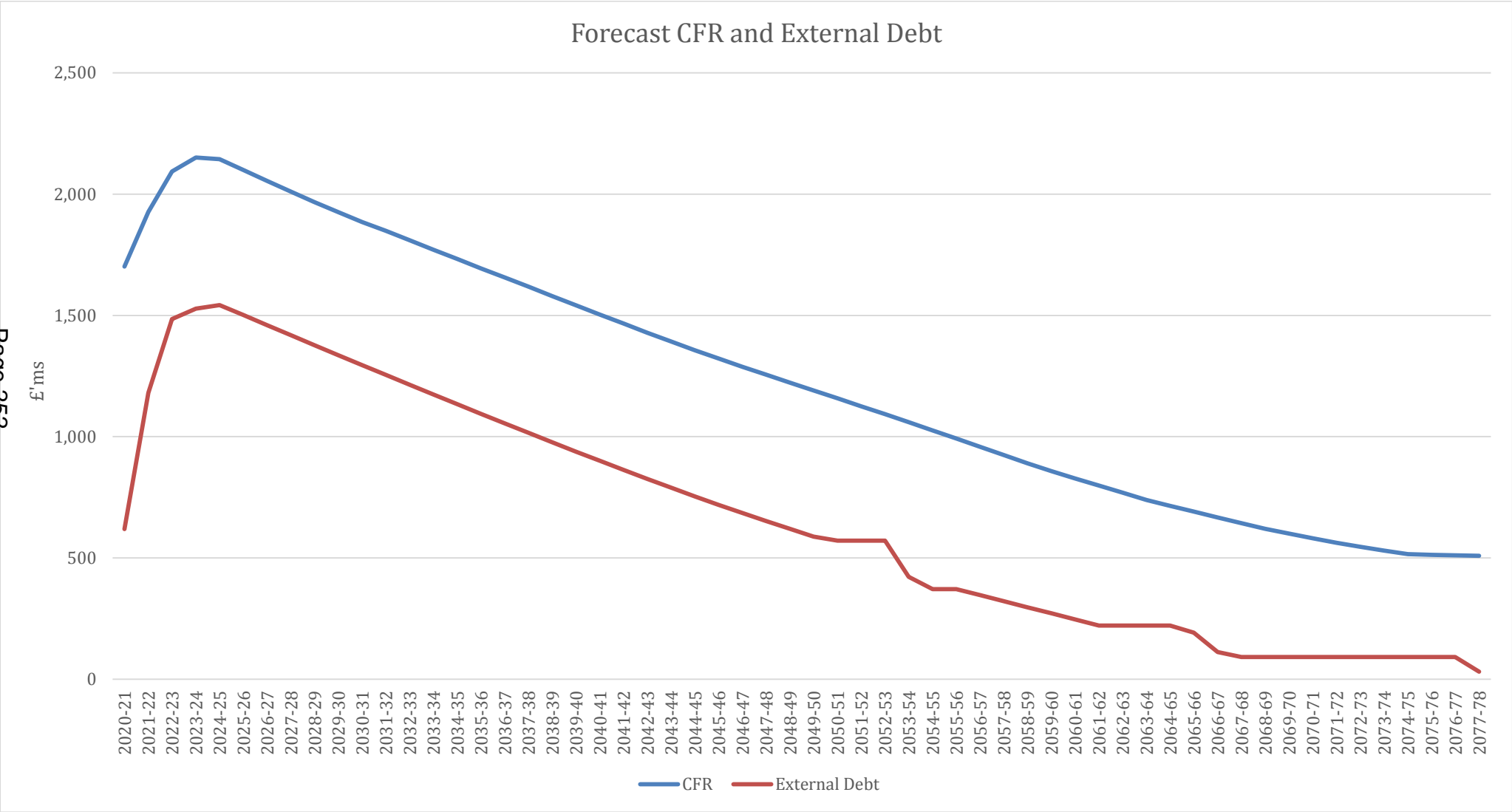
Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
Medlock Primary - Boundary Wall rebuild	0	80	0	0	0
Crumpsall Lane - Electrical rewire	899	0	0	0	0
Mauldeth Rd Rewire	599	0	0	0	0
Button Lane Primary Fire Alarm	136	0	0	0	0
Charlestown Comm Fire Alarm/Lighting	164	0	0	0	0
Northenden Primary Pipework and Radiators	235	0	0	0	0
Crowcroft Park roof repairs	245	0	0	0	0
St Wilfreds CE Ph 1 roof repairs	6	444	0	0	0
Northenden Comm external works	81	0	0	0	0
Abbott Kitchen ventilation	54	0	0	0	0
Manley Park Primary Ph1 roof repairs	300	0	0	0	0
Broad Oak Reception class and roof repair	346	0	0	0	0
Schools Capital Maintenance -unallocated	150	3,435	247	0	0
<b>Education Standalone Projects</b>					
Brighter Beginnings Burnage -EY maintenance works	2	0	0	0	0
Moss Side CC - EY maintenance works	6	0	0	0	0
Early Education for Two Year Olds - Unallocated	44	0	0	0	0
Healthy Pupil Capital Funding	0	257	0	0	0
North Ridge SEN	3,127	9	0	0	0
Grange School	195	0	0	0	0
Special Educational Needs grant	0	488	0	0	0
Seymour Road	653	0	0	0	0
Commercial Wharf/ISS Refurbishment of YJS Building	104	36	0	0	0
Ghyll Head	756	335	0	0	0
Acquisition of land at Hyde Road	10,100	12	0	0	0
Nurseries Capital Fund - Unity Community	230	139	0	0	0
Lyndene Children's Home Refurbishment	502	373	0	0	0

Project Name	2020/21 Proposed Budget £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000	2024/25 Proposed Budget £'000
<b>Total Children's Services Programme</b>	<b>37,209</b>	<b>38,997</b>	<b>44,891</b>	<b>0</b>	<b>0</b>
<b>ICT Capital Programme</b>					
<b>ICT Infrastructure &amp; Mobile Working Programme</b>					
Internet Resilience	27	0	0	0	0
Network Refresh Programme	346	4,912	4,042	0	0
Data Centre Network Design and Implementation	510	0	0	0	0
End User Experience	970	3,488	727	0	0
Microsoft 365	1,760	0	0	0	0
Telephony	95	305	0	0	0
TEC Digital Platform	79	78	0	0	0
ICT Investment Plan	0	0	8,112	7,693	0
<b>Total ICT Programme</b>	<b>3,787</b>	<b>8,783</b>	<b>12,881</b>	<b>7,693</b>	<b>0</b>
<b>Corporate Capital Programme</b>					
Pay and Display Machines	220	0	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	487	0	0	0	0
Integrated Working - Gorton Health Hub	413	14,674	5,092	0	0
BioMedical Investment	3,792	3,792	3,993	2,308	0
Manchester Jewish Museum Loan	290	0	0	0	0
Manchester Airport Car Park Investment	3,730	0	0	0	0
FC United	170	0	0	0	0
VCSE Small premises works	0	0	500	500	0
IWHC Loan	10	0	0	0	0
Airport Loan	106,452	36,248	0	0	0

2020/21  
2021/22  
2022/23  
2023/24  
2024/25

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Inflation	0	8,800	6,000	2,475	0
<b>Total Corporate Capital Programme</b>	<b>115,564</b>	<b>63,514</b>	<b>15,585</b>	<b>5,283</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>372,161</b>	<b>479,624</b>	<b>331,786</b>	<b>135,106</b>	<b>36,272</b>

Appendix 4 – Capital Financing Requirement and Forecast External Debt



## Manchester City Council Report for Resolution

**Report to:** Executive – 17 February 2021  
Full Council – 31 March 2021

**Subject:** Our Manchester Strategy – Forward to 2025

**Report of:** The Chief Executive

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### Summary

This report seeks the approval and adoption of *Our Manchester Strategy – Forward to 2025*, which is attached in Appendix 1.

*Our Manchester Strategy – Forward to 2025* resets Manchester's priorities for the next five years to ensure we can still achieve the city's ambition set out in the *Our Manchester Strategy 2016 – 2025*.

### Recommendations

The Executive are asked to recommend that Council consider *Our Manchester Strategy – Forward to 2025* with a view to adopting it as part of the Council's formal policy framework.

Council are recommended to adopt *Our Manchester Strategy – Forward to 2025* as part of the Council's formal policy framework.

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### Wards Affected: All

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

Achieving Manchester's zero carbon target has been reflected throughout the work on the *Our Manchester Strategy* reset and is one of the priorities within the final reset Strategy, *Forward to 2025*.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The work to reset the <i>Our Manchester Strategy</i> has considered all five of the Strategy's existing themes to ensure the city achieves its aims. The themes are retained within the final reset Strategy, <i>Forward to 2025</i> .
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

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### **Financial Consequences – Revenue**

None directly.

### **Financial Consequences – Capital**

None directly.

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### **Contact Officers:**

Name: James Binks  
Position: Director of Policy, Performance and Reform  
Telephone: 0161 234 1146  
E-mail: james.binks@manchester.gov.uk

Name: David Houliston  
Position: Strategic Lead – Policy and Partnerships  
Telephone: 0161 234 1541  
E-mail: david.houliston@manchester.gov.uk

Name: Elizabeth Mitchell  
Position: Policy and Partnerships Manager  
Telephone: 0161 234 1325  
E-mail: elizabeth.mitchell1@manchester.gov.uk

### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

*Our Manchester Strategy – Forward to 2025, Children and Young People Scrutiny Committee (January 2021)*

*Our Manchester Strategy – Forward to 2025, Communities and Equalities Scrutiny Committee (January 2021)*

*Our Manchester Strategy – Forward to 2025, Economy Scrutiny Committee (January 2021)*

*Our Manchester Strategy – Forward to 2025, Health Scrutiny Committee (January 2021)*

*Our Manchester Strategy – Forward to 2025, Neighbourhoods and Environment Scrutiny Committee (January 2021)*

*Our Manchester Strategy – Forward to 2025, Resources and Governance Scrutiny Committee (January 2021)*

*Our Manchester Strategy Reset - Engagement Activity and Findings, Resources and Governance Scrutiny Committee (November 2020)*

*Our Manchester Strategy Reset - Timescales, Resources and Governance Scrutiny Committee (October 2020)*

*COVID-19 Forward Recovery Planning, Executive (May 2020)*

*Our Manchester Strategy 2016 – 2025*

## 1.0 Introduction

- 1.1 In May 2020, the Executive agreed for a reset of the Our Manchester Strategy 2016 - 2025 to be undertaken as part of the Council's COVID-19 recovery planning. The Our Manchester Strategy was developed in 2015 and launched in 2016 as the city's overarching 10 year vision. Its development was overseen by the Manchester Leaders' Forum - now Our Manchester Forum - a partnership board of 40 leaders from across Manchester's public, private and voluntary sector.
- 1.2 This report provides the context of the work undertaken to develop the reset Strategy, *Our Manchester Strategy – Forward to 2025*. The draft reset Strategy was considered by all six Scrutiny Committees in January 2021; the Committees' comments were incorporated into the revised final draft of the Strategy, which is appended.
- 1.3 This report recommends the approval *Our Manchester Strategy – Forward to 2025*, and its adoption as part of the Council's formal policy framework.

## 2.0 Background to the Our Manchester Strategy reset

- 2.1 Using the learning from the development of other recent strategies, such as the *Our Manchester Industrial Strategy*, it was agreed that a mixed methods approach would be undertaken to develop the Our Manchester Strategy reset. As well as analysing quantitative data and recent literature, engagement activity would be undertaken based on the Our Manchester approach with residents, businesses, organisations and partners to develop a qualitative evidence base, which would be analysed to establish key priority themes.
- 2.2 The majority of engagement activity ran from 3 August 2020 - 25 September 2020. Approximately **3,800 people have been directly engaged** with and had their views captured during this activity. This compares favourably to the original Our Manchester Strategy engagement in 2015 when approximately 2,000 people were directly engaged, and is higher than other recent similar Council activity.
- 2.3 Despite COVID-19 restrictions, the activity captured a range of voices across all of Manchester's communities and neighbourhoods by using different methods which were adapted to suit the engagement opportunity. As well as a universal offer, this included targeted engagement with our residents who haven't traditionally engaged with the Council online, as well as those who are likely to be particularly hit by COVID-19. Targeted engagement was designed with Voluntary and Community Sector organisations and community groups to ensure it would reach these communities via a method that best works for them and to help build a longer-term relationship.
- 2.4 A report on the engagement activity, the method undertaken with each cohort and the findings from it was considered by Resources and Governance Scrutiny Committee on 3 November 2020; the report can be accessed here:



<https://democracy.manchester.gov.uk/ieListDocuments.aspx?CId=137&MId=3400&Ver=4>

### **3.0 Our Manchester Strategy – Forward to 2025**

- 3.1 The reset Strategy has been drafted based on the findings of the extensive engagement activity undertaken, which captured our communities' opinions on the city's progress to date, and the remaining challenges and opportunities facing Manchester.
- 3.2 Following the engagement activity, the priorities our residents, businesses, organisation and partners said they would like to see a renewed focus on for the next five years form the basis of Sections 3 and 4 of the draft reset Strategy. These priorities include: young people; economy; health; housing; environment; and infrastructure; with equality and inclusion as a cross-cutting theme. As such, the draft Strategy fully reflects the priorities of our communities.
- 3.3 The reset of the Strategy has been overseen by the Our Manchester Forum, a partnership board of stakeholders from across the city who oversaw the creation of the original Strategy in 2015 and its subsequent implementation. The draft reset Strategy incorporates their feedback on the engagement analysis, emerging priorities and the document's structure. This includes retaining the original Strategy's five themes (Thriving and Sustainable; Highly Skilled; Progressive and Equitable; Liveable and Low Carbon; and Connected) and streamlining the new priorities under these themes. The Our Manchester Forum asked for the reset to be linked back to the original Strategy with the use of 'We Wills' to frame the priorities. The Forum also requested that, whilst the reset Strategy should continue to set the city's vision and priorities to 2025, the document reflects the need for an immediate response to COVID-19 as priorities arise; this can be seen in section 2 of the draft reset Strategy.
- 3.4 The reset Strategy has been drafted to be a concise document; this in response to feedback from partners that the original Strategy was too long and that too many priorities (64 We Wills) dilutes the overall vision. Although it is concise and does not reference specific cohorts or sectors, the reset Strategy's priorities are holistic and matter to everyone in the city. The reset Strategy can now be used as an accessible framework to apply to all areas of work; all work going forwards should address these priorities.
- 3.5 The title *Our Manchester Strategy - Forward to 2025* has been chosen to show the direct link to the original Strategy whilst reflecting the collective action needed to achieve its ambitions by 2025.

### **4.0 Next Steps**

- 4.1 The reset Strategy text will be designed into a visual and accessible digital document. This will use the Our Manchester branding, which was refreshed in 2020.

- 4.2 Alongside the final reset Strategy document, a complementary one page 'Executive Summary' will be developed. This will be a plain English 'plan on a page'-type document to be used to communicate the Strategy's key priorities to a range of audiences, including residents and Council staff.
- 4.3 To ensure that all those who participated in the engagement are informed of how it shaped the new priorities and refreshed document, a social media messaging and a campaign plan will be developed. A partners' communications toolkit will also be developed as part of this to support clear and consistent messaging across the city and to aid partnership working on the priorities.
- 4.4 Once adopted and approved, officers, working with the members of the Our Manchester Forum and other partners, will develop plans to implement the Strategy and to use the annual State of the City report to monitor progress towards its vision.
- 4.5 A number of other strategies and plans are currently in development or due for refresh in the next 18 - 24 months. Officers will ensure alignment so the other strategies' aims flow from the Our Manchester Strategy reset's priorities, as the overarching vision for the city. The reset Strategy's priorities will also be fed into the corporate budget planning process and the medium term financial plan.

## **5.0 Contributing to a Zero Carbon City**

- 5.1 Achieving Manchester's zero carbon target has been reflected throughout the work on the Our Manchester Strategy reset, with sustainability being a key horizontal theme throughout all engagement activity. *Forward to 2025* restates Manchester's commitment to achieving our zero carbon ambition by 2038 at the latest.

## **6.0 Contributing to the Our Manchester Strategy**

- 6.1 The reset of the Our Manchester Strategy will ensure that the city achieves its vision. The five themes have been retained in the reset Strategy, with the new priorities streamlined under the themes.

## **7.0 Key Policies and Considerations**

- 7.1 There are no particular equal opportunities issues, risk management issues, or legal issues that arise from the recommendations in this report.

## **8.0 Recommendations**

- 8.1 The Executive are asked to recommend that Council consider *Our Manchester Strategy – Forward to 2025*, with a view to adopting it as part of the Council's formal policy framework.
- 8.2 Council are recommended to adopt *Our Manchester Strategy – Forward to 2025* as part of the Council's formal policy framework.

## OUR MANCHESTER STRATEGY – FORWARD TO 2025

### 1. Introduction

*“Our future Manchester will be a place built by us all.” (Quote from resident response)*

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

Over the first five years of the Strategy, Manchester has made significant progress towards its vision, going from strength to strength. However, some challenges remain, and the city now finds itself in a very different place due to the impact of the coronavirus pandemic.

As such, halfway through the Our Manchester Strategy, we are resetting our priorities for the next five years to 2025, acknowledging - but looking beyond - the current challenges, to ensure we can still achieve the city’s ambition. Throughout summer 2020, we asked what Manchester’s priorities should be; over 3,800 people responded with their views. Their priorities are at the heart of *Forward to 2025*.

This reset has been overseen by the Our Manchester Forum, a partnership board of stakeholders from across the city who oversaw the creation of the original Strategy in 2015 and have been monitoring its implementation ever since. Our progress is reported annually in the State of the City report.

### 2. Our Manchester Today

*“Manchester remains a place defined by its diversity, vibrancy and creativity. As we strive for a more equal and sustainable future, Manchester will continue to build upon its progressive and enterprising history.” (Quote from partner response)*

Manchester has come a long way since the Our Manchester Strategy was written in 2015. Over the past five years, we have seen many parts of the city physically transformed, with new residential developments being built to meet the needs of the increasing numbers of people choosing to make their home here. As more businesses have invested in the city, further employment opportunities have been created for residents across all of our neighbourhoods. Our residents are better connected with improved transport and can access a diverse cultural and leisure offer. As we move towards a zero carbon future, great strides have been made in increasing recycling rates across the city and our parks have been protected and developed for all.

The annual State of the City report provides detailed analysis of the collective progress against the Our Manchester Strategy. Between 2015 and 2020, Manchester has seen:

- Population increases - Manchester is a growing and young city, with increasingly more people in the 25–39 age bracket now living in the city centre attracted by housing options and career prospects, culture and leisure amenities. The estimated population of Manchester is now 576,500 people, and the city has a 1% annual growth rate, which is twice the national rate.
- Improved education outcomes - as the population has grown, so too has the numbers of young people being educated in the city. Raising standards and attainment from primary education to further education has been a key success and driver of a more inclusive workforce. The percentage of Manchester schools judged to be good or outstanding by Ofsted is now higher than the national average, and number of residents holding a level 4 qualification has increased to 43.7% in 2019 from 39.5% in 2015.
- Increased employment opportunities - Manchester's economy has strengthened and diversified, with the fastest growing sectors of science, research and development; business and financial and professional services; and cultural, creative and digital providing new investment and opportunity. Graduates entering employment in the city provide a competitive talent base for these sectors and an incentive for new businesses to relocate to the city. The number of jobs in Manchester increased from 357,000 in 2015 to 410,000 in 2019.
- Public service reform - since the first Locality Plan was developed in 2016, Manchester has made significant progress integrating health and social care in order to improve outcomes for residents, with the development of the Manchester Local Care Organisation, Manchester Health and Care Commissioning and the Single Hospital Service. The next phase will accelerate these changes.
- Diverse cultural offer - Manchester has an increasingly broad and inclusive range of cultural activities. In 2018/19, 185,943 people and 83% of our schools took part in cultural and creative activities, with events taking place across all of the city's wards. Central Library is the most visited UK library, with over 2 million visits in 2019/20.
- International outlook - Manchester is an internationally renowned place to study and a popular destination for domestic and international visitors, being the 3<sup>rd</sup> most visited city in the UK after London and Edinburgh. The visitor economy has been a key driver in the city's economic success and has been supported by Manchester Airport, an international gateway. Passenger numbers at Manchester Airport rose by 6.3 million from 2015 to peak at 29.4 million in 2019, before the significant reductions due to COVID-19 restrictions in 2020.

Whilst Manchester has made great progress in many areas, some of the key challenges set out in the original Strategy remain; these will require continued focus in the coming five years:

- Health – despite some recent improvements, Manchester still has some of the poorest health outcomes in the country, including healthy life expectancy of below 58 years and high rates of deaths from cancer, heart and respiratory illnesses. Significant health inequalities, exacerbated by COVID-19, remain: life expectancy at birth is 7.3 years lower for men and 7.8 years lower for women for those who live in the most deprived areas of the city compared to the least.
- Poverty - in March 2019, an estimated 45,150 children under 16 lived in low income households (41%), compared to the national average of 30%. These high levels of deprivation impact upon physical and mental wellbeing and life outcomes.
- A fair economy - a gap remains between employee and resident wages remains, and too many residents are in insecure employment. Fewer Manchester residents (78%) earn at least the Real Living Wage, compared to those who work in the city (87%), and half of residents with no or low qualifications are unemployed. The claimant count for residents doubled between March and August 2020. Making sure residents can access good employment opportunities in the city is critical for developing a more inclusive economy.
- Affordable housing - Manchester has committed to delivering 32,000 new homes by 2025; this must include a range of affordable homes across the city to support diverse and inclusive neighbourhoods.
- Climate change - the city has committed to becoming zero carbon by 2038 at the latest and Manchester City Council declared a Climate Emergency in July 2019. We must speed up the pace of change for the city to play its role in addressing this global challenge and to deliver a green recovery from COVID-19.
- European Union Exit - the UK's departure from the European Union presents a challenge for many of our businesses and our communities.

In 2020, along with the rest of the world, Manchester faced the unprecedented challenge of COVID-19. Along with the significant health challenges this has brought, we have seen an increase in unemployment, greater usage of food banks, a rise in loneliness and mental health concerns, and a huge impact on our children and young people's education, training and employment opportunities.

Whilst this Strategy sets out the five year vision and reset of priorities for Manchester, we must work swiftly to address the most pressing issues arising from the pandemic as we continue to live with and recover from COVID-19. These are not new challenges for some of Manchester's communities, but they have been magnified. COVID-19 has disproportionately affected our Black, Asian and Minority Ethnic communities, those on low incomes, and our residents with disabilities, due to higher incidences of underlying health conditions and occupational risks. As uncertainty and unemployment have increased, the importance of tackling underlying causes of poor health, deprivation and poverty - and ensuring equal access to the best education - have been brought to the fore.

However, COVID-19 has also highlighted Manchester's strengths and provides opportunities to drive further progress. Communities have come together to support each other. National recognition for key workers who kept the city moving is a platform to push for improved pay, working conditions and progression opportunities. Less commuting has led to cleaner air. More residents have been using the green space on their doorstep and supporting local businesses.

Manchester is optimistic that we can overcome these challenges and build on the opportunities. In the five years to 2025, as we work to support the city to recover from COVID-19 and achieve our long term aspiration, we must ensure that investment, growth and new opportunities reach all our neighbourhoods and communities, particularly those most in need. Manchester's success is fundamentally linked to Greater Manchester, the North West and Northern Powerhouse; the Government's plans to level up the country will present opportunities for investment and development to benefit the city and the wider North.

### 3. Our Future Manchester

*"Our future Manchester will be bright, buzzing, strong and welcoming." (Quote from resident response)*

*"Our future Manchester will be a thriving, green city where people can realise their dreams for themselves and their families." (Quote from resident response)*

As in the Our Manchester Strategy, our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will:

- Have a competitive, dynamic, sustainable and fair economy that draws on our distinctive strengths in science, advance manufacturing, and culture, creative and digital businesses – cultivating and encouraging new ideas
- Possess highly skilled, enterprising and industrious people
- Be connected, internationally and within the UK
- Play its full part in limiting the impacts of climate change
- Be a place where residents from all backgrounds feel safe, can aspire, succeed and live well
- Be clean, attractive, culturally rich, outward-looking and welcoming

This is an ambitious vision for Manchester. In order to successfully achieve it, we must refocus our priorities on key areas that address the challenges and build on the opportunities we now face whilst ensuring equality, inclusion and sustainability are at the heart of all we do. This ambition will only be achieved if everyone works together, building on Manchester's strong history of partnership working. That is why we asked the people of Manchester what the city's priorities should be.

During summer 2020, we listened to over 3,800 people tell us what Manchester means to them, what improvements they have seen, what challenges they face, and

what they want to see in the future. This built on conversations started across the city in 2015 and our continued commitment to maintain ongoing relationships with our communities. We listened to a diverse range residents and communities from all over the city: people who work, volunteer and study here; people who were born and raised here; and people who have chosen to make a life for themselves and their family here. We supported people to communicate in ways that worked for them.

We listened and overwhelmingly heard that people care about equality and making sure that everybody has the same opportunities to progress, and recognition that some need more support along the way to reach their full potential. We heard that being a fair and open city that respects and celebrates our differences matters to Manchester. We heard that we must not shy away from difficulties and need to find new ways of working to address the challenges facing our communities. From climate change to tackling inequality, there are some key priorities that matter to everyone in Manchester.

We heard that whether you live, work, study, volunteer or play in Manchester, we all have similar hopes and aspirations for Manchester's bright, buzzing, strong and welcoming future.

To achieve our vision, our communities want to see a renewed focus on:

- Our young people - providing investment, support, opportunity and hope for the future of the city
- Our economy - fulfilling opportunities for our residents as we create and attract a talented, globally competitive and diverse workforce
- Our health - tackling physical and mental health inequalities and ensuring fair access to integrated services
- Our housing - creating a choice of housing in liveable neighbourhoods across all of the city
- Our environment - pioneering zero carbon solutions and improving green space
- Our infrastructure – active, integrated, affordable and green transport system and improved digital connections

We heard that we can only achieve these things by taking pride in our people and place, and supporting everybody to live fulfilling, happy and healthy lives. This will mean bold action to understand and address inequalities to provide support where it is most needed. Working together and finding new, innovative solutions will be more important than ever as we strive to improve the city for our communities. Our future Manchester will be shaped by the past to deliver a better future for all.

#### **4. Forward to 2025 - Manchester's Priorities**

*"Our future Manchester will be a place of support, encouragement and opportunities for people of all ages." (Quote from resident response)*

For Manchester to achieve its vision, we will refocus our efforts on these priorities to 2025. Throughout each priority runs Manchester's commitment to build a more equal, inclusive and sustainable city for everyone who lives, works, volunteers, studies and plays here. Only by working together can we achieve our priorities and vision.

#### A Thriving and Sustainable City

- We will maintain Manchester's vibrancy and ensure that all our communities are included in the life of the city, no matter their age, ethnicity, gender, disability, sexuality, faith or socio-economic background.
- We will work to ensure Manchester has a strong, inclusive and innovative economy with diverse growth sectors, where our residents are recognised for their contribution via fair contracts and are paid at least the Real Living Wage.

#### A Highly Skilled City

- We will ensure that all of Manchester's young people have access to good quality education and will support them to be work-ready.
- We will continue to support all our residents to learn, progress, upskill and retrain so they can access the city's current and future employment opportunities.

#### A Progressive and Equitable City

- We will strive to create a truly equal and inclusive city, where everyone can thrive at all stages of their life and can quickly and easily reach support to get back on track when needed.
- We will improve physical and mental health outcomes and ensure good access to integrated health and care services across the city.

#### A Liveable and Low Carbon City

- We will create sustainable, safe, resilient and cohesive neighbourhoods, with more affordable housing, good quality green spaces, and accessible cultural and sporting facilities.
- We will achieve our zero carbon ambition by 2038 at the latest via green growth, sustainable design, low carbon energy, retrofitting buildings, green infrastructure and increasing climate resilience.

#### A Connected City



- We will enable increased walking and cycling, as well as continuing to develop an integrated, accessible, safe and green public transport system across the city and beyond.
- We will become a digitally inclusive city, with better digital infrastructure, access to digital technology and strong digital skills.

## 5. Delivering and Monitoring Our Progress

*“Our future Manchester will be a city that all other cities aspire to be.” (Quote from resident response)*

*“Our future Manchester will be a beacon for a better world.” (Quote from resident response)*

As a strategy for the city of Manchester, successfully reaching our ambition will require strong partnership working and collaboration. To achieve the priorities set out in *Forward to 2025*, Manchester must continue to work in an Our Manchester way. Success depends on our people and organisations coming together so that their collective knowledge, skills, effort and passion can be harnessed. We must continue to put people first; listen, learn and respond; recognise the strengths of individuals and our communities; and work together to build relationships and create conversations.

*Forward to 2025* is a high-level framework for action. There are a number of detailed key plans that sit underneath this Strategy which will support its delivery:

- *Developing a More Inclusive Economy – Our Manchester Industrial Strategy* – establishes priorities for the city to create a more inclusive economy that all residents can participate in and benefit from. Intrinsic to delivering this is are:
  - *Powering Recovery: Manchester Economic Recovery and Investment Plan*; and
  - the *Greater Manchester Good Employment Charter*.
- *Work and Skills Strategy* – aims to develop a work and skills system that meets the needs of all businesses, and enables residents from all backgrounds to obtain the skills and attributes employers require.
- *Children and Young People’s Plan - Our Manchester, Our Children 2020 - 2024* - sets out how the city will build a safe, happy, healthy and successful future for children and young people.
- *Manchester: A Great Place to Grow Older* – Manchester's vision to continue being an Age Friendly city.
- *Family Poverty Strategy 2017 – 2022* - aims for everyone in the city to have the same opportunities and life chances, no matter where they are born or live.
- *Our Healthier Manchester Locality Plan* – details the strategic approach to improving health outcomes for residents whilst creating sustainable health and care services.

- *Manchester Population Health Plan 2018 – 2027* - long term plan to tackle Manchester's entrenched health inequalities.
- *Local Plan* – the spatial framework for the city setting out development guidance; due to be published in 2023.
- *Residential Growth Strategy 2015 – 2025* – guides Manchester's approach to housing development and supply.
- *Manchester Climate Change Framework 2020- 2025* - framework for tackling climate change and reducing the city's carbon footprint
- *Green and Blue Infrastructure Strategy* - the city's headline actions for improving green and blue infrastructure.
- *Digital Strategy* – a new plan setting out how Manchester will achieve its digital ambitions.
- *City Centre Transport Strategy* - identifies key transport policies and opportunities for future delivery.
- *Clean Air Plan* - sets out proposals to decrease air pollution in Greater Manchester.
- *Greater Manchester Strategy* - the city region's ambition for making Greater Manchester the best place to grow up, get on and grow old.

The Our Manchester Forum will continue to be responsible for overseeing the implementation of the Strategy and monitoring its progress, which will be reported annually via the State of the City report.

## Manchester City Council Report for Resolution

**Report to:** Executive - 17 February 2021

**Subject:** Greater Manchester Clean Air Plan - Update on Public Consultation

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

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### Summary

To set out the progress that has been made on the development of Greater Manchester's Clean Air Plan following a public consultation on proposals that were developed pre-COVID-19 and the link to taxi and private hire common minimum licensing standards.

### Recommendations:

The Executive is requested to:

1. Note the progress of the Greater Manchester Clean Air Plan;
2. Note the next steps for the development of the Clean Air Plan and Minimum Licensing Standards, listed at Section 12;
3. Note the distribution of Bus Retrofit funding commenced in December 2020;
4. Note that Government ministers have agreed to consider extending Greater Manchester's Clean Air Zone (CAZ) charges to the sections of the A628/A57 which form part of the Strategic Road Network, within the proposed CAZ boundary, subject to the outcomes of an assessment, which is expected to be completed by early 2021;
5. Note that the GM Clean Air Plan is required to take action tackle nitrogen dioxide exceedances until compliance with the legal limits has been demonstrated and that the nearer term influence of COVID-19 on air quality is not expected to lead to sufficiently long term reductions in pollution such that the exceedances of the legal limits of nitrogen dioxide will not occur without implementing a Clean Air Zone;
6. Note that the GM CAP final plan will be brought forward for decision makers as soon as is reasonably practicable and no later than summer 2021;
7. Note that the outputs of the MLS will be reported alongside the GM CAP as soon as is reasonably practicable and no later than summer 2021; and
8. Agree to the establishment of joint committees and to delegate to those committees the Authority's functions as set out in this report at paragraph 9.5 and the terms of reference, as set out in Appendix 6.

9. Appoint the Executive Member for Environment, Planning and Transport to sit on both committees for purposes as set out in this report at paragraph 9.5 with specific terms of reference, as set out in Appendix 6.
10. Appoint the Assistant Executive Member for Environment, Planning and Transport as substitute for both committees for purposes as set out in this report at paragraph 9.5 with specific terms of reference, as set out in Appendix 6.
11. Manchester City Council agrees to enter into a collaboration agreement with the other 9 GM local authorities and GMCA/TfGM to clarify amongst other matters the rights, responsibilities and obligations of the authorities in relation to those contracts set out in Appendix 2 that are required to maintain delivery momentum in line with JAQU funding agreements.
12. Agree a delegation to The Chief Executive, in consultation with the Executive Member for Environment, Planning and Transport to agree the final form of the collaboration agreement;
13. Agree a delegation to The Chief Executive, in consultation with the Executive Member for Environment, Planning and Transport to award the contracts set out in Appendix 2 (subject to government funding) that are required to implement a charging Clean Air Zone in Spring 2022 to ensure the achievement of Nitrogen Dioxide compliance in the shortest possible time and by 2024 at the latest as required by the Ministerial Direction.

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**Wards affected: all**

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Clean Air Plan aims to improve air quality across Greater Manchester. By doing so the city will become a more attractive place to live, work and visit and this in turn is likely to lead to a stronger economy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A city with improved air quality is likely to be more successful at retaining and attracting talent.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Ensuring that residents can access job opportunities and other facilities in a safe and clean environment, will enable everyone to contribute to the success of the City.
A liveable and low carbon city: a destination of choice to live, visit, work	Reducing congestion and air pollution will improve perceptions of the City, and help to tackle greenhouse gas emissions.
A connected city: world class infrastructure and connectivity to drive growth	Investing in and maintaining the City's transport infrastructure will help to drive growth.

**Equalities Implications:** Equality Impact Assessment was completed for consultation and can be found at [here](#). This will be updated and published with the final plan.

**Climate Change Impact Assessment and Mitigation Measures:** The GM CAP is a place based solution to tackle roadside NO<sub>2</sub> and proposes measures to secure funding for Electric Vehicle charging infrastructure, as well as ensuring that a mechanism is put in place for the large scale rollout of replacement electric buses, which will have a positive impact on carbon.

**Risk Management:** Initial risk register set out in Clean Air Plan OBC (March 2019)

**Legal Considerations:** legal considerations are set out in the body of the report.

**Financial Consequences – Revenue:** Initial Financial Case set out in Clean Air Plan OBC (March 2019), with all development and delivery costs to be covered by central Government

**Financial Consequences – Capital:** Initial Financial Case set out in Clean Air Plan OBC (March 2019), with all development and delivery costs to be covered by central Government

**Number of attachments to the report:** 6 (six)

#### **Background Papers:**

- 31 July 2020, report to GMCA: Clean Air Plan Update
- 29 May 2020, report to GMCA: Clean Air Plan Update
- 31 January 2020, report to GMCA: Clean Air Plan Update
- 26 Jul 2019, report to GMCA: Clean Air Plan Update
- 1 March 2019, report to GMCA: Greater Manchester's Clean Air Plan – Tackling Nitrogen Dioxide Exceedances at the Roadside - Outline Business Case
- 11 January 2019, report to GMCA/AGMA: Clean Air Update
- 14 December 2018, report to GMCA: Clean Air Update
- 30 November 2018, report to GMCA: Clean Air Plan Update
- 26 October 2018, report to GMCA: GM Clean Air Plan Update on Local Air Quality Monitoring
- 15 November 2018, report to HPEOS Committee: Clean Air Update
- 16 August 2018, report to HPEOS Committee: GM Clean Air Plan Update
- UK plan for tackling roadside nitrogen dioxide concentrations, Defra and DfT, July 2017

## 1. Executive Summary

- 1.1 In Greater Manchester, the 10 local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM), collectively referred to as “Greater Manchester” or “GM”, have worked together to develop a Clean Air Plan to tackle NO<sub>2</sub> Exceedances at the Roadside, referred to as GM CAP. This report sets the progress of the GM CAP and the next steps for the development of the Clean Air Plan and the closely linked Minimum Licensing Standards (MLS) for taxi and private hire services. Key developments since the last GMCA report include:
- Since the last report there has been no confirmation or offer of government funding for LGVs or hackneys, or the taxi and private hire electric vehicle charge points.
  - Government ministers have agreed to consider extending Greater Manchester’s Clean Air Zone (CAZ) charges to the sections of the A628/A57 in Tameside which form part of the Strategic Road Network, within the proposed CAZ boundary. The extension of any charges to the A628/A57 will be subject to a full assessment of the potential impacts, to be led by Highways England. Following the assessment ministers will take the final decision on whether or not charging should be implemented on the A628/A57.
  - GM was awarded £14.7m of funding for the retrofitting of buses, and this work commenced in December 2020. GM’s bus retrofit fund offers operators of locally registered bus services up to £16k of funding per vehicle towards the retrofit of non-compliant buses. The funding is available for vehicles, including minibuses and coaches, operating on a registered bus service within Greater Manchester. This includes cross-boundary services operating within the GM CAZ boundary.
- 1.2 The report sets out the near-term impacts of COVID-19 government restrictions on movement on air quality. It sets out how air quality is legally monitored, and how the Government has directed GM (and other areas) under UK law to address exceedance of the Annual Average standard for NO<sub>2</sub> which is set at 40 ug/m<sup>3</sup>. As GM Clean Air Plan is required to take action to tackle nitrogen dioxide exceedances until compliance with legal limits has been demonstrated (over a number of years), the nearer term influence of COVID-19 on air quality is not expected to lead to sufficiently long term reductions in pollution such that the modelled exceedances of the legal NO<sub>2</sub> limits will be met without implementing a Clean Air Zone.
- 1.3 The report sets out that following the conclusion of the consultation, both GM CAP and MLS consultation responses are being analysed and reported on by an independent research agency. GM authorities will fully consider all of the information and evidence gathered during the consultation, so that they can understand the consequences COVID-19 has had on vehicle owners and trades which will be directly affected by the GM CAP and MLS.
- 1.4 The report and appendices also set out the work TfGM is undertaking on behalf of the ten Greater Manchester Authorities in the preparatory implementation and contract arrangements required to deliver the CAZ and

other GM CAP measures. Preparatory work is required in order to maintain delivery momentum in line with the funding arrangements agreed with JAQU, for example in relation to automatic number plate recognition (ANPR) cameras, back office systems and service providers.

- 1.5 The report then covers the consultation approach, engagement activity, additional research undertaken and the number of responses to both the GM CAP and MLS consultations.
- 1.6 The report also sets out the governance approach to both GM CAP and MLS, with the GM CAP final plan to be brought forward for decision makers as soon as is reasonably practicable and no later than summer 2021, and the outputs of the MLS to be reported alongside the GM CAP at the same time.
- 1.7 Due to the dynamic context of COVID-19 and national and regional/local lockdowns, progress on the development of the final plan will be provided by the Green City Region Lead, as required at GMCA meetings.

## **2 Background**

- 2.1 In July 2017 the Secretary of State issued a Direction under the Environment Act 1995 requiring seven Greater Manchester local authorities, including Manchester City Council, to produce a feasibility study to identify the option which will deliver compliance with the requirement to meet legal limits for nitrogen dioxide in the shortest possible time.
- 2.2 In accordance with this Direction Manchester City Council has been developing the study collectively with the other 9 Greater Manchester local authorities and the GMCA, coordinated by TfGM in line with Government direction and guidance and an Outline Business Case (OBC) was duly submitted in March 2019.
- 2.3 Manchester City Council along with the other 9 Greater Manchester local authorities is now subject to a Ministerial direction dated 16 March 2020 requiring the submission of an Interim Full Business Case (FBC) (along with confirmation that all public consultation activity has been completed) as soon as possible and by no later than 30 October 2020. Under this direction Manchester City Council along with the other 9 Greater Manchester local authorities is under a legal duty to ensure that the GM CAP (Charging Clean Air Zone Class C with additional measures) is implemented so that NO<sub>2</sub> compliance is achieved in the shortest possible time and by 2024 at the latest and that human exposure is reduced as quickly as possible.

## **3. Introduction**

- 3.1. Poor air quality is the largest environmental risk to the public's health. Taking action to improve air quality is crucial to improve population health.
- 3.2. Whilst air quality has been generally improving over time, particular pollutants remain a serious concern in many urban areas. These are oxides of nitrogen

(NO<sub>x</sub>) and its harmful form nitrogen dioxide (NO<sub>2</sub>), and particulate matter (PM).

- 3.3 In Greater Manchester, road transport is responsible for approximately 80% of NO<sub>2</sub> concentrations at roadside, of which diesel vehicles are the largest source.
- 3.4 Long-term exposure to elevated levels of particulate matter (PM<sub>2.5</sub>, PM<sub>10</sub>) and NO<sub>2</sub> may contribute to the development of cardiovascular or respiratory disease and may reduce life expectancy<sup>1</sup>. The youngest, the oldest, those living in areas of deprivation, and those with existing respiratory or cardiovascular disease are most likely to develop symptoms due to exposure to air pollution<sup>2 3</sup>.
- 3.5 Public Health England estimate the health and social care costs across England due to exposure to air pollution will be £5.3 billion by 2035 for diseases where there is a strong association with air pollution, or £18.6 billion for all diseases with evidence of an association with air pollution<sup>4</sup>.
- 3.6 The Secretary of State has instructed many local authorities across the UK to take quick action to reduce harmful Nitrogen Dioxide (NO<sub>2</sub>) levels, issuing a direction under the Environment Act 1995 to undertake feasibility studies to identify measures for reducing NO<sub>2</sub> concentrations to within legal limit values in the “shortest possible time”. In Greater Manchester, the 10 local authorities, the Greater Manchester Combined Authority (GMCA) and Transport for Greater Manchester (TfGM), collectively referred to as “Greater Manchester” or “GM”, have worked together to develop a Clean Air Plan to tackle NO<sub>2</sub> Exceedances at the Roadside, referred to as GM CAP.
- 3.7 The core goal of the GM Clean Air Plan is to address the legal requirement to remove ALL concentrations of NO<sub>2</sub> that have been forecast to exceed the legal Limit Value (40 µg/m<sup>3</sup>) identified through the target determination process in the “shortest possible time” in line with Government guidance and legal rulings.
- 3.8 Throughout the development of the plan GM has considered a range of options to deliver compliance, overseen by the GM Steering Group<sup>5</sup>, and to understand the type and scale of intervention needed to reduce NO<sub>2</sub> to within legal Limit Values in the “shortest possible time” across Greater Manchester.

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<sup>1</sup> Air Quality – A Briefing for Directors of Public Health (2017), <https://www.local.gov.uk/air-quality-briefing-directors-public-health>

<sup>2</sup> Air Quality – A Briefing for Directors of Public Health (2017), <https://www.local.gov.uk/air-quality-briefing-directors-public-health>

<sup>3</sup> RCP and RCPCH London, Every breath we take lifelong impact of air pollution (2016), <https://www.rcplondon.ac.uk/projects/outputs/every-breath-we-take-lifelong-impact-air-pollution>

<sup>4</sup> <https://www.gov.uk/government/news/new-tool-calculates-nhs-and-social-care-costs-of-air-pollution>

<sup>5</sup> Members include Directors or Assistant Directors from each GM authority.



- 3.9 A best performing option was recommended within an Outline Business Case (OBC) for further consideration and discussion with stakeholders and the public to aid the development of the Full Business Case.
- 3.10 In March 2019 the GM Authorities agreed the submission of the OBC that proposed a package of measures that was considered would deliver compliance in the shortest possible time, at the lowest cost, least risk and with the least negative impacts.
- 3.11 The OBC made clear the expectation that the UK Government would support the plans through:
- Clear arrangements and funding to develop workable, local vehicle scrappage / upgrade measures;
  - Short term effective interventions in vehicle and technology manufacturing and distribution, led by national Government with local authorities;
  - Replacement of non-compliant buses; and
  - A clear instruction to Highways England with regard to air pollution from the Strategic Road Network (SRN) in Greater Manchester<sup>6</sup>.
- 3.12 The Executive Report of 3rd July 2020 detailed that in March 2020 the Government provided initial funding of £41m for clean vehicle funds to award grants or loans to eligible businesses: £15.4m for bus retrofit, £10.7m for Private Hire Vehicles, £8m for HGVs, £4.6m for coaches and £2.1m for minibuses. Note: These figures include JAQU estimated delivery costs at 5%.
- 3.13 The Executive Report of 9th September 2020 detailed updates on the developments of the GM Clean Air Plan including the Light Goods Vehicles (LGV) and hackney carriage funding position, interaction with the strategic route network and Highways England, confirmed arrangements for distributing funding received for bus retrofit and highlighted separate discussions with DfT about funding for bus replacement.
- 3.14 It set out a proposal for consultation, detailed the positions for consultation on the daily charges, discounts and exemptions, and the proposed funding offer for each of the supporting funds, and the Vehicle Finance offer. The report also considered the proposed Governance arrangements for the CAZ and that TfGM will act as an 'operating body' responsible for day to day operation of the CAZ and the implementation of other GM CAP measures.
- 3.15 The report also highlighted the link to taxi and private hire vehicle common minimum licensing standards (MLS). In 2018, GM's ten local authorities agreed to collectively develop, approve and implement a common set of minimum licensing standards (MLS) for Taxi and Private Hire services that cover the whole of GM and to undertake parallel consultations for MLS and

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<sup>6</sup> GM Authorities are directed to take action on the local road network those roads managed by Highways England, such as motorways and trunk roads are excluded from the Clean Air Plan.

GM CAP, to ensure that so those affected by both policy positions can understand the full impact of the proposals and respond to the consultations.

#### **4. Covid-19: The Impact on Air Quality**

- 4.1 Since the COVID-19 pandemic has progressed there have been many questions asked about what its effects on traffic mean for Greater Manchester's Clean Air Plan (GM CAP). In particular, the GM Authorities have been asked for comparative data for Air Quality monitoring for this year – during the full lockdown period and more recently - compared with last year.
- 4.2 Whilst data from 2019 is available, the comparator data for 2020 isn't; this is because a full calendar year of results is needed to make a comparison with the relevant standard. The Government has directed GM (and other areas) under UK law to address exceedance of the Annual Average standard for NO<sub>2</sub> which is set at 40 ug/m<sup>3</sup>.
- 4.3 Greater Manchester issues its Air Quality data annually in the Air Quality Annual Status Report, so for 2020 this information will be published in June 2021. This is due to the fact that diffusion tube data (that measures NO<sub>2</sub> concentrations) needs to be validated, by application of a bias adjustment process.
- 4.4 The bias adjustment process uses co-location of diffusion tubes with continuous monitors, and comparison of the two measured concentrations. Data from our continuous monitors is considered provisional until it has been ratified through a Quality Assurance process, completed by an independent party in April of the following calendar year.
- 4.5 The diffusion tube results used to calculate the annual mean concentration, for comparison with Annual Mean NO<sub>2</sub> standard of 40 ug/m<sup>3</sup>, are processed once the continuous monitoring data is ratified, and the bias adjustment factor can be finalised.
- 4.6 Whilst the COVID-19 pandemic has caused changes that radically altered transport patterns and behaviour, the relaxation of 'lockdown 1' (March – May 20) travel restrictions since June led to increasing vehicle flows. By the introduction of 'lockdown 2' (November 20), traffic flows were at around 85% of typical pre-COVID-19 levels. Because the GM Clean Air Plan is required to take action to take NO<sub>2</sub> levels over a number of years into the future in order to demonstrate compliance with legal limits<sup>7</sup>, the nearer term influence of COVID-19 on air quality is not expected to lead to sufficiently long term reductions in pollution such that the modelled exceedances of the legal NO<sub>2</sub> limits will be met without implementing a Clean Air Zone.

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<sup>7</sup> The modelling approved by government of NO<sub>2</sub> concentrations in Greater Manchester predicts that exceedance of the legal limit is likely to continue until 2027, if action is not taken to reduce road vehicle emissions.

- 4.7 In practice, there are many ways in which the pandemic could influence future emissions: in particular, sustained traffic reductions due to permanent increases in working from home or other lifestyle changes, or reductions in bus services due to a sustained decline in demand could reduce emissions, whilst an older fleet on the roads due to vehicle owners delaying vehicle purchases as a result of the pandemic and manufacturing constraints on new vehicles could delay expected necessary future improvements to the emissions of circulating vehicles.

## **5 Covid-19: Economic Impacts and Building Back Better**

- 5.1 As has been outlined earlier in the report the core goal of the GM Clean Air Plan is to address the legal requirement to remove ALL roadside concentrations of NO<sub>2</sub> that have been forecast to exceed the legal Limit Value (40 µg/m<sup>3</sup>), identified through the target determination process, in the “shortest possible time” in line with Government guidance and legal requirements.
- 5.2 The aim of the Government’s funding set out in the plan is to assist vehicle owners with upgrading their vehicle to a compliant vehicle and to mitigate the negative socio-economic effects of the GM CAZ. Government funding for the clean air plans is limited and has not to date been designed in consideration of the economic effects of COVID-19, and given that all of GM’s proposals were prepared pre-COVID, GM has undertaken to make an assessment of the possible impacts of COVID-19 to inform a technical briefing note for decision makers. A review of the assumptions GM made in terms of the economic circumstances of impacted groups, is necessary as the ‘starting positions’ assumed in the policy positions for each of the measures will have changes as a result of COVID-19. As a result of COVID-19 it is anticipated that the impact the CAZ will have changed and GM needs to identify, where possible, what this change will bring and report this in the final proposals for decision makers to consider.
- 5.3 As a result of the pandemic, vehicle owners may not be starting from the same position as had been previously assumed in terms of their fleets and their ability to upgrade as a result of the GM CAP. They may therefore need more or different support to help them upgrade or to mitigate the impacts of the CAZ.
- 5.4 The timescales for GM CAP are determined by a Ministerial Direction. GM needs to launch a Clean Air Zone in 2022 to meet the requirement of the direction to secure compliance with NO<sub>2</sub> standards in the shortest possible time and by 2024 at the latest. As has been made clear in other reports, Ministers have written to Greater Manchester confirming that they expect measures to continue to be developed and the consultation to be undertaken as required by the Ministerial Direction.
- 5.5 GM must make a final plan no later than Summer 2021 in order to be in a position to launch a Clean Air Zone in 2022. The GM Authorities report on the Final Clean Air Plan will include the consultation results, the assessment of

COVID-19 and a final recommended package of measures to ensure the achievement of NO2 compliance in the shortest possible time and by 2024 at the latest as required by the Ministerial Direction. The report will be supported by the following documents:

- AECOM Consultation Report <sup>8</sup>
- GM Authorities Response to the Consultation
- Impacts of COVID-19 Report
- GM CAP Equality Impact Assessment following Consultation
- GM CAP Policy following Consultation
- Modelling report of final CAP package
- Economic implications of CAP

- 5.6 That plan will need to determine:
- the boundary, discounts, exemptions and daily charges of a Clean Air Zone.
  - the amount of supporting funds.
- 5.7 In determining the final funding amounts this will in turn start the process of distributing the secured funding to those eligible, as per the 'final plan' GM CAP policy.
- 5.8 Supporting funds are critical to help businesses prepare for the launch of a Clean Air Zone. Elsewhere in this report it is described that when Leeds City Council opened their clean vehicle funds it enabled impacted groups to access funding and upgrade their vehicle prior to the scheme's launch. This is reported to have led to a dramatic shift to cleaner vehicles. This along with a smaller geographic area, and pandemic traffic levels led to a joint review with JAQU which found that air pollution in Leeds was significantly below legal limits and that it was likely to be maintained, meaning legal limits will be met without implementing a Clean Air Zone. It should be noted that at the outset air pollution levels were not as poor in Leeds as in GM, and compliance was expected to occur naturally earlier than the opening date for the GM CAP.
- 5.9 GM recognises the absolute importance of understanding what impacts the pandemic has had on air quality and businesses, ensuring any impacts are reflected in the final plans and the ongoing discussions with government. That is why the consultations asked for business feedback on this crucial issue, encouraging as wide a range of views as possible.
- 5.10 It is a very uncertain time and getting the right level of funding to support local businesses and organisations before the Clean Air Zone is introduced is key. Following the conclusion of the consultation, both GM CAP and MLS consultation responses will be analysed and reported on by AECOM an independent research agency.
- 5.11 GM will fully consider all the information and evidence gathered during the consultation, so that it can understand the consequences COVID-19 has had

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<sup>8</sup> AECOM – the independent agency who are managing and analysing the consultation responses

on vehicle owners and trades which will be directly affected by the GM CAP and MLS.

- 5.12 As set out in previous reports the Impacts of COVID report will include consideration of:
- whether the assumptions underpinning the GM CAP are still valid;
  - whether GM will remain in exceedance of legal nitrogen dioxide limits under the proposals as they currently stand;
  - the measures proposed in the package for consultation; and
  - whether the proposed support package will be sufficient.
- 5.13 Given the timescales the GM Authorities are working to they need to be clear as to what assessments can be made, ahead of the determination of a final plan. The final plan report will:
- set out the revised assumptions underpinning the GM CAP and the uncertainty surrounding these;
  - set out the revised policy positions for each of the measures including amount of supporting funds for eligible applicants; and
  - include an assessment of the possible impact of COVID-19 on when GM will secure compliance.
  - set out what level of funding GM will be seeking from government to support the individuals and smallest businesses who will be most economically vulnerable to the GM CAZ and where, given the impact of COVID-19 the previous amounts of grant funding to help upgrade to a compliant vehicle may not be enough to adequately mitigate the potential adverse economic impacts of both.
- 5.14 On the 4th January the Prime Minister announced a national lockdown and instructed people to stay at home to control the virus, protect the NHS and save lives. At the time of writing this report (6th January 2021) the implications for 'lockdown 3' on the GM Clean Air Plan are unknown. As the pandemic is unpredictable and dynamic, contemporary reporting on the progress on the development of the final plan will be provided by the Green City Region Lead, as required, at GMCA meetings.

## **6. Clean Air – Progress Since Last Update**

### **6.1 Hackney Carriages & LGV fleet support**

- 6.1.1 As reported in July, Government has accepted the need for vehicle replacement funds for Hackney Carriages, and Light Goods Vehicles, but requested further development of shared evidence on the needs within this complex sector before responding to the specific asks of is £80m for LGVs/vans and for Hackney Carriages it is £10.4m, plus delivery costs. GM has submitted this information, however at the time of writing the Government has not made an offer of funding. GM Authorities consulted on the financial proposal at the date of consultation.

### **6.2 Try Before You Buy & EV Taxi Infrastructure**

- 6.2.1 GM is proposing a 'Try Before You Buy' Electric vehicle initiative for GM-licensed Hackney Carriage drivers to address uncertainties such as operating costs, range anxiety and availability of charging infrastructure. This is similar to a scheme run by Nottingham City Council which resulted in a 40% conversion rate (40% of those who used the scheme then switched to an electric hackney). The funding ask for this is £1.9m, however Government has not yet made an offer of funding for this initiative.
- 6.2.2 GM is also proposing a network of 40 hackney/PHV-only rapid electric vehicle charging points to be funded via the GM CAP. These will be installed in suitable, available and sustainable locations, with a focus on re-purposing public sector assets and will be supported by the development of an EV Taxi (HC and PHV) charging membership scheme. The funding ask for this is £6.5m, and Government has not yet made an offer of funding for this initiative.

### **6.3 Clean Bus Fund – Replacement**

- 6.3.1 It was assumed at OBC stage that an estimated 350 buses could not be retrofitted and that it would be for the market to find a solution. GM is looking to secure funding from the £5 billion of new funding for buses and cycling announced in the March budget. Alongside this, GM is proposing to Government that it requires circa £9m of funding plus delivery costs to support the replacement of non-compliant vehicles operating on registered bus services in GM that cannot be retrofitted; in this respect the Government have not made an offer of funding.

### **6.4 Strategic Road Network managed by Highways England**

- 6.4.1 The 10 GM Authorities continue to ask the Government to direct Highways England to tackle NO<sub>2</sub> exceedances on the Strategic Road Network (SRN) in the same way GM Authorities are having to take action on the local road network.
- 6.4.2 In particular Tameside MBC has highlighted to Ministers that the inconsistency in approach is leaving many residents unprotected, particularly, around the A628/A57, a strategically important trans-Pennine route that passes through the villages of Hollingworth and Mottram as a single carriageway. This route, managed by Highways England, will be left with NO<sub>2</sub> exceedances that are not being addressed, despite the area being declared as part of GM's Air Quality Management Area.
- 6.4.3 As previously reported on 21 July 2020 a meeting was held between Rachel MacLean – Parliamentary Under Secretary of State for Transport, Councillor Brenda Warrington, Councillor Andrew Western, Jonathan Reynolds MP and Robert Largan MP. Minister MacLean listened to the concerns of GM politicians and committed to reviewing the options to deal with this issue.
- 6.4.4 On 25 August 2020, Tameside MBC were notified that Government ministers have agreed to consider extending Greater Manchester's Clean Air Zone (CAZ) charges to the sections of the A628/A57 which form part of the

Strategic Road Network, within the proposed CAZ boundary. The extension of any charges to the A628/A57 will be subject to a full assessment of the potential impacts, to be led by Highways England. This will cover air quality impacts on other roads, safety impacts, carbon impacts, as well as wider issues for Highways England, such as operational and network issues. Following the assessment ministers will take the final decision on whether or not charging should be implemented on the A628/A57. Tameside officers are involved in the work to ensure that it comes to a collective conclusion about the outcomes of the assessment, which is expected to be completed by early 2021. An update on progress can be found at Appendix 1.

## **6.5 Clean Bus Fund – Retrofit**

6.5.1 As reported in July the Government awarded £14.7m as an initial tranche of funding to retrofit buses running services in GM that have older engines which are not compliant with the GM CAZ emission standards. Government also confirmed the funding award for Bus Retrofit funding should be distributed as a continuation of the Clean Bus Technology Fund. As this funding mechanism is distinct from the wider delivery of the GM CAP, no consultation feedback was requested on this aspect of the policy.

6.5.2 The distribution of Bus Retrofit funding commenced in December 2020.

6.5.3 This fund offers operators of locally registered bus services with up to £16k of funding per vehicle towards the retrofit of non-compliant buses before the launch of the Clean Air Zone in Spring 2022. The funding is available for vehicles, including minibuses and coaches, operating on a registered bus service within Greater Manchester. This includes cross-boundary services operating within the GM CAZ boundary.

## **6.6 Other Cities' Clean Air Plans**

6.6.1 Since the last report to members in July there have been significant updates on the progress of other cities plans to implement Clean Air Zones.

6.6.2 Leeds City Council – statutorily consulted on their proposals 29 June – 12 August 2018 and in 2019 announced their Clean Air Zone would launch in 2020. They commenced distributing clean air funding in 2019 to encourage vehicle upgrade. The government's joint air quality unit (JAQU) recently undertook a joint review with Leeds to analyse the impact of COVID-19 on air quality and to understand if a Clean Air Zone remains necessary, or whether NO2 compliance by the legally required timeframe can be achieved and maintained in other ways. Due to the dramatic shift to cleaner vehicles already delivered by the funding and by businesses preparing for the imminent launch of the CAZ, the review found that air pollution in Leeds is significantly below legal limits and that is likely to be maintained, even if traffic were to return to 'normal' levels or slightly higher. However, as set out in paragraph 3.6 this is not the case for the Greater Manchester Authorities where they have been instructed by government to proceed with the proposals.

- 6.6.3 Bath & North East Somerset announced on 8 October that their clean air zone, a city centre CAZ C, would take effect on 15 March 2021. This was initially due to launch in November 2020 but was delayed by the COVID-19 pandemic. The Council has opened access to its clean vehicle upgrade funds now, prior to the scheme opening, to enable impacted groups to upgrade their vehicles.
- 6.6.4 Birmingham announced on 8 October that their clean air zone will launch on 1 June 2021. The scheme, which is a city centre CAZ D, was initially due to launch in January 2020 but was delayed by issues with the Government's vehicle checker and then by impacts of the COVID-19 pandemic. Birmingham have opened up their clean vehicle funds to enable impacted groups to access funding and upgrade their vehicle prior to the scheme's launch.
- 6.6.5 Bristol consulted on their clean air zone proposals between 8 October and 13 December 2020. The Council consulted on a number of options while carrying out modelling work to look at the impact of green recovery measures. Option 1 would be a Clean Air Zone covering a small area of central Bristol where older, more polluting commercial vehicles and polluting private cars would pay to drive in the zone, referred to as 'small CAZ D'. Option 2 would be Option 1 plus a larger charging zone where older, more polluting commercial vehicles, but not private cars, would be charged to drive in the zone, referred to as 'medium CAZ C'. The full business case process is scheduled to be submitted in early 2021.
- 6.6.6 As far as GM is aware, all other authorities that received a ministerial direction to implement a clean air zone are proceeding with the development of their plans. Ministers have written to other authorities in similar terms to Greater Manchester confirming that they expect measures to continue to be developed where necessary. Some cities, such as Newcastle/Gateshead, are revising their initial proposals for a clean air zone. London's Ultra Low Emissions Zone (ULEZ), although not required under the same legislation as local authority clean air plans which are part of the clean air zone framework but has similar principles of charging the most polluting vehicles, is to be extended to the North and South Circular roads of inner London on 25 October 2021.

## **7. Clean Air Zone Preparatory Arrangements**

- 7.1 In July 2019 on the basis of evidence provided as at that date, a Ministerial letter set out that the GM plan appeared to be on track to deliver compliance in the shortest possible time and that the Greater Manchester authorities should continue to proceed towards developing the implementation and contract arrangements of a charging Clean Air Zone in Greater Manchester. Government provided an initial tranche of £36m of funding to take this forward.
- 7.2 The ten Greater Manchester Local Authorities have been directed by Government to introduce a category C Clean Air Zone across the region, therefore the key elements of the Clean Air Zone including the intended boundary and times of operation, proposed discounts/exemptions, vehicles affected and daily charges, have been subject to a statutory consultation. The



supporting measures, the detail of proposals of the funds and vehicle finance were also set out at consultation to enable consultees to respond fully to the GM CAP proposals. Given that the 10 Local Authorities are subject to the direction to implement the CAZ, the preparatory procurement arrangements have commenced without a risk of the consultation outcome being pre-judged.

- 7.3 The ten Greater Manchester Local Authorities are undertaking the preparatory implementation and contract arrangements required to deliver the CAZ and other GM CAP measures. Preparatory work is required in order to maintain delivery momentum in line with the funding arrangements agreed with JAQU, for example in relation to automatic number plate recognition (ANPR) cameras, back office systems and service providers.
- 7.4 A description of the main procurements is set out in Appendix 2. This includes the date when formal contract awards are expected to be made to enable GM to deliver a charging Clean Air Zone in Spring 2022 to meet the timescales required by the Ministerial Direction.
- 7.5 TfGM is running the procurement exercise with potential suppliers to final evaluation and to provide a report to allow the authorities (as set out in section 9 a joint committee will be set up to delegate to TfGM) to make a decision to award to the successful supplier(s) on receipt of [confirmation of] funding from JAQU.
- 7.6 The Executive Report of 9th September 2020 considered the proposed Governance arrangements for the CAZ and it was subsequently agreed by all 10 Greater Manchester Local Authorities and GMCA that TfGM will act as an 'operating body' responsible for day to day operation of the CAZ and the implementation of other GM CAP measures.
- 7.7 The Executive Report of 9th September 2020 also set out that a future report would detail the formal governance mechanisms that will underpin the delivery of a GM Clean Air Zone (CAZ) and the supporting measures, including the powers that will need to be delegated to the Operating Body. Section 8 of this report considers the joint working arrangements that will be required.

## **8. Clean Air – Consultation**

### **Consultation purpose and delivery arrangements**

- 8.1 The ten Greater Manchester authorities conducted an eight-week consultation from 8 October to 3 December 2020 that adhered to the government's COVID-19 guidance around social distancing. The purpose of the consultation was to seek views from residents, visitors, stakeholders and businesses on the proposals to achieve compliant NO<sub>2</sub> levels in Greater Manchester. The Greater Manchester Minimum Licensing Standards consultation ran in parallel to ensure that those impacted and/or interested in the proposals could have a complete view of the proposed changes to vehicles and the financial support available.

- 8.2 The consultation was not seeking a decision on whether to introduce a scheme as that has been directed by the Secretary of State; it set out a position for consultation on the daily charge, discounts and exemptions of a Category C GM Clean Air Zone, and the proposals for the supporting funds.
- 8.3 TfGM, on behalf of the ten Greater Manchester authorities, conducted the consultation, under the CleanAirGM branding. AECOM – an independent opinion research agency – was appointed to receive, manage, process and analyse the consultation responses on TfGM's behalf; to undertake qualitative research on the proposals (a research method of facilitated sessions to seek feedback from representative groups); and produce a full report on the findings from the consultation.
- 8.4 The consultation was also supported by engagement activity to ensure all groups could engage with the consultation materials and respond in a meaningful way.

### **Consultation documentation**

- 8.5 The consultation materials were published on [www.CleanAirGM.com](http://www.CleanAirGM.com) on 8 October 2020. This included the consultation document, the questionnaire, technical reports, the policy for consultation and supporting public facing materials such as leaflets and fact sheets. An animation outlining the proposals with subtitles and British Sign Language interpretation was also published.
- 8.6 Hard copies of the consultation document and questionnaire were sent to each local authority for distribution across the boroughs as deemed appropriate. These materials were also sent to every Travelshop operated by TfGM across Greater Manchester. Hard copies of other materials were available on request, as well as alternative formats.
- 8.7 In addition to the online and hard copy questionnaire, people could respond via a dedicated phonenumber, email or post. A language line facility was also in place for non-English speakers.

### **Consultation methodology and questions**

- 8.8 The consultation questions were embedded throughout the consultation document and in the questionnaire.
- 8.9 The aim was to seek views on the detail of the proposed boundary (already set by the direction at GM-wide), the proposed operation, the proposed charges and discounts / exemptions, the supporting measures (funds, vehicle finance) and the impacts of Covid-19 on the ability of businesses / organisations to respond to the proposals.
- 8.10 During the consultation planning stage, an equality impact assessment was undertaken to ensure that the proposed consultation methodology did not exclude any groups with protected characteristics and that any issues arising

due to the current situation in relation to COVID-19 were appropriately mitigated.

### **Engagement and awareness raising activity**

- 8.11 GM and national-level engagement activity was coordinated and delivered by TfGM under the CleanAirGM branding. Each of the 10 GM authorities also implemented their own delivery plans for consultation with their residents and businesses. Full details of the GM level engagement delivered throughout the consultation can be found in Appendix 3.
- 8.12 The GM authorities used both online and offline channels to promote the consultation, (including social media, digital advertising, out of home advertising, media and PR, working with stakeholders and other routes). As traditional consultation-style events and drop-in sessions could not be hosted due to the restrictions on large gatherings, GM used online events, webinars, social media in order to answer questions and engage. Activity undertaken at a local level will be included in local authority reports, as appropriate.
- 8.13 TfGM also developed a virtual exhibition space to provide an alternative way to engage with the consultation materials and speak to members of the CleanAirGM team, in the absence of face-to-face engagement. The platform had an online chat facility which operated for several hours a day at least six days a week.

### **Qualitative research**

- 8.14 Alongside the consultation and engagement activity, qualitative research was also undertaken by AECOM to explore the impact of the proposals and the impact of Covid-19 on the most impacted groups. This included small and micro businesses, the taxi and private hire trade, the freight and logistics sector, public transport users and those with respiratory conditions.
- 8.15 The sessions took place as either focus groups or depth-interviews on Microsoft Teams and were facilitated by an independent moderator. Full details of the activity can be found in Appendix 4.
- 8.16 This research was conducted whilst the consultation was ongoing and will be reported within the consultation findings report.

### **Final response numbers and other submissions**

- 8.17 A total of 4765 responses were received during the consultation period:
  - 3954 via online questionnaire
  - 767 via email
  - 43 paper questionnaires
  - 1 telephone response
- 8.18 The full AECOM Consultation Report will be published with the final plan.

- 8.19 Late responses (i.e. submitted after the deadline of 3 December 2020 at 23:59) are not counted in the final numbers of responses but will be summarised in a separate chapter of the report that will be produced by AECOM (the independent agency who are managing and analysing the responses to the consultation). Any late responses to the Clean Air consultation will be considered in the local authority reports on the outputs of the consultations to the extent that they are deemed to be material.

## **9. Clean Air – Governance**

- 9.1 The Executive Report of 9th September 2020 considered the proposed Governance arrangements for the GM CAZ and it was subsequently agreed by all 10 GM Authorities and GMCA that TfGM will act as an ‘operating body’ responsible for day-to-day operation of the CAZ and the implementation of other GM CAP measures.
- 9.2 The Executive Report of 9th September 2020 also set out that a future report would detail the formal governance mechanisms that will underpin the delivery of a GM Clean Air Zone (CAZ) and the supporting measures, including the powers that will need to be delegated to the Operating Body.
- 9.3 This section of the report considers the formal governance mechanisms and joint working arrangements that will be required to ensure that the 10 GM Authorities implement a charging Clean Air Zone in Spring 2022 so as to ensure the achievement of NO<sub>2</sub> compliance in the shortest possible time and by 2024 at the latest as required by the Ministerial Direction.
- 9.4 The formal governance mechanisms include the political oversight arrangements (to include to the oversight of the CAZ including monitoring and policy setting) and operating arrangements.
- 9.5 As there are several key charging authority functions that can only be discharged by the charging authorities (and as the GMCA is not a charging authority), the approach that GM will take will be to establish:
- a Joint Committee of charging authorities to enable decisions to be taken that are required to be taken jointly by the Constituent Authorities’ as charging authorities in relation to the Greater Manchester Clean Air Zone; and
  - a Joint Committee of the charging authorities and the GMCA to enable the joint discharge of the GMCA’s and Constituent Authorities’ functions under sections 82 to 84 of the Environment Act 1995 (Air Quality) and in relation to the Greater Manchester Clean Air Plan (excluding such decisions that must be taken by the charging authorities jointly under Part 3 of, and Schedule 12 to, the Transport Act 2000 and regulations made thereunder).
- 9.6 These formal governance arrangements need to be in place before the GM Authorities make a decision to award the contracts necessary, as set out in Appendix 2, to deliver a charging Clean Air Zone and other measures to successful supplier(s). The terms of reference including the functions requiring

delegation to the joint committees are set out in Appendix 6. The 10 GM local authorities are being asked to agree the establishment of the committees, nominate their committee members and terms of reference for the joint committees.

- 9.7 The proposed governance arrangements will also enable TfGM to discharge relevant local authority functions before decisions to award contracts to successful suppliers.
- 9.8 A description of the main procurements is set out in Appendix 2. This table includes the date when formal contract awards are expected to be made to enable GM to deliver a charging Clean Air Zone in Spring 2022 as required by the Ministerial Direction. They are imminent with the first being in March 2021 through the Summer of 2021.
- 9.9 Furthermore it is prudent and conventional on such a complex, multi-authority project, for there to be an agreement put in place between the 10 local authorities and GMCA/TfGM to clarify the rights, responsibilities and obligations of the authorities in relation to [those contracts and] the collective GM CAP, and setting out how all parties will work together to deliver the GM CAP up to and beyond the determination of the final plan.
- 9.10 The GM authorities are being asked to provide sufficient delegations for each Authority to be a party to the collaboration agreement between the 10 local authorities and GMCA/TfGM to clarify amongst other matters the rights, responsibilities and obligations of the authorities in relation to those contracts set out in Appendix 2.

### **State Aid**

- 9.11 The consultation materials were published on [www.CleanAirGM.com](http://www.CleanAirGM.com) on 8 October 2020 in the [Policy for Consultation](#), GM outlined that the proposed measures would be subject to state aid restrictions. Subsequently there are new rules and arrangements are in place. The EU-UK Trade and Co-operation Agreement (TCA) sets out the new obligations for Subsidy Control which replaces the State aid regime in the UK. The new rules must be considered in respect of all grants awarded from 1st January 2021. This will be taken into consideration in the development of the final plan.

## **10. Minimum Licensing Standards and the GM Clean Air Plan**

- 10.1. Taxi/PHV services are a significant part of GM's transport offer. In 2018, GM's ten local authorities agreed to collectively develop, approve and implement a common set of minimum licensing standards (MLS) for Taxi and Private Hire services that cover the whole of GM. At that time, the primary driver for this work was to improve public safety, but vehicle age and emission standards in the context of the Clean Air agenda are now also a major consideration.
- 10.1 As licensing is a local authority regulatory function, the work to devise the Standards has been undertaken by the GM Licensing Managers Network, with

TfGM supporting the co-ordination of this work, and alignment with other relevant GM policies, at a GM level.

10.2 There are four areas of focus for the MLS:

- Drivers: Criminal Records Checks; Medical Examinations; Local knowledge test; English language; Driver training; Driving Proficiency; Dress Code.
- Vehicles: Vehicle emissions (diesel Euro 6 and above, petrol Euro 4 and above with an ambition for a zero-emission capable fleet); Vehicle ages (under 5 years at first licensing, no older than 10 years); Vehicle colour (Black for Taxi/Hackney, white for Private Hire Vehicles); Vehicle livery (common GM design with Council logo incorporated); Accessibility (all Taxis to be wheelchair accessible); Vehicle testing; CCTV; Executive Hire; Vehicle design and licensing requirements.
- Operators: Private Hire Operators/staff will require basic criminal record check; more stringent requirements in relation to booking records; Operators to take more responsibility for the behaviour of their drivers.
- Local Authorities: Applications may be submitted up to 8 weeks in advance of license expiry; Once determined, license issued within 5 working days; Agree to develop common enforcement approach and a framework to which licensing fees are set; Councillors to receive training before they hear applications.

10.3 Given the decarbonisation challenge, sectors such as transport need to take very significant action now to reduce carbon emissions. For taxis and PHVs to contribute will require them to switch to zero-emission capable (ZEC) vehicles. To invest in ZEC vehicles, taxi proprietors also require long term confidence in the local policy landscape, including future interventions and supporting infrastructure.

10.4 The trade has asked for certainty, funding, and long lead in times for these changes. This is extremely challenging within the current and emerging policy environment. Officers have developed policy proposals that can meet these needs as far as possible, which is why parallel consultations have been undertaken for MLS and GM CAP, and that charging, funding, and licensing policy positions are coherent and joined-up.

10.5 Ultimately the collaborative approach that the MLS represents will help achieve the vision of a strong, professional and healthy taxi and private hire sector providing safe and high-quality services to residents and visitors across the whole of Greater Manchester. This vision sees taxis and Private Hire as a crucial part of the overall transport mix, that can consistently deliver safe and high-quality services for the public. The proposed MLS will help deliver improved safety, customer focus, higher environmental standards and accessibility.

10.6 In addition, GM understands that, like many parts of the economy, and in particular the transport sector, the taxi and private hire trade have been impacted by COVID-19, lockdown and the effects of social distancing policies. Therefore, the MLS consultation, which is a matter for the 10 district councils,

included questions designed to elicit a fuller and more informed understanding of the wider effects of COVID-19 on the economic health and sustainability of the taxi and private hire trades.

## **11 MLS – Consultation**

### **Consultation purpose and delivery arrangements**

- 11.1 The ten Greater Manchester authorities conducted an eight-week consultation from 8 October to 3 December that adhered to the government COVID-19 guidance around social distancing. The purpose of the consultation was to inform the trade and the public of the proposals and engage impacted groups (the trade and the main service users) to build understanding and awareness to inform the final standards.
- 11.2 TfGM, on behalf of the ten Greater Manchester licensing authorities, conducted the consultation, under the GM Taxis Standards brand. AECOM – an independent opinion research agency – was appointed to receive, manage, process and analyse the consultation responses on TfGM’s behalf; to undertake qualitative research on the proposals (a research method of facilitated sessions to seek feedback from representative groups); and produce a full report on the findings from the consultation.
- 11.3 The consultation was also supported by engagement activity with the trade to help ensure they could engage with the consultation materials and respond in a meaningful way.

### **Consultation documentation**

- 11.4 The consultation documentation was published on [www.gmtaxistandards.com](http://www.gmtaxistandards.com) on 8 October 2020. This included the [consultation document](#), the questionnaire and supporting public facing materials such as leaflets and factsheets. An animation outlining the proposals with subtitles and British Sign Language interpretation was also developed.
- 11.5 Hard copies of the consultation document and questionnaire were sent to each local authority for distribution across the boroughs as deemed appropriate. These materials were also sent to every Travelshop operated by TfGM across Greater Manchester. Hard copies of other materials were available on request, as well as alternative formats.
- 11.6 In addition to the online and hard copy questionnaire, people could respond via a dedicated phonenumber, email or post. A language line facility was also in place to support non-English speakers.

### **Consultation methodology and questions**

- 11.7 The consultation questions were embedded throughout the consultation document and in the questionnaire.

- 11.8 The aim was to seek views on the proposed driver standards, vehicle standards, operator standards, local authority standards, local authorities, the proposed implementation timetable and the impacts of COVID-19 on the ability of businesses / organisations to respond to the proposals.
- 11.9 During the consultation planning stage, an equality impact assessment was undertaken to ensure that the proposed consultation methodology did not exclude any groups with protected characteristics and that any issues arising due to the current situation in relation to COVID-19 were appropriately mitigated.

### **Engagement and awareness raising activity**

- 11.10 GM engagement activity was coordinated and delivered by TfGM under the GM Taxi Standards brand. Each of the 10 GM communications and engagement teams and licensing teams supported this delivery plan, with their own local plans. Full details of the GM level engagement delivered throughout the consultation can be found in Appendix 3.
- 11.11 The GM authorities used both online and offline channels to promote the consultation, (including social media, digital advertising, out of home advertising, media and PR, working with stakeholders and other routes).
- 11.12 As traditional consultation-style events and drop-in sessions could not be hosted due to the restrictions on large gatherings, GM used online events, webinars, social media and promoted a phone number, in order engage with the public and impacted groups.
- 11.13 TfGM also developed a virtual exhibition space to provide an alternative way to engage with the consultation materials.

### **Qualitative research**

- 11.14 Alongside the consultation and engagement activity, qualitative research was also undertaken by AECOM to explore the impact of the proposals and the impact of COVID-19 on the trade and key users.
- 11.15 The sessions took place as either focus groups or interviews on Microsoft Teams and were facilitated by a moderator. Full details of the sessions can be found in Appendix 5.
- 11.16 This research was conducted whilst the consultation was ongoing and will be reported within the consultation findings report.

### **Final response numbers and other submissions**

- 11.17 A total of 1682 responses were received during the consultation period:
- 1552 via online questionnaire
  - 46 via email
  - 84 paper questionnaires



11.18 The full AECOM Consultation Report will be published with the final plan.

11.19 Late responses (i.e. submitted after the deadline of 3 December 2020 at 23:59) are not counted in the final numbers of responses but will be summarised in a separate chapter of the report that will be produced by AECOM (the independent agency who are managing and analysing the responses to the consultation). Any late responses to the MLS consultation will be considered in the local authority reports on the outputs of the consultations to the extent that they are deemed to be material.

## **12 Next Steps**

12.1 GM needs time to:

- Review all the information gathered through the GM CAP and MLS consultations.
- Fully consider all the information and evidence gathered, so that it can understand the consequences of COVID-19 has had on vehicle owners and trades affected by the GM CAP and MLS.
- Undertake the subsequent equalities, air quality and emissions impact assessments, this work will be vital to inform future decisions on each aspect of the final plan.

12.2 It is proposed that for the GM CAP a final plan will be brought forward for decision makers as soon as is reasonably practicable and no later than summer 2021, and at this time the outputs of the MLS consultation will also be reported.

12.3 Officers will:

- Continue dialogue with JAQU to secure a clear response from government on GM's outstanding clean air funding asks;
- Continue to undertake the preparatory implementation and contract arrangements that need to be undertaken to deliver the CAZ and other GM CAP measures;
- Continue work to understand the possible impacts of COVID-19 on the GM CAP and MLS;
- Continue to assess the findings of the consultation and develop a final Clean Air Plan (as set out at paragraph 5.5) for consideration by the 10 Greater Manchester Local Authorities; and
- Consider the proposed approach to the consideration and adoption of MLS by the 10 Greater Manchester Local Authorities.

## **13 Recommendations**

13.1 The recommendations are set out at the front of the report.

## **Appendix 1 – Update on Assessing Impacts of Extending Greater Manchester’s Clean Air Zone (Caz) Charges to the Sections of the A628/A57**

- 1 As set out at 5.4 Government ministers have agreed to consider extending Greater Manchester’s Clean Air Zone (CAZ) charges to the sections of the A628/A57 which form part of the Strategic Road Network, within the proposed CAZ boundary. The extension of any charges to the A628/A57 will be subject to a full assessment of the potential impacts, to be led by Highways England. This will cover air quality impacts on other roads, safety impacts, carbon impacts, as well as wider issues for Highways England, such as operational and network issues. Following the assessment ministers will take the final decision on whether or not charging should be implemented on the A628/A57. Tameside officers are involved in the work to ensure that it comes to a collective conclusion about the outcomes of the assessment, which is expected to be completed by early 2021
- 2 The assessment of the potential impacts work has commenced. The scope of work produced by Highways England, Tameside and TfGM addresses air quality, carbon, safety and consideration of wider network operations. The scope of work will be submitted to DfT for approval. The scope is clear it will consider the extents of any charging on the SRN (A57 / A628), will be limited to within Tameside administrative boundary in line with the proposed boundary of the GM Clean Air Zone (CAZ).
- 3 The scope outlines the assessment will follow a staged approach, increasing the level of detail and information required as necessary.

### **Stage 1**

- a high-level assessment, to determine the number of non-compliant HGVs, buses, taxis and vans that are predicted to use the A57 / A628 as a strategic through route staying on the SRN transiting the region and not entering Greater Manchester (GM) Clean Air Zone (CAZ);
  - an estimation of the likely air quality benefits on the A57 / A628 from including this section of road within the charging CAZ; and
  - JAQU have confirmed that the location of predicted exceedances in 2023 provided by TfGM to date are qualifying features for the reporting requirements for Limit Values.
- 4 If the high-level assessment completed at Stage 1 indicates that it is possible for charging on the A57/A628 to deliver material improvements to predicted exceedances or achieve limit value compliance a year earlier on the A57/A628 than without charging, then the assessment work would move to Stage 2.

### **Stage 2**

- A more detailed investigation of traffic movements along the A57 / A628 and movements in and out of proposed GM charging CAZ;
- Detailed air quality modelling of the impacts and effect of charging on the SRN. It is anticipated that Highways England would work in partnership with TfGM to complete this work as they have the models, including driver behaviour responses already developed.

- Depending on the anticipated behavioural response to charging:
    - Identification of likely alternative routes HGVs and vans would take to move between their origin and destinations;
    - Calculation of changes in carbon dioxide emissions for HGVs and vans associated with these new routes;
    - A review of the safety implications for additional HGVs and van movements on alternative routes;
    - Commentary of the impacts for operating and maintaining the network associated with changes in traffic movements along the A57 / A628 corridor and the use of alternative routes.
- 5 The assessment to date highlights GM's material point that Government's requirements of Highways England in respect of NO<sub>2</sub> are not the same as the approach they have taken in respect of the GM authorities who have been directed to take action on the local road network. The appraisal approaches required by Government are not consistent in their interpretation of Highways England and local authority roads, which reflects the typically differing nature of public access immediately adjacent to local roads and motorways. However, the A57/A628 section of the SRN is atypical in that it more closely resembles a 'local road' environment with public residences at the kerbside. It has therefore been determined in the scope of works to apply the approach used by the GM Authorities in modelling the GM CAP.

### **Initial Outputs**

- 6 Highways England, Tameside and Transport for Greater Manchester noted that work to date as part of the GM CAP shows that the introduction of a GM Clean Air Zone leads to a 3 to 4µg/m<sup>3</sup> reduction in annual mean NO<sub>2</sub> concentrations for properties adjacent to the A57 and A628 when first opened. On expiry of the temporary exemption for LGVs and minibuses, NO<sub>2</sub> concentrations reduce by a similar amount again, providing a total improvement of 6 to 8µg/m<sup>3</sup>.
- 7 Further analysis and air quality modelling as part of this study indicates that there are expected to be NO<sub>2</sub> exceedances in 2023 with the GM CAZ operational, and also there are expected to be additional NO<sub>2</sub> reductions from charging on this section of the SRN. Therefore, as the early indication is that it is possible for charging to deliver material improvements to predicted exceedances on the A57/A628 than without charging, work will progress to Stage 2.
- 8 As part of stage 2 the study will continue to refine the traffic data and associated air quality modelling, reviewing the results to understand what they mean for this study.

## APPENDIX 2 – MAIN PROCUREMENTS TO ENABLE GM TO DELIVER A CHARGING CLEAN AIR ZONE IN SPRING 2022

Procurement Activity	Reason for Procurement	Procurement Approach	Estimated Contract Value £m*	Anticipated Contract Award Date	Funding Required from JAQU to enable contract award
CAZ Signage	Signs are required to be placed on the highway network to support the implementation of the GM CAZ. The signage will need to be placed within the GM CAZ and at entry and exit points on the Strategic Route Network and neighbouring authorities <sup>9</sup> .	A procurement exercise has been undertaken for entry, exit and advance, repeater and advance direction signage, to cover the manufacture, installation, management and de-commissioning of such signs. Advanced warning signs on the Strategic Road Network required for CAZ are to be procured separately by Highways England, who manage this network.	£2.55m(CAPEX)	March 2021	n/a funded by £36m initial funding award
CAZ Service	Automatic Number Plate Recognition (ANPR) cameras will be used to detect vehicles through the capture of Vehicle Registration Marks (VRMs) and record evidential data of their entry into the GM CAZ. ANPR cameras will be	Procurement is being run through a competitive dialogue procedure to acquire the following services under a single contract: 1) A Vehicle Detection and Processing Service to operate and maintain the ANPR devices; 2) A CAZ Office Service that will: • service customers, so as to handle individual queries from members of	£62.0m (CAPEX) £98.5m (OPEX)	Summer 2021	£38m plus £24m from the initial funding award

<sup>9</sup> Formal agreement of the precise location of the CAZ signage, this can only be decided once the boundary is finalised in the Final Plan Report.

Procurement Activity	Reason for Procurement	Procurement Approach	Estimated Contract Value £m*	Anticipated Contract Award Date	Funding Required from JAQU to enable contract award
	installed at key locations across the region.	<p>the public regarding the GM CAZ; and</p> <ul style="list-style-type: none"> <li>enable integration with the via a Central Government Payment Portal.</li> </ul> <p>3) A Penalty Enforcement Service that will enable 'case management', and interface to the DVLA, to issue Penalty Charge Notices (PCNs) and where necessary the Traffic Enforcement Centre (TEC), Traffic Penalty Tribunal (TPT) and the Enforcement Agents, and track the progress of the PCN.</p>			
CAZ Debt Recovery	A Debt Recovery Service will be required to progress debt management and to secure payment of outstanding fines, penalties and any charges as directed by the TEC and TPT.	This contract will be a call-off from the Crown Commercial Services (CCS) framework to recover outstanding debts both nationally and internationally.	£40.7m	May 2021	n/a will be funded by the operational revenues of the Clean Air Zone
Vehicle Funds - Clean Vehicle	Owners or registered keepers of a non-compliant vehicle that will	<ul style="list-style-type: none"> <li>Provide a "digital first" entry point for the customer, and an automated process so applicants will quickly</li> </ul>	£4.56m	May 2021	£4.56m

Procurement Activity	Reason for Procurement	Procurement Approach	Estimated Contract Value £m*	Anticipated Contract Award Date	Funding Required from JAQU to enable contract award
Funds Service	be subject to the GM CAZ charges may be eligible to apply for financial support towards upgrading to a compliant vehicle, subject to meeting eligibility criteria. The Clean Vehicle Administration of the Clean Air Funds will be delivered through a Financial Conduct Authority (FCA) authorised Clean Vehicle Fund Service (CVFS) and a panel of FCA authorised Financiers <sup>10</sup> .	<p>be able to access information on funding options available to them and to make an application.</p> <ul style="list-style-type: none"> <li>• Manage a network of dealerships accredited to receive grant payments.</li> <li>• Provide applicants with non-compliant vehicles who successfully passed eligibility testing the option of either a grant or vehicle finance funding option and progress sourcing a vehicle.</li> <li>• An Applicant who chooses the grant option will be able to access an accredited dealership<sup>11</sup> list to redeem the grant monies through a voucher issued through the CVFS.</li> <li>• A database of all applications made for grant and vehicle finance and the funding route chosen.</li> </ul>			

<sup>10</sup> TfGM, the ten Greater Manchester local authorities and GMCA will not be party to any vehicle selection, specification and supply or to any of the financial agreements between the Financiers and the vehicle owners. TfGM will not be required to be FCA authorised.

<sup>11</sup> Dealerships will be able to apply through the platform for accreditation to the Clean Funds Scheme and therefore receive grant payments. Dealerships will be required to be FCA authorised (or exempt as appointed representatives of FCA authorised Principal firms); and agree electronic Term's and Condition's for the scheme.

Procurement Activity	Reason for Procurement	Procurement Approach	Estimated Contract Value £m*	Anticipated Contract Award Date	Funding Required from JAQU to enable contract award
		<ul style="list-style-type: none"> <li>Interface management between the CVFS and the Financiers in order to deliver a digital customer journey.</li> <li>A robust process for monitoring of the funds. N.B. if there is a lower take up of the Clean Funds Scheme than expected volumes (or higher than expected in a particular funding tranche), GM can widen the eligibility criteria through the CVFS without prejudice to existing Applicants contained within the CVFS database.</li> </ul>			
Vehicle Funds - Vehicle Financiers		<ul style="list-style-type: none"> <li>Provide applicants with non-compliant vehicles who successfully passed eligibility testing and choose the vehicle finance funding option access to asset finance and leases at contributory rates to owners of eligible vehicles with the GM CAP Clean Funds Scheme providing the value of the contribution.</li> </ul>	£114m <sup>12</sup>	May 2021	£6.1m

<sup>12</sup> This sum represents the maximum that could be disbursed to Financiers should all applicants apply for finance.

Procurement Activity	Reason for Procurement	Procurement Approach	Estimated Contract Value £m*	Anticipated Contract Award Date	Funding Required from JAQU to enable contract award
		<ul style="list-style-type: none"> <li>Interface with the CVFS for hand-over of data through the CVFS on all applicants who have passed the eligibility checks and chosen to take the contributory vehicle finance funding option.</li> <li>Be required to supply all management information requirements of the fund measures.</li> </ul>			
Diffusion Tubes & Air Quality Monitoring	Air Quality monitoring will be critical in confirming that the GM CAP is delivering the necessary trajectory of air quality improvement and compliance with air quality standards. Air Quality will be measured via a combination of Diffusion Tubes and Continuous Monitors	The diffusion tubes tender was issued to market in November 2020. The scope of the procurement for diffusion tube air quality monitoring includes the supply, installation and decommissioning of the diffusion tubes at 467 monitoring sites, monthly monitoring and provision of analysis to support the GM CAP programme.	£C£1.5m	April 2021	n/a will be funded by the operational revenues of the Clean Air Zone
EV Taxi Try before You Buy (TBYB)	The GM CAP and the proposed GM MLS will require Hackney Carriages to meet stricter emissions standards,	TBYB scheme is awaiting a Government offer of funding. The procurement strategy will be defined during early 2021s	£1.0 m	Autumn 2021	£1.0m



Procurement Activity	Reason for Procurement	Procurement Approach	Estimated Contract Value £m*	Anticipated Contract Award Date	Funding Required from JAQU to enable contract award
	<p>which will mean a significant proportion of the trade will need to upgrade to compliant vehicles.</p> <p>The Hackney ZEC/EV rental initiative for drivers that are uncertain about transitioning straight to ZEC.</p>				

\*With the exception of the Signage, the contract values are estimates which will be firmed up once bids are received.

### **Appendix 3 – Engagement Activity with National and Greater Manchester-Wide Stakeholders and Organisations Representing Impacted Individuals and Businesses**

- 1 During the consultation TfGM, on behalf of the 10 GM local authorities contacted c.200 national and regional stakeholders who represented individuals or businesses who would be impacted by the GM Clean Air Plan and GM Minimum Licensing Standards.
- 2 Information was shared with these organisations (including digital toolkits) so that stakeholders could inform their members and networks of the consultation as well as providing the stakeholders with an opportunity to participate in meetings and webinars.
- 3 In total, there were 43 briefing sessions with impacted groups, which were attended by more than 300 people. This included 12 sessions for Taxi and PHV trade and drivers, plus 31 with businesses and representative bodies, including Federation of Small Businesses, CBI, British Horse Society, National Farmers Union, Confederation of Passenger Transport and Road Haulage Association.
- 4 Content was shared by many stakeholders including: GM Growth Company, GMCVO Friends of the Earth Manchester, Business Bolton, Salford CVS, GM Ageing Hub, ProManchester, CityCo, GM Health and Social Care Partnership, GM Chamber, Bury Means Business, High Peak BC, Confederation of Passenger Transport, Altrincham Partnership, Action Together, BVRLA, Love Old Trafford, Wythenshawe Forum, Manchester BID, Federation of Small Business, Wrightington, Wigan, and Leigh NHS, GM Cycling and Walking Commissioner, Clean Air UK, Rochdale Youth Service, Trafford Partnership, Health Watch Manchester, University of Manchester (this is a sample, rather than comprehensive list).
- 5 Through these networks sharing content, it can be estimated that more than 500K impacted businesses and individuals were reached via stakeholder social media channels.
- 6 As well as this, the Clean Air GM newsletter was issued at various points during the consultation, to those who had subscribed, which currently has just over 4,000 subscribers.

## Appendix 4 – Clean Air Plan Qualitative Research

### Individuals

- 2 groups with outside GM respondents who make trips into the GM region
- 2 groups with Inside GM respondents who use a mix of modes and live in areas of poor air quality and a mix of income levels (1 aged 18-40 and 1 aged 41+)
- 1 group with inside GM taxi/ PHV users
- 2 groups with inside GM respondents (50% from poor air quality areas and 50% from better air quality areas) (1 group aged 18-40 and 1 aged 41+)
- 2 groups with inside GM respondents (mix of modes used – 1 group aged 18-34 and 1 group aged 35+)
- 2 groups with inside GM respondents (bus and taxi/PHV users – 1 aged 18-34 and 1 group aged 35+)
- 1 group with inside GM respondents (campervan and horsebox owners)
- 1 depth with outside GM respondent (horse transportation vehicle)

### Taxi / PHV

- 30 depth interviews with taxi drivers
- 10 depth interviews with taxi operators (1 from each LA)
- 4 groups with taxi users

### Businesses – all with impacted vehicles

- 1 group with outside GM businesses (agriculture/ Waste Management/ Construction)
- 1 group with inside GM businesses (agriculture/ Waste Management/ Construction)
- 1 x group with inside GM businesses (retail)
- 1 x group with inside GM business (minibus/ coach operators/ voluntary sector)
- 1 x group with inside GM business (manufacturing)
- 1 x group with outside GM businesses (retail)
- 1 x group with inside GM businesses (construction/ retail)
- 1 x group with outside GM businesses (minibus/ coach operators)
- 1 x group with inside GM businesses (gardener/florist)
- 1 x group with inside GM business (night time economy)
- 1 x depth with waste management business (inside GM)
- 1 x depth with manufacturing business (inside GM)
- 1 x depth with coach/ minibus business (inside GM)
- 1 x depth with plumbing and gas business (inside GM)
- 1 x depth with butchers business (outside GM but travel into GM for trade)

## **Appendix 5 – MLS Qualitative Research**

### Depth interviews

- 30 depth interviews with taxi drivers
- 10 depth interviews with taxi operators (1 from each Local Authority area)

### Focus groups

- 4 groups with taxi users
- All users use taxi / PHV once a fortnight or more
- 1 Female only group
- 17 respondents
  - o 13 female / 4 male
  - o Range of ages (between 18 and 65+)
  - o 5 had physical or mobility disabilities which affected their travel choices
  - o At least one respondent from each of the 10 districts

## **Appendix 6 – Joint Committees Term of Reference**

### **Clean Air Charging Authorities Committee – Terms of Reference**

#### **General**

The Clean Air Charging Authorities Committee is a joint committee created by the ten Greater Manchester local authorities (“the Constituent Authorities”) under section 101(5) of the Local Government Act 1972 and Part 4 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

#### **Membership of the Committee**

The membership of the committee shall be ten, consisting of the lead executive member for clean air of each of the Constituent Authorities from time to time. The Constituent Authorities shall also each nominate a substitute executive member to attend and vote in their stead.

#### **Role of the Committee**

To enable decisions to be taken that are required to be taken jointly by the Constituent Authorities’ as charging authorities in relation to the Greater Manchester Clean Air Zone.

#### **Powers to be discharged by the Committee**

The Committee shall have power to take all such decisions of the Constituent Authorities (as charging authorities) that must be taken jointly under Part 3 of, and Schedule 12 to, the Transport Act 2000 and any regulations made thereunder.

This includes, but is not limited to:

- Making and varying a joint local charging scheme order;
  - Decisions of the charging authority under such a joint local charging scheme and the Road User Charging Schemes (Penalty Charges, Adjudication and Enforcement) (England) Regulations 2013.

#### **Operation of the Committee**

- The Committee shall appoint a chair at its first meeting;
- The Quorum of the Committee shall be 8 members;
- Each member shall have one vote;
- The Chair shall not have a casting vote;
- Unless required by law, decisions shall be made by a simple majority.

## **Air Quality Administration Committee – Terms of Reference**

### **General**

The Air Quality Administration Committee is a joint committee created by the ten Greater Manchester local authorities (“the Constituent Authorities”) and the Greater Manchester Combined Authority (“the GMCA”) under section 101(5) of the Local Government Act 1972 and Part 4 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

### **Membership of the Committee**

The membership of the committee shall be eleven, consisting of the lead executive member for clean air of each of the Constituent Authorities and the relevant portfolio holder responsible for clean air of the GMCA from time to time. The Constituent Authorities and the GMCA shall also each nominate a substitute executive member/assistant portfolio holder to attend and vote in their stead.

### **Role of the Committee**

To enable the joint discharge of the GMCA’s and Constituent Authorities’ functions under sections 82 to 84 of the Environment Act 1995 (Air Quality) and in relation to the Greater Manchester Clean Air Plan (excluding such decisions that must be taken by the charging authorities jointly under Part 3 of, and Schedule 12 to, the Transport Act 2000 and regulations made thereunder).

### **Powers to be discharged by the Committee**

The Committee shall have the power to discharge jointly:

- the GMCA’s and the Constituent Authorities’ functions under sections 82 to 84 of the Environment Act 1995
  - o the GMCA’s functions in relation to the Greater Manchester Clean Air Plan (including the taking of action likely to promote or improve the economic, social or environmental well-being of Greater Manchester in connection with it and the use of grants made by the Secretary of State under section 31 of the Local Government Act 2003 to implement that plan).
- the Constituent Authorities functions under the Greater Manchester Clean Air Plan including those under Part 3 of, and Schedule 12 to, the Transport Act 2000 and regulations made thereunder (excluding any decision thereunder that must be taken jointly by charging authorities) including, but not limited to:
  - o action required under the Environment Act 1995 (Greater Manchester) Air Quality Direction 2020 (other than the making of the joint local charging scheme);
  - o the exercise of their powers under sections 176, 177 and 192 of the Transport Act 2000;

- o the application of the Constituent Authorities' shares of any net proceeds of a joint local charging scheme made by them.

The discharge of such functions includes the doing of anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of those functions.

### **Operation of the Committee**

- The Committee shall appoint a chair at its first meeting;
- The Quorum of the Committee shall be 8 members;
- Each member shall have one vote;
- The Chair shall not have a casting vote;
- Unless required by law, decisions shall be made by a simple majority.

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## Manchester City Council Report for Resolution

**Report to:** Executive – 17 February 2021

**Subject:** City Centre Transport Strategy Consultation Outcomes

**Report of:** Strategic Director (Growth and Development)

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### Summary

This report informs Members of the outcomes of the public consultation exercise on the draft revised City Centre Transport Strategy (CCTS), which is designed to provide the framework to support the city's future growth, and to align with the Greater Manchester 2040 Transport. Appendix 1 to the report sets out a response to the issues raised during the consultation and proposed areas for reviewing and updating the draft Strategy as a result of the consultation. A further report is proposed to the March Executive meeting to present the final CCTS document and seek Members' endorsement.

### Recommendations

The Executive is recommended to:

- I. Note the outcome of the consultation on the City Centre Transport Strategy (CCTS).
  - II. Consider the responses to the concerns and challenges raised in the consultation attached at Appendix 2, and proposed changes to the draft Strategy as a result of the consultation.
  - III. Agree that a further report is brought to the next meeting to present the final CCTS.
- 

**Wards Affected – All.**

<p><b>Environmental Impact Assessment</b> - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city</p>
<p>The revised City Centre Transport Strategy will set the strategic framework for how people will travel into and out of the city centre and how they will move within the city centre. It will set out proposals to further enhance the city's public transport network and reduce car based trips over the longer term period, leading to the overall share of public transport, cycling and walking trips increasing as the preferred modes of travel. This will contribute to the city's and Greater Manchester's zero-carbon targets by increasing non-motorised trips and increasing the usage of public transport. The proposals will aim to reduce emissions and improve air quality on some of the currently most heavily polluted streets in the city centre.</p>

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The updated city centre transport strategy will need to provide the capacity needed to underpin growth and support the creation of new jobs in the city. Investment in city centre streets and the city's transport functions will support growth of the economy and maximise the competitiveness of the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The updated strategy will support the delivery of projects that will create high quality employment opportunities in the city and will support growth in a range of key sectors of the economy. Improving infrastructure and unlocking regeneration opportunities will attract new investment, boosting the local economy and providing new jobs for Manchester residents. Improved public transport and walking and cycling routes to the city centre can help residents to access jobs and training opportunities located there.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The developing strategy and the engagement exercise outlined in this report responds to the 2018 conversation exercise. The strategy will support the enhancement of the transport network serving the city centre, and through initiatives such as better ticketing. Reform to the delivery of local bus services will open up opportunities for communities across the city. Improving city centre travel and connections to other places supports inclusive development and employment growth.
A liveable and low carbon city: a destination of choice to live, visit, work	Efficient, high quality transport systems coupled with a strong sense of place will ensure Manchester continues to be a highly attractive and enjoyable visitor destination, and continues to appeal to a diverse range of people living and working in the city centre. Proposals to reduce congestion and improve air quality will help achieve a cleaner and greener city, highlighted by respondents as an important issue. Improved freight and public transport, and a reduction in car based trips contributes towards Manchester's ambition to be a zero carbon city by 2038 at the latest.

A connected city: world class infrastructure and connectivity to drive growth	Improvements to connectivity are central to the plans to refresh the strategy. World class infrastructure will attract international investment and promote a globally successful city. The strategy will deliver proposals to improve transport integration across Greater Manchester, making it easier for people getting into and moving around the city centre.
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**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 City Council provides revenue funding to help support the planning, running and subsidising of transport services in the city centre.

### **Financial Consequences – Capital**

It is expected that capital funding to invest in transport infrastructure as proposed in the revised CCTS will be met from the Greater Manchester Combined Authority (GMCA) capital programme.

### **Contact Officers:**

Name: Pat Bartoli  
Position: Head of City Centre Growth & Regeneration  
Telephone: 0161 234 3329  
E-mail: pat.bartoli@manchester.gov.uk

Name: Kate MacDonald  
Position: Strategic Lead City Centre Partnerships  
Telephone: 0161 234 8886  
E-mail: kate.macdonald@manchester.gov.uk

Name: Hilary Sayers  
Position: City Centre Growth Manager  
Telephone: 0161 234 3387  
E-mail: hilary.sayers@manchester.gov.uk

### **Background documents (available for public inspection):**

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

- Transport Strategy for Manchester City Centre 2010
- Report to Executive 28 July 2010 Consultation on Transport Strategy for Manchester City Centre
- Greater Manchester Transport Strategy 2040
- Greater Manchester Transport Strategy 2040 Draft Delivery Plan (2020-2025)
- Report to Economy Scrutiny Committee 6 February 2019 Greater Manchester Transport Strategy 2040: Draft Delivery Plan (2020–2025)
- Report to Economy Scrutiny Committee 6 February 2019 City Centre Transport Strategy – Feedback from the Responses to the Conversation held in Autumn 2018
- Greater Manchester's Plan for Homes, Jobs, and the Environment (Greater Manchester Spatial Framework Draft 2019)
- Greater Manchester HS2 and NPR Growth Strategy: The Stops are Just the Start 2018
- Manchester City Centre Strategic Plan (2015-2018)
- Greater Manchester Congestion Deal 2018
- Greater Manchester Clean Air Plan Outline Business Case 2019
- Manchester Climate Change Strategy (2017-2050)
- Manchester Climate Change Action Plan (2016-2020)
- Report to Economy Scrutiny Committee 10 October 2019 and to Executive 16 October 2019 Revised City Centre Transport Strategy
- Report to Executive 12 February 2020 - City Centre Transport Strategy Engagement Outcomes
- Draft City Centre Transport Strategy to 2040 Summary Document

## 1.0 Introduction

- 1.1 As reported to the Executive in October 2019, the *2010 Transport Strategy for Manchester City Centre* is being revised, in order to support the ongoing growth of the city centre, and to respond to changes in the policy context and the current environmental context, in particular, the target to become a zero carbon city by 2038. The revised strategy provides a framework for key transport policies and interventions for future delivery, in both the shorter and longer term, leading up to 2040, covering all modes of transport used to travel to, from and around the city centre.
- 1.2 The revised City Centre Transport Strategy (CCTS) to 2040 responds to the results of the conversation that took place in the autumn of 2018 (receiving 3,700 responses), and the initial engagement exercise undertaken in 2019, to understand the views of residents, businesses, workers and others who use the city centre, on the emerging proposals and to further define the key principles.
- 1.3 The CCTS has been developed by Manchester City Council, Salford City Council and Transport for Greater Manchester (TfGM). The vision for the revised CCTS is for “a well-connected city centre at the heart of the North, offering our residents, employees and visitors a great place to work, live and visit”. The key principles of the revised strategy will contribute to the city’s and Greater Manchester’s targets on clean air and carbon emissions, and ensure the city centre provides a high-quality environment, that supports growth and is accessible to all.

## 2.0 Background

- 2.1 As reported to the Executive in December, the vision for the refreshed Greater Manchester 2040 Transport Strategy, is for “world class connections that support long-term, sustainable economic growth and access to opportunity for all”. To achieve this, an ambitious target is set for a “Right-Mix” of 50% of all journeys in Greater Manchester to be made on foot, by cycle or using public transport by 2040, supporting a reduction in car use to no more than 50% of daily trips. This would equate to one million more sustainable journeys per day. By 2040, it is anticipated that there will be an additional 28,000 trips being made into the city centre in the morning peak, on top of the 100,000 trips already being made.
- 2.2 To take the 2040 Strategy forward, Transport for Greater Manchester (TfGM) on behalf of GMCA, have developed the Our Five-Year Delivery Plan (2020-2025) to establish a fully integrated, high capacity transport system across Greater Manchester (GM). The delivery plan includes deliverables and actions aligned with the Mayor’s ambitions published as ‘Our Network’ for the future of GM travel, aligned with the GM 2040 Strategy. The final version of the delivery plan will be published in February 2021, alongside the refreshed 2040 Strategy. Our Five-Year Delivery Plan is supported by ten Local Implementation Plans (LIPs), covering the period 2020 to 2025. The CCTS

and city-wide Manchester LIP form a key part of the suite of documents that support the 2040 Strategy.

- 2.3 In February 2020, Members received a report which outlined the outcomes of the initial engagement exercise. This meeting also agreed that the engagement be used to inform the detail of the draft CCTS, and that a wider consultation be undertaken inviting the public to respond to the draft strategy. The full public consultation started on 23 September 2020 and ran for 6 weeks, closing on 4 November. The remainder of this reports sets out the results of the consultation. Appendix 1 to the report sets out a response to the issues raised during the consultation and proposed areas of change to the Strategy as a result.

### 3.0 Consultation Process

- 3.1 Consultation on the draft City Centre Transport Strategy commenced on 23 September 2020 and ran for 6 weeks, closing on 4 November 2020.
- 3.2 Overall there were **2,426** responses to the on-line survey, although initial analysis has identified that not all respondents answered all the questions. This is due to the design of the questionnaire, which aimed to maximise responses, by enabling respondents to answer questions just on the proposals they wished to express an opinion on. The data presented in this report is based on the number of actual respondents to each of the different questions.
- 3.3 In addition to the responses to the on-line survey, we received 24 emails with detailed feedback on the draft strategy. Five of these responses were from individuals and the remainder were submitted by organisations or groups. These included:
- |                        |                                  |
|------------------------|----------------------------------|
| Stagecoach             | Manchester & Salford Ramblers    |
| Guide Dogs UK          | Residential Growth Team          |
| Bus Users              | Go North West                    |
| Diamond Bus North West | Creative Concern                 |
| Arriva                 | Walk Ride GM                     |
| Transport Focus        | Manchester Friends of the Earth  |
| Manchester Green Party | One Bus                          |
| First Group            | Tarmac                           |
| Canal & River Trust    | Oxford Road Corridor Partnership |
| Transdev               |                                  |
- 3.4 It should be noted that during the period that the consultation was live, weekly analysis of responses was undertaken to track any demographic trends. Targeted communication was adapted throughout the consultation to encourage engagement from under-represented groups. The communication included:
- Paid for community radio streaming.
  - A video produced in the last 2 weeks of the campaign.
  - Direct contact with stakeholder groups, including age friendly, disability and Black, Asian & Minority Ethnic groups.

- GMCA, TfGM and Salford Council sent out emails to their networks of equality groups.

The consultation was advertised in Manchester's weekly business bulletin.

- 3.5 A full demographic breakdown of respondents is attached at Appendix 2 for information.

#### 4.0 Level of Support for Proposals

- 4.1 The responses show high levels of support for the various proposals within the draft strategy, as indicated by the breakdown of responses to the on-line survey:

Proposal	Supportive	Not Supportive
Our buses	65.2%	20.4%
Our Metrolink	73.7%	11.8%
Our Rail	68.8%	12.2%
Our Streets - Walking	77.5%	10.1%
Our Streets - Cycling	66.4%	15.7%
Our Streets - Accessibility	<b>81.1%</b>	7.2%
Our Streets – Managing Traffic	62%	<b>22.7%</b>
Our Integrated Network	74.4%	6.6%

NB Figures do not add up to 100% as not all respondents gave a view on all questions

- 4.2 The proposal for managing traffic had the highest percentage (**22.7%**) of people being unsupportive, with comments centred on proposals for car parking. See further details below on the comments received.

#### 5.0 Free Text Responses – On-Line Survey

- 5.1 It should be noted that most free text responses relate to individuals' perceptions of specific aspects of the draft strategy or current services. Other responses reiterated support for proposals or made comments unrelated to the specific question. Some of the free text comments, and the email responses, may also originate from organised lobbying groups. An overview of the free text responses to each of the proposals within the consultation, and any trends evident in the comments, is set out below:

##### 5.2 Our Buses

- 5.2.1 A total of **620** respondents provided a free text response in relation to the proposals on Our Buses. The main themes emerging from the comments are as follows:
- The highest percentage of negative comments, although it should be noted this was a relatively low number, related to concerns about where specific bus services could terminate in the city centre in the future. This was

particularly highlighted by people who travel into the city centre regularly from Oldham. The draft strategy does not include details relating to specific bus services or their termination.

- Support for an integrated transport ticketing system, cheaper fares and improved infrastructure.
- Concerns in relation to the impact of the proposals on people with disabilities and older people. This is a theme that cuts across most of the other proposals.

### **5.3 Our Metrolink**

5.3.1 A total of **491** respondents provided a free text comment in relation to the proposals on Our Metrolink. The main themes emerging from the comments are as follows:

- The highest percentage of comments stated that more routes were needed, with additional capacity on current lines such as more carriages and more trams.
- Tram fares are too expensive
- The need for an integrated transport ticketing system.
- Requests for the ability to take cycles on trams.

### **5.4 Our Rail**

5.4.1 A total of **492** respondents provided a free text response in relation to the proposals on Our Rail. The main themes emerging from the comments are as follows:

- A number of responses expressed concerns about HS2.
- The need for increased connectivity within Greater Manchester and the wider North.

### **5.5 Our Streets – Walking**

5.5.1 A total of **516** respondents provided a free text comment to the proposals on Our Streets - Walking. The main themes emerging from the comments are as follows:

- A number of comments requested more car free spaces.
- Suggestions that the city centre as a whole should be car free.
- The temporary pedestrianisation of Deansgate was highlighted as a positive strategy, with many individuals asking for this to remain as a permanent feature.
- Concern in relation to the impact of the proposals on individuals with disabilities and mobility concerns.
- Issues with cleanliness, litter and obstructions which act as a deterrent walking
- Concerns over personal safety.
- Requests for more greenery within the city centre.

### **5.6 Our Streets – Cycling**



- 5.6.1 A total of **581** respondents provided a free text comment in relation to the proposals on Our Streets – Cycling. The main themes emerging from the comments are as follows:
- Concerns about shared space with pedestrians, in particular people with disabilities, and cyclists.
  - Issues with the behaviour of cyclists.
  - The need for improved cycle routes into and out of the city centre.
  - Requests for more segregated cycle lanes.
  - Concerns with the safety of cycling in the city centre.

## **5.7 Our Streets – Accessibility**

- 5.7.1 A total of **295** respondents provided a free text comment in relation to the proposals on Our Streets – Accessibility. It should be noted that this section received the highest percentage of individuals who were supportive of the proposals and the lowest level of negative comments. The main themes emerging from the comments are as follows:
- The highest percentage of comments raised concerns about the impact of proposals within the draft strategy on individuals with disabilities, with many stating that it was not clear on how consideration for this group had influenced strategies.
  - Concerns about restricted vehicle access to the city centre, particularly for buses, and in many cases this was linked to issues on a perceived lack of consideration of individuals with disabilities.
  - Concerns about the current state of pavements and footpaths in the city centre as an issue, stating that this hindered walking, wheelchair and pushchair access.
  - Requests for more car free areas in the city centre.

## **5.8 Our Streets – Managing Traffic**

- 5.8.1 A total of **561** respondents provided a free text comment in relation to the proposals on Our Streets – Managing Traffic. The main themes emerging from the comments are as follows:
- The highest percentage stated that all car parks should be removed from the city centre.
  - All cars to be banned from the city centre.
  - Concerns about the impact on disabled parking from removing city centre car parks, stating that this should be retained and improved upon.
  - Suggestions that should car parks be removed from the city centre, there needed to be improved and increased public transport capacity.
  - Concerns about negative impact on businesses, trade and numbers of visitors if car parks were removed from the city centre.

## **5.9 Our Integrated Network**

5.9.1 A total of **295** respondents provided a free text comment in relation to the proposals on Our Streets – Accessibility. The main themes emerging from the comments are as follows:

- The highest number of responses supported the need for an integrated transport ticketing system, cheaper fares and improved public transport infrastructure.
- Concerns relating to potential new technology and whether transport operators would be willing to adopt this.

## **6.0 Email Responses**

6.1 As previously stated, there were 24 emails which set out detailed feedback to the consultation. The following is a breakdown of comments made:

### **6.2 Concerns from Bus Operators**

- Concern at the lack of consultation with bus operators *prior* to the public consultation (Stagecoach, One Bus, Go North West, Diamond Bus North West)
- Objection to reducing or removing buses from Parker Street (Stagecoach, Diamond Bus North West, Confederation of Passenger Transport, Go North West, One Bus, First Group,)
- Objection to closing the Oldham Street Loop (Stagecoach, Diamond Bus North West, Confederation of Passenger Transport, Go North West, One Bus, First Group, Transdev)
- Objection to closing Deansgate (Go North West, Diamond Bus North West)
- Objection to reducing bus access to/terminating in the city centre (Stagecoach, individual, Diamond Bus North West, Arriva, Go North West)

### **6.3 Accessibility & Inclusivity**

- Concerns over impact of some of the proposals on people with disabilities and mobility concerns. (Guide Dogs, Bus Users, Confederation of Passenger Transport UK, Transport Focus, Go North West)
- Safety concerns about shared space and integrating pedestrians and cyclists, in particular, the potential implications for people with disabilities such as sight impairment. Raised that the strategy should comply with the new LTN1/20 guidance on shared spaces. (Guide Dogs, Bus Users, Manchester & Salford Ramblers, Walk Ride GM, One Bus)
- Accessibility and inclusivity should be a separate and standalone ambition (Guide Dogs)
- Question raised about how young people have been factored into the design of the draft strategy (Transport Focus)

### **6.4 Sustainability & Carbon Emissions**

- Recommendation for work place car park levies (Bus Users, Confederation of Passenger Transport UK)
- Suggestion that there needs to be clearer modelling of what levels of carbon reductions will be achieved by each intervention (Green Party)
- Concerns about the use of some micro mobility options and the value of autonomous vehicles in the city centre (Manchester & Salford Ramblers)

- Request to close Piccadilly bus station, ban buses idling and bring forward the date for a fully carbon zero bus fleet to 2030 (Walk Ride GM)
- Suggestion that the city centre should be car free (Walk Ride GM, Creative Concern)
- Targets not ambitious enough (Manchester Friends of the Earth, Walk Ride GM, Green Party)
- Suggestion of introducing a transport carbon budget (Manchester Friends of the Earth)

## **6.5 Cycling**

- Suggestion that there should be more on street cycle storage facilities (Manchester Friends of the Earth, an individual).
- Request for bicycles to be allowed on trams (Green Party, Walk Ride GM)

## **6.6 Oxford Road Corridor**

- Suggestion that east-west connectivity should be improved along with connectivity between Piccadilly and Oxford stations (Oxford Road Corridor Partnership)
- Suggestion of expansion of Metrolink along Oxford Road (Oxford Road Corridor Partnership)
- Suggestion that the city centre should be a test bed for smart cities technology (Oxford Road Corridor Partnership)

## **6.7 General**

- Disappointment that there is no clear plan for how Salford residents should travel to and from the city centre. (Individual resident)
- Comment that there is no mention of improvements on Market St in the strategy and no proposals to remove parking from Swan St (Individual resident)
- Recommendation that strategy planners work with the communities of users and operators of all travel modes to identify where gaps and opportunities exist. (Bus Users)
- Concern raised about the long-term impact of Covid and what the strategy is to attract people back travelling to the city centre (Transport Focus)
- Recommendation that the strategy should include reference to the Ashton & Rochdale canals and how they can contribute to the strategy (Canal & River Trust)

## **7.0 Response to issues and challenges raised**

- 7.1 A full table of responses to each the areas of concerns raised through the consultation is attached at Appendix 1. This table also identifies where it is proposed that the draft City Centre Transport Strategy is amended in response to the consultation.
- 7.2 In a number of cases, the responses re-confirmed support for the proposals or requested measures that are already included, for example, increased routes and capacity on Metrolink, improvements to public space, and integrated

ticketing services. In these instances, it is suggested reviewing the draft strategy to ensure that these areas are sufficiently highlighted.

- 7.3 Accessibility was an area which attracted a number of comments, in relation to different parts of the strategy. It is proposed that the draft strategy is reviewed to make explicit that accessibility for all is a key theme and aim and that each of the ambitions reflects this.
- 7.4 There were a number of responses which requested an increase in car free spaces, improvements to public space, and for cars to be removed entirely from the city. Improvements to and increasing pedestrian space is a key part of the strategy. Further opportunities will be sought to increase pedestrianisation where appropriate (which could be temporary or at certain times). However, there will be a continued need for some people to access the city centre by car, including people with mobility issues, as highlighted in other responses, and for deliveries/access to buildings.
- 7.5 Concerns were highlighted about some of the bus proposals outlined in the city centre. We will continue to work with bus operators, users and other key stakeholders in the development of the proposed interventions and the timings for their implementation.
- 7.6 Other areas of the draft strategy which it is proposed to revisit include the following:
  - Strengthening the text to reflect the need for easily accessible cycle storage facilities.
  - Emphasising the local benefits of HS2.
  - Further emphasising the commitment to retaining appropriate levels of parking for disabled people.
  - Highlighting small-scale, short term improvements that can be made to footways to enhance the walking experience.

## **8.0 Next Steps**

- 8.1 All results from the consultation will be used to review the draft strategy and identify changes or amendments required.
- 8.2 A proposed final City Centre Transport Strategy is planned to be submitted to the Executive for approval in March 2021. Subject to approval being received at the March meeting, the Strategy will then be submitted to the GMCA on 26 March. Approval will also be sought from Salford City Council prior to the GMCA meeting.
- 8.3 Further engagement will take place with the bus operating companies on the proposals within the strategy.

## **9.0 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

- 9.1 The updated city centre transport strategy will need to provide the capacity needed to underpin growth and support the creation of new jobs in the city. Investment in city centre public space and the city's transport functions will support growth of the economy and maximise the competitiveness of the city centre.

**(b) A highly skilled city**

- 9.2 The updated strategy will support the delivery of projects that will create high quality employment opportunities in the city and will support growth in a range of key sectors of the economy. Improving infrastructure and unlocking regeneration opportunities will attract new investment, boosting the local economy and providing new jobs for Manchester residents. Improved public transport and walking and cycling routes to the city centre can help residents to access jobs and training opportunities located there.

**(c) A progressive and equitable city**

- 9.3 The developing strategy and the engagement exercise outlined in this report responds to the 2018 conversation exercise. The strategy will support the enhancement of the transport network serving the city centre, and through initiatives such as better ticketing. Reform to the delivery of local bus services will open up opportunities for communities across the city. Improving city centre travel and connections to other places supports inclusive development and employment growth.

**(d) A liveable and low carbon city**

- 9.4 Efficient, transport systems coupled with a strong sense of place will ensure Manchester continues to be a highly attractive and enjoyable visitor destination, and continues to appeal to a diverse range of people living and working in the city centre. Proposals to reduce congestion and improve air quality will help achieve a cleaner and greener city, highlighted by respondents as an important issue. Improved freight and public transport, and a reduction in car based trips contributes towards Manchester's ambition to be a zero carbon city by 2038 at the latest.

**(e) A connected city**

- 9.5 Improvements to connectivity are central to the plans to refresh the strategy. World class infrastructure will attract international investment and promote a globally successful city. The strategy will deliver proposals to improve transport integration across Greater Manchester, making it easier for people getting into and moving around the city centre.

**10.0 Key Policies and Considerations**

**(a) Equal Opportunities**

- 10.1 Proposals in the City Centre Transport Strategy are anticipated to support additional job opportunities available to local residents and improved transport connections to those opportunities.

**(b) Risk Management**

- 10.2 Risks will be considered on a scheme by scheme basis.

**(c) Legal Considerations**

- 10.3 The legal powers available to the Council will need to be taken into account in developing the CCTS proposals further, to ensure they are deliverable. It will also need to link closely to the Council's Development Plan, both the current and the forthcoming Local Plan review, to ensure they are consistent with one another.
- 10.4 The final CCTS will be presented to Salford City Council and the Greater Manchester Combined Authority for approval, as well as to the Executive as outlined in this report.

**Appendix 1:****City Centre Transport Strategy Consultation – Proposed Responses to Comments and Challenges Raised**

<b>Topic area</b>	<b>Comments/Challenges raised</b>	<b>Response</b>
Our Buses	Concerns about terminating specific bus services, particularly from people who travel into the city centre regularly from Oldham.	The draft strategy does not include details relating to where specific bus services terminate in the city centre in the future. The draft strategy highlights the importance of good quality bus services, and their important and increasing role in the future supporting more people travelling to/from the city centre by bus.
	Support for an integrated transport ticketing system, cheaper fares and improved infrastructure.	Page 35 highlights importance of integrated ticketing to public transport travel. Additional references to be added to other relevant sections of the document.
	Concerns about the impact of the proposals on people with disabilities.	Review the wording within strategy to ensure that it is clear that accessibility for all is a key theme and aim – and emphasise it is a key part of designing and planning future interventions.
Our Metrolink	More routes are needed, with additional capacity on current lines such as more carriages and more trams.	Highlights support for the Metrolink / Tram-Train proposals referred to within the strategy– see pages 26, 27, 36, 36.
	Tram fares are too expensive, and the need for an integrated transport ticketing system.	Fare costs noted. See above for integrated ticketing response.
	Requests to take cycles on trams.	Space remains limited on public transport and we need to ensure people can social distance wherever possible, which would be more difficult if we started to allow cycles onto trams. We are always looking at ways to support people who want to make part of their journey by cycle, and have recently secured some funding from the mayor's challenge fund to improve cycle parking at some of our stops. We're also working to understand how a new bike hire scheme for GM might integrate with the Metrolink network.

Topic area	Comments/Challenges raised	Response
Our Rail	Concerns with HS2.	<p>HS2 is a large, national infrastructure project. The decision about whether to deliver the project rests with the Government, rather than locally. However, we believe that HS2 provides a major opportunity for Greater Manchester, in terms of jobs, skills, economic growth and regeneration, as well as providing additional rail capacity. It provides the opportunity to provide a new gateway station at Manchester Piccadilly and to be a catalyst for surrounding re-development. The proposals within the CCTS, and our ongoing work with HS2, Ltd. aim to ensure that HS2 is delivered in a way which can maximise the benefits to Greater Manchester and local people, including connectivity with local, regional and pan-regional transport (including Northern Powerhouse Rail and an enhanced Metrolink station at Manchester Piccadilly), the delivery of local jobs and skills development, and contributing to regeneration and growth. A HS2 and NPR Growth Strategy has been developed by TfGM, MCC and other partners to drive these ambitions. However, HS2 is only one part of improving rail services in Manchester, and improved local and regional services is also a key part of the rail proposals within the 2040 Transport Strategy.</p>
	Need for increased connectivity within Greater Manchester and the wider North.	<p>The Greater Manchester Transport Strategy 2040 and 5-Year Delivery Plan outlines a significant number of interventions to improve connectivity across Greater Manchester and the north of England. In addition, the Government is developing an Integrated Rail Plan, which looks to incorporate HS2, NPR and local rail schemes, in order to provide a full package of improvements across the rail network in the North and Midlands. The information above shows how we are trying to use the opportunity provided by HS2 to incorporate NPR and other local transport improvements.</p>



Topic area	Comments/Challenges raised	Response
Our Streets - Walking	Requests for more car free areas, and to make the city centre car free.	Improvements to pedestrian space, the improvement of the pedestrian experience, and reductions in car journeys, are key aims of the strategy. (See Introduction, Background and Vision sections (pp4-21) and Our Streets proposals (pp39-41). In addition, Ambition 2 (p24) states that we will aim to remove non-essential and polluting vehicles travelling through the city centre. Further opportunities will be sought to increase car free areas where appropriate (which could be temporary or at certain times). However, the Strategy also highlights that there is a need to balance the needs of all city centre users. There will be a continued need for some people to access the city centre by car, including people with mobility issues, as highlighted in other responses, and for deliveries/access to businesses and residential buildings.
	Concern about the impact of the proposals on individuals with disabilities.	We will review the wording within strategy to ensure that it is clear that accessibility for all is a key theme and aim
	Issues with cleanliness, litter and obstructions and safety which act as a deterrent walking.	The strategy will be reviewed and worded to ensure these factors are addressed.
	Requests for more greenery within the city centre	This is already referred to within the strategy as an aim on p42. Enhancements to public space, including greening, is a key aim of strategy. Manchester is investing heavily in a range of public realm projects, to create more green and open spaces in the heart of the city. As well as the proposals set out within the CCTS itself, there are wider plans to provide further new green and open space in the city centre as part of developments, including a major new 6.5 acre park at Mayfield; Circle Square on Oxford Rd which will see new public realm in the centre of the scheme; a public park as part of the next phase of Great Jackson Street; and a new living memorial to the Arena attack close to the Cathedral.

Topic area	Comments/Challenges raised	Response
Our Streets - Cycling	Concerns about shared space with pedestrians, in particular people with disabilities, and cyclists. This group of respondents also raised issues with the behaviour of cyclists.	<p>The Strategy sets out that we aim to create an <i>“attractive, safe and efficient cycling network”</i> in the city centre, to achieve Ambition 3 of the strategy - <i>“More people choose to cycle to destinations within the City centre”</i>. It states that <i>“cycle routes will be protected from other traffic wherever possible, whilst offering the most direct route available”</i> and that <i>“all types of cyclists have enough space to move around safely and comfortably”</i>.</p> <p>Each scheme to introduce safe cycling infrastructure will aim to meet the above CCTS objectives, following the guidance in TfGM’s Streets for All check and the national Cycle Infrastructure Design Guidance, both of which strongly advise against shared space due to potential conflicts. Each scheme will be subject to public consultation on the detailed design, but use of shared space is not envisaged, for the above reasons.</p>
	The need for improved cycle routes into and out of the city centre.	This is already referred to in the strategy as an aim, in Ambition 3, p25 and Proposals pp43-45
	Requests for more segregated cycle lanes.	This is already referred to in the strategy as an aim, on p25 and via the Proposals on pp43-45.
	Concerns with the safety of cycling in the city centre.	Improving the safety of cycling is already referred to in the strategy as an aim, p25
Our Streets - Accessibility	Concerns about the impact of proposals within the draft strategy on individuals with disabilities or mobility concerns, with many stating that it was not clear on how consideration for this group had influenced strategies.	We will review the wording within strategy to ensure that it is clear that accessibility for all is a key theme and aim
	Concerns about restricted vehicle access to the city centre, particularly for buses,	Adopting a Streets for All approach, to be set out in more detail within a stand-alone sub-strategy of GM’s 2040 Transport

Topic area	Comments/Challenges raised	Response
	<p>and in many cases this was linked to issues on a perceived lack of consideration of individuals with disabilities or mobility issues.</p>	<p>Strategy, is fundamental to ensuring streets in our city centre work better for people, continuing to respond to the city centre and region's growth needs over the plan period.</p> <p>We have committed within the CCTS to working with bus operators on proposed changes to operations to ensure there is no significant inconvenience to bus users. We will continue to work with bus operators to ensure detailed proposals provide necessary access for people with specific mobility needs.</p> <p>Engagement in early consultations has included meeting with the Disability Design Reference group. Engagement with this group will continue as interventions and proposals come forward.</p> <p>An Equality Impact Assessment was prepared for the strategy that highlighted further engagement with "protected groups" on interventions would be needed in the future.</p>
	<p>Concerns about the current state of pavements and footpaths in the city centre as an issue, stating that this hindered walking, wheelchair and pushchair access.</p>	<p>The strategy already refers to improvements in the condition of city centre streets, in Proposals – Our Streets, beginning on p39. The proposals for improving the quality of city centre streets for walking would involve improving the quality of the pavement and footpaths, but we will also review this text to bring out more strongly that even where comprehensive proposals are not being brought forward at a point in time, smaller scale repairs and maintenance can make a meaningful improvement in walking, wheelchair and pushchair access.</p>
	<p>More car free areas in the city centre.</p>	<p>This is already referred to within the strategy as an aim, on p39, which states: "we want to expand our pedestrian priority areas in the city centre".</p> <p>As stated above, improvements to pedestrian space, the improvement of the pedestrian experience, and reductions in</p>

Topic area	Comments/Challenges raised	Response
		car journeys, are key aims of the strategy. Further opportunities will be sought to increase car free areas where appropriate (which could be temporary or at certain times). However, the strategy also highlights that there is a need to balance the needs of all city centre users.
Our Streets – Managing Traffic	All car parks should be removed from the city centre, and all cars should be banned from the city centre.	Reduction in city centre car parking, and the location of parking at the edge of the city centre are priorities in the strategy. This needs to be an incremental change, carried out in conjunction with public transport improvements. As outlined above, there will be an ongoing need for an element of trips to the city centre to be made by car, including for those with accessibility issues. The intention would be that those car parks that do remain will be the more modern car parks, with accessibility and environmental measures (e.g. electric charging points) built in, referred to as Travel Hubs.
	Concerns about the impact on disabled parking from removing city centre car parks, stating that this should be retained and improved upon.	We will revise the text in Ambition 5 – Parking the city centre is smarter and integrated with other modes’ (p28) to reflect the commitment to retaining appropriate levels of parking for disabled people
	View that if car parks are to be removed from the city centre, there needed to be improved and increased public transport capacity.	This is already referred to within the strategy as an aim, Ambition 4, p26 and throughout the document.
	Concerns about the impact on businesses, trade and numbers of visitors if car parks were removed from the city centre.	<p>The Strategy sets out an overall ambition to build upon the clear trends observed since 2009 of reduced numbers of trips by car (during the morning peak) and an increase in trips by public transport and active travel. This modal shift has not affected business, trade or visitors thus far, prior to the Covid pandemic.</p> <p>Ambition 5 “Parking in the city centre is smarter and integrated with other modes” sets out that parking will be reduced but better allocated to those who need it and managed to be more efficient. The</p>

Topic area	Comments/Challenges raised	Response
		reduction in parking from land in the city centre which is awaiting development has already been observed and the expected continuation of this trend is encouraged by the strategy, but this will be incremental and long-term due to the long timescales of development. A maintenance or increase in car parking is incompatible with the overall ambitions of the strategy, set out on pp7-13 and throughout the document.
Our Integrated Network	The need for an integrated transport ticketing system, cheaper fares and improved public transport infrastructure.	This is already referred to within the strategy as an aim, as part of Greater Manchester's wider approach through the Transport Strategy 2040. Further detail Ensuring public transport services are affordable for all users is an identified priority within the draft City Centre Transport Strategy.
	Issues relating to potential new technology and whether transport operators would be willing to adopt this.	Embracing innovation is critical where it benefits users, to ensure the city and it's transport services remain fit-for-purpose. We will work with transport operators to encourage the use of improved technologies where they can deliver benefits for services and users, including through the piloting of new technology in advance of any wider adoption proposals.
<b>Emailed Responses</b>		
Bus Proposals	Concerns from bus operators about Parker Street, Oldham Street Loop, Deansgate and city centre termination.	Ongoing engagement is taking place with the bus operating companies on the proposals within the City Centre Transport Strategy. The draft strategy recognises the importance of good quality bus services, but also of the need to balance the needs of all city centre users. The proposals highlighted by the bus operators will be subject to further engagement with the operating companies, bus users, and other stakeholders.
Accessibility & Inclusivity	Concerns over impact of some of the proposals on people with disabilities and mobility concerns.	Please see responses earlier in the table.

Topic area	Comments/Challenges raised	Response
	<p>Safety concerns about shared space and integrating pedestrians and cyclists, in particular, the potential implications for people with disabilities such as sight impairment. Raised that the strategy should comply with the new LTN1/20 guidance on shared spaces.</p>	<p>The Strategy sets out that we aim to create an <i>“attractive, safe and efficient cycling network”</i> in the city centre, to achieve Ambition 3 of the strategy - <i>“More people choose to cycle to destinations within the City centre”</i>. It states that <i>“cycle routes will be protected from other traffic wherever possible, whilst offering the most direct route available”</i> and that <i>“all types of cyclists have enough space to move around safely and comfortably”</i>.</p> <p>Each scheme will be implemented through a detailed design process, including public consultation, which will take into account key guidance, primarily TfGM’s Streets for All checklist and LTN 1/20. Both guidance documents strongly recommend avoiding shared space, for several reasons, including unsuitability for people with disabilities. The prevailing design approach is not to install shared spaces, as a rule, taking the design principles in the guidance as the basis for scheme design.</p>
	<p>Accessibility and inclusivity should be a separate and standalone ambition</p>	<p>Accessibility and inclusivity are cross-cutting themes which are inbuilt into the ambitions and proposals. It is felt that this is more appropriate than including as a separate ambition, to ensure that inclusivity is taken into account throughout all parts of the strategy.</p>
	<p>Question raised about how young people have been factored into the design of the draft strategy</p>	<p>Since 2018 we’ve had many discussions with city centre residents, commuters, businesses and interest groups to learn how they want to travel into and around the city centre, and how they would shape the next phase of improvements to roads, rail, tram, bus, bike, pedestrian and public spaces. Some of those discussions have included young people, including students and workers, in order to understand their priorities and interests.</p> <p>As well as this, part of our activity to promote the 2018 listening exercise and 2020 consultation used channels and</p>

Topic area	Comments/Challenges raised	Response
		<p>messages aimed at younger people, including social media, video content and engagement activity. These channels including Dax Radio; targeted mobile display adverts (which appear on mobile websites and apps as people use them); and behavioural push notification advertising, which uses a network of apps to target the right audiences.</p>
Sustainability and Carbon Emissions	Recommendation for work place car park levies	<p>The strategy sets out a range of policies to manage on-street car parking and our city centre car parks that could help to make steps toward improved sustainability, including the reduction and relocation of sites, review of appropriate pricing strategies, and improved technologies for efficiency. Specific interventions to address carbon emission reductions, such as a workplace levy, which may address a range of other objectives should be considered at the Greater Manchester level, should be considered through the Greater Manchester Environment Plan alongside alternative approaches to carbon reduction.</p>
	Suggestion that there needs to be clearer modelling of what levels of carbon reductions will be achieved by each intervention	<p>The Strategy sets out strategic ambitions that are aligned with Greater Manchester's aim to be a carbon neutral city region by 2038 as well as a range of committed and planned interventions to achieve the ambitions. These will be delivered to a range of timescales and are different stages of design detail. Due to the uncertainty at this stage of exactly what will be delivered, and when, it is not possible to accurately model the carbon reductions which may be achieved by each intervention, particularly given the interdependencies between different interventions in achieving modal shift and changing travel behaviours.</p> <p>Travel into and around the city centre cannot be separated from and is dependent on travel around the whole GM city-region. We are currently undertaking additional work to identify how the Right Mix (in the</p>

Topic area	Comments/Challenges raised	Response
		<p>GMTS 2040) contributes towards achieving Greater Manchester's carbon target and, importantly, our carbon budgets, alongside other measures to decarbonise the transport network, such as electric vehicles. Decisive action will be needed in the next five years to make meaningful progress towards meeting our carbon targets.</p> <p>The draft Strategy supports work to achieve the target in the Manchester Climate Change Framework (MCCF), referred to on p12, which commits the Council to reducing CO2 emissions from homes, businesses and ground transport by 50% from 2020-25.</p>
	Concerns about the use of some micro mobility options and the value of autonomous vehicles in the city centre	<p>There is currently an e-scooter trial on and around Salford University campus, which Salford, Manchester and TfGM are monitoring closely for lessons learned and the possibility for micromobility to make a positive contribution to the CCTS ambitions.</p> <p>The Strategy on p18 refers to connected and autonomous vehicles (CAV), stating that <i>"Connected and autonomous vehicles are the biggest upcoming technological advancement in the transport sector. They have the potential to transform both the passenger and freight transport sectors, so this future technology should be accounted for as best as is possible, without compromising on our overall aim to design the city centre around people rather than vehicles."</i> It is considered that this clearly sets out the strategy's position.</p>
	Request to close Piccadilly bus station, ban buses idling and bring forward the date for a fully carbon zero bus fleet to 2030	<p>The strategy notes the plans to redevelop the wider Piccadilly (Gardens) area including a review of bus facilities. We will be working with bus operators, users and wider stakeholders to develop more detailed proposals.</p> <p>The strategy has committed to adopting a zero-emission bus fleet by 2040.</p>
	Suggestion that the city centre should be car free	The strategy refers to objectives such as expanding pedestrian priority areas (on



Topic area	Comments/Challenges raised	Response
		p39) and the overall ambitions are set out in the Introduction, Background and Vision sections (pp4-21) and Our Streets proposals (pp39-41). Ambition 2 (p24) states that we will aim to remove non-essential and polluting vehicles travelling through the city centre. As set out above, there is a need to balance
	Carbon reduction targets not ambitious enough	The targets included reflect those within the adopted and proposed GMCA, Manchester City Council and Salford City Council strategies. As set out above, the interventions presented in the CCTS are not sufficiently detailed to create precise carbon reduction targets at this stage. Instead the ambitions and proposals are part of the council's overall Zero Carbon strategy set out in the MCCF.
	Suggestion of introducing a transport carbon budget	Manchester already has an overall carbon budget of 15m tonnes from 2018-2100 and has committed to reducing the emissions from our homes, workplaces and ground transport by at least 50% between 2020 and 2025, as set out in the Manchester Climate Change Framework 2020-25, on p5. This is referred to in the strategy on p12. As set out above, the interventions presented in the CCTS are not sufficiently detailed to create a precise carbon budget. Instead the ambitions and proposals are part of the council's overall Zero Carbon strategy set out in the MCCF.
Cycling	Suggestion that there should be more on street cycle storage facilities	This is already referred to in the strategy in Our Streets proposals on p45 (city centre-wide cycle parking review) but we will review the text to reflect the need for easily accessible cycle storage facilities
	Request for bicycles to be allowed on trams	Please see above.
Oxford Road Corridor	Suggestion that east-west connectivity should be improved along with	The strategy already proposes a range of significant improvements which will deliver East-West connectivity improvements both

Topic area	Comments/Challenges raised	Response
	connectivity between Piccadilly and Oxford stations	within and beyond the city centre, including between Piccadilly and Oxford Road stations, such as Streets for All corridors, walking and cycling improvements, and heavy rail upgrades. In addition, more detail to be added to the east-west connections into and across the Oxford Rd corridor.
	Suggestion of expansion of metrolink along Oxford Road	The recent delivery of a high quality sustainable travel corridor along Oxford Road delivers a range of benefits to people walking, cycling and using buses across the city-region. This is further complemented by a proposal for further public realm and wayfinding improvements. The City Centre Transport Strategy proposes a range of interventions consistent with the principles of the Transport Strategy 2040. Manchester, Salford and TfGM will continue to investigate the best opportunities for Rapid Transit investment through the development of a Rapid Transit Strategy.
	Suggestion that the city centre should be a test bed for smart cities technology	<p>The city centre is already the location for a number of trials using smart cities technology, in particular in the Oxford Road Corridor, through initiatives such as Triangulum, in which over twenty international partners worked together to demonstrate smart city solutions across three cities: Manchester (UK), Eindhoven (Netherlands), and Stavanger (Norway). During 2018/19 Manchester successfully completed CityVerve, the UK's Internet of Things Demonstrator project. This project involved a consortium of 21 technology partners, to produce innovations in health, energy, environment and transport, and devise new ways for cities to deliver services to their citizens through smart technology. We have also been involved in the DfT's National Parking Platform.</p> <p>Further opportunities will be sought to expand the application and use of such technology.</p>

Topic area	Comments/Challenges raised	Response
General	Disappointment that there is no clear plan for how Salford residents should travel to and from the city centre.	The Transport Strategy 2040 covers connectivity to the city centre from all parts of Greater Manchester.
	Comment that there is no mention of improvements on Market St in the strategy and no proposals to remove parking from Swan St	<p>Market Street is an extremely successful retail street, which has been pedestrianised for a number of years. Whilst footfall is heavy on Market Street, it is a relatively wide street, compared to surrounding streets. We will continue to work with the Arndale Centre to determine if further improvements are needed. We would not encourage cyclists to use Market Street. A cycling scheme is currently proposed between Piccadilly and Victoria which will provide attractive cycle routes in the vicinity, without the need for cyclists to use Market Street.</p> <p>The parking on Swan Street provides essential servicing for the nearby businesses, which is difficult in the surrounding streets due to their size. We are keen to continue to support local businesses in this area, but the overall operation of the ring road will be kept under review and we will seek further consultations with local businesses and Members in considering parking on Swan Street.</p>
	Concern raised about the long term impact of Covid and what the strategy is to attract people back travelling to the city centre	<p>The impact of Covid is clearly a concern for the city. Manchester has developed an Economic Recovery &amp; Investment Plan, in order to help mitigate the immediate impacts of the pandemic, restore confidence in the city, and enable the city to return to growth. The Plan includes a range of activities and investments, aimed at making the city centre attractive again to residents, workers and visitors, and which support the CCTS. These include the development of safe, outdoor events, support to enable the re-opening of our cultural attractions, and improvements and extension to public open space.</p> <p>Note – to add a statement on work going into recovery and building back better eg</p>

Topic area	Comments/Challenges raised	Response
		<p>reduced PT fares idea to get people back to using PT.</p> <p>Safety on public transport will continue to be a critical objective particularly to encourage a return to public transport use and not the car, which aligns with the CCTS.</p>
	Recommendation that the strategy should include reference to the Ashton & Rochdale canals and how they can contribute to the strategy	<p>The canals are referred to already in the strategy, on p9 in reference to their role as greenspaces; in Ambition 1 on p23, in Ambition 3 as a potential barrier to cycle access which require to be unlocked; pp33-34 referring to their role in committed Bee Network walking and cycling schemes; on p42 in Our Streets proposals for their potential to be better walking routes.</p>

## Appendix 2: Demographic Profile of Respondents to the CCTS Consultation 23 September to 4 November

### 1) Resident Profile

**37.7%** of respondents live in the **Manchester** area, with **14.46%** of these residing in the **city centre**.

**5%** of respondents live in Salford.

**52.34%** of respondents live in **Greater Manchester** (excluding Manchester) and **4.6%** live **outside of GM**

### 2) Gender

Of those respondents who answered the question on gender **52%** identify as **male/trans man** with **37%** identifying as **female/trans woman**.

### 3) Age Profile

The highest percentage of responses were from 35-54 year olds. The full breakdown of responses by age profile is below:

Age Range	% of respondents
13-17	1.48%
18-24	8.34%
25-34	19.41%
35-44	19.56%
<b>45-54</b>	<b>21.51%</b>
55-64	13.75%
65-74	8.03%
75+	1.56%

### 4) Disability

**15%** of respondents declared a disability or mobility issue.

### 5) Ethnicity

**19.5%** of responses are from ethnic groups other than White British.

### 6) Reason for Coming in to the City Centre

The breakdown of responses for reason individuals travel to the city centre

Leisure/Social – **49.50%**

Shopping – **48.80%**

Work – **41.67%**

**38%** of respondents have stated they come into the city centre for all 3 activities.

Only **0.21%** stated that they **never** come into the city centre.

## 7) Normal Mode of Travel

The breakdown of respondents by usual mode of travel to and from the city centre is:

Mode of travel	% of respondents
Bus	24.36%
Tram	21.37%
Train	13.5%
Cycle	12.36%
Car /Van/Motorcycle (driver)	10.5%
Walk	8.53%
Taxi	7.5%
Car /Van/Motorcycle (passenger)	5.19%

In the last 2 weeks of the consultation we saw an increase in the number of respondents who stated they normally travelled by bus. This increase coincided with both Stagecoach and First launching communication campaigns to encourage bus users to respond to the consultation.

It should be noted that **42.33%** of respondents state that they would normally walk around the city centre.

**66%** of respondents who stated they normally cycle to and from the city centre are male.

## 8) Future Travel

The breakdown of responses to anticipated changes to frequency of travel to the city centre is:

Frequency	For Work	For Shopping	For Leisure/Social
More often	9.5%	7.5%	14%
Less Often	21%	19%	16.5%

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 17 February 2021

**Subject:** Delegation of Executive Functions to the Executive and Council Officers

**Report of:** City Solicitor

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**Summary**

To ask the Executive to note the decision of the Leader of the Council to delegate all of the Council's executive functions to the Executive.

To ask the Executive to note and endorse the decision of the Leader of the Council to arrange for the discharge of all of the Council's executive functions recorded at Part 3, Sections A and F of the Council's February 2021 Constitution to be delegated as set out in that version of the Constitution.

**Recommendations**

That the Executive:

1. Notes the decision of the Leader of the Council to exercise his power under Section 9E(2) of the Local Government Act 2000 (as amended) to delegate the discharge of all of the Council's executive functions to the Executive;
  2. Notes and endorses the decision of the Leader of the Council to delegate to officers the discharge of all of the Council's executive functions recorded at Part 3, Sections A and F of the Council's February 2021 Constitution as set out in the version of those sections presented to Council at its meeting on 3 February 2021; and
  3. In relation to the Scheme of Delegation to Officers set out in Part 3, Section F of the Council's February 2021 Constitution, note that such delegations of executive functions include those functions that are designated as "Executive Functions" and those functions that are designated as "General Functions" insofar as these are executive functions.
- 

**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	Not directly applicable

A highly skilled city: world class and home grown talent sustaining the city's economic success	Not directly applicable
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Not directly applicable
A liveable and low carbon city: a destination of choice to live, visit, work	Not directly applicable
A connected city: world class infrastructure and connectivity to drive growth	Not directly applicable

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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### **Financial Consequences – Revenue**

None directly.

### **Financial Consequences – Capital**

None directly.

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### **Contact Officers:**

Name: Fiona Ledden  
Position: City Solicitor  
Telephone: 0161 234 3087  
E-mail: fiona.ledden@manchester.gov.uk

Name: Poornima Karkera  
Position: Head of Governance, Legal Services  
Telephone: 0161 234 3719  
E-mail: poornima.karkera@manchester.gov.uk

### **Background documents (available for public inspection):**

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

Manchester City Council Constitution - Council meeting 3 February 2021



## **1.0 Introduction**

1.1 Section 9E(2) of the Local Government Act 2000 (as amended) provides that when a Council operates a Leader and Cabinet form of Executive, it is for the Leader of the Council to allocate responsibility for the exercise of all of the Council's executive functions. The Leader may decide to discharge any of the Council's executive functions personally, or may arrange for the discharge of any of the Council's executive functions by -

- the Executive;
- another member of the Executive;
- a Committee of the Executive;
- an Area Committee; or
- an officer of the Council.

1.2 Section 9E(3) of the Local Government Act 2000 (as amended) provides that where the Leader has arranged for the discharge of any of the Council's Executive functions to be delegated to the Executive, then (unless the Leader directs otherwise), the Executive may arrange for the discharge of any of the Council's executive functions that have been delegated to it by -

- a Committee of the Executive;
- an Area Committee; or
- an officer of the Council.

1.3 Section 9E(7) of the Local Government Act 2000 (as amended) provides that any arrangements that are made by -

- the Leader for the discharge of any of the Council's executive functions by the Executive or by a Council Officer, or
- the Executive for the discharge of any of the Council's executive functions by a Council Officer,

do not prevent the Leader or the Executive whom the arrangements have been made by from exercising the executive functions concerned.

## **2.0 The Delegation of Executive Functions**

2.1 The Executive is asked to note and endorse the arrangements agreed by the Leader of the Council for the delegation to officers of the Council's various executive functions as recorded at Part 3, Sections A and F of the Council's February 2021 Constitution, as presented to Council at its meeting on 3 February 2021.

## **3.0 Contributing to the Manchester Strategy**

### **(a) A thriving and sustainable city**

Not directly applicable

### **(b) A highly skilled city**

Not directly applicable

**(c) A progressive and equitable city**

Not directly applicable

**(d) A liveable and low carbon city**

Not directly applicable

**(e) A connected city**

Not directly applicable

**4. Key Policies and Considerations****(a) Equal Opportunities**

none

**(b) Risk Management**

The Council's Constitution is a key document that ensures effective corporate governance of the Council, in accordance with the Council's *Code of Corporate Governance*.

**(c) Legal Considerations**

Ensuring that the discharge of the Council's executive functions has been delegated to the appropriate Council officers in accordance with the law, and that such delegation has been accurately recorded in the Council's Scheme of Delegation in the Constitution is of importance in ensuring that Council officers do not take actions for which they do not have the appropriate delegated authority.

## Manchester City Council Report for Information

**Report to:** Economy Scrutiny Committee – 11 February 2021  
Executive – 17 February 2021

**Subject:** LTE Group - Estates Strategy Delivery Update

**Report of:** Strategic Director: Growth & Development  
Chief Executive, LTE Group

### Summary

This report provides the Executive with an update on the delivery of the LTE Estate Strategy, during which leading edge facilities will be developed for post-16 education and skills training serving Manchester and the wider Greater Manchester (GM) Area.

### Recommendations

The Economy Scrutiny Committee is invited to comment on the report and the progress to date of the delivery of the LTE Estates Strategy

Executive is asked to note the contents of this report and the progress to date of the delivery of the LTE Estates Strategy as set out in 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

In July 2019, Manchester City Council (MCC) declared a climate emergency, committing to become net zero carbon by 2038. To achieve this, emissions must be reduced by 13% every year between now and the deadline. The commitment includes the requirement for all new buildings to be zero carbon by 2028. To support the Council in achieving their target and in line with the Low Energy and Carbon Agenda, the development of the Manchester College City Centre Campus has incorporated a number design features to reduce carbon emissions. These include:

- Application of BREEAM standards to achieve an 'Excellent' rating;
- Achieving an EPC rating of A;
- Achieving a minimum 10% carbon reduction, in line with the MCC Core Strategy;
- Reducing operational costs through sustainable design;
- A design which is responsive to a wide range of occupancy patterns, including the split between FE and HE provision and the impact this has on the operation of the buildings systems;
- Providing comfortable internal conditions year-round; and
- Providing high quality internal environment from a daylighting and artificial lighting perspective.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The LTE Group is a key economic contributor within the city not only as an employer but in helping to underpin a wide range of key sectors in the city as it is the largest provider of 16-19, adult and higher education in Greater Manchester, with more than 25% of Greater Manchester's learning provision undertaken by the College.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The LTE Group and Manchester College supports significant numbers of students in Manchester to be equipped with the right skills to be employed within the Greater Manchester economy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The LTE Group and Manchester College is committed to working with all communities within the city actively and energetically.
A liveable and low carbon city: a destination of choice to live, visit, work	The LTE Group and Manchester College has a strong commitment to environmental sustainability. This is embedded within the management of the existing estate and the plans for the new estate.
A connected city: world class infrastructure and connectivity to drive growth	The LTE Estate Strategy seeks to deliver new world class assets across the city that will continue to support our growth ambitions over the next decade and beyond.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

Not applicable

### **Financial Consequences – Capital**

Financing to deliver the estates strategy is outlined at 2.4 of the report.

### **Contact Officers:**

Name: Louise Wyman  
Position: Strategic Director: Growth & Development  
Telephone: 0161 234 5515  
E-mail: [louise.wyman@manchester.gov.uk](mailto:louise.wyman@manchester.gov.uk)

Name: John Thornhill  
 Position: Chief Executive, LTE Group  
 E-mail: john.thornhill@ltegroup.co.uk

Name: Angela Harrington  
 Position: Director of Inclusive Economy  
 Telephone: 0161 234 3171  
 E-mail: angela.harrington@manchester.gov.uk

Name: Sarah Narici  
 Position: Head of PMO: Commercial Governance & Directorate Support  
 Telephone: 07971 384491  
 E-mail: sarah.narici@manchester.gov.uk

### **Background documents (available for public inspection)**

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

- The Manchester College Estate Strategy 2017 – 2022: Executive, 15th November 2017
- The Manchester College - New Campus: Executive 25th July 2018
- Great Ducie Street Strategic Regeneration Framework: Executive, 14th November 2018
- The Manchester College City Centre Campus: Executive, 12th December 2018
- Former Boddingtons Brewery site Strategic Regeneration Framework: Executive, 13th March 2019
- Former Boddingtons Brewery site Strategic Regeneration Framework: Executive, 26th June 2019
- LTE Group Performance Update: Economy Scrutiny, 5th December 2019

## **1. Introduction**

- 1.1 The Our Manchester Strategy clearly sets out the city's ambition to be a place where world class and homegrown talent can flourish in order to support Manchester's future economic success. That strategy clearly recognises the need to better connect the skills and education system with employers in the city, so that skills, training and apprenticeships clearly relate to the city's growth sectors and creating a pipeline of employable people with the necessary qualifications to succeed. Such an approach is clearly central to the Strategy's related ambition of ensuring that everyone in the city has an opportunity to make a positive contribution by unlocking the potential of our communities. The LTE Group and Manchester College has, and will continue to play, a pivotal role in realising these ambitions for the city.
- 1.2 A key component of facilitating learning is the provision of high-quality learning facilities. This report sets out the progress made to date on the delivery of the LTE estates strategy, which is developing leading edge facilities for post-16 education and skills training serving Manchester and the wider Greater Manchester (GM) Area.

## **2. Background**

- 2.1 Reports to the Council's Executive, in November 2017 and July 2018, set out The Manchester College's Estates Strategy in detail. In summary, the proposal outlined the consolidation of the estate from several disparate sites into centres of excellence located at a new City Centre Campus and Openshaw, with additional learning hubs based at Harpurhey, Shena Simon and Wythenshawe. The centres of excellence are aligned with Manchester and Greater Manchester growth sectors.
- 2.2 Initially, LTE Group planned for the new capacity and changes to be delivered in one phase, this was subsequently changed in 2019 to two phases linked to availability of Capital Grant funds to match other investments. The second phase and related capacity will still be needed to fulfil the growing needs of the city beyond 2022.
- 2.3 The estates strategy comprises two significant new build elements, several refurbishment activities and some disposals. A key principle being that fewer buildings at fewer sites, allow savings in estates overheads to be reinvested in better quality, best in class facilities, with increased capacity located near main public transport hubs.
- 2.4 In order to deliver the first phase of the estate strategy delivery, funding came from a mix of LTE Group borrowing, consolidation, allowing for the sale of facilities no longer needed by the College and GM Skills Capital Funding. On 12th December 2018, the Council's Executive approved a loan facility of up to £27.6m to the LTE Group. Further funding for the LTE Group's Estates Strategy project was approved in the form of a Skills Capital Funding grant from the GMCA of up to £25m and loan from an institutional bank which would become the senior funder of the project.

- 2.5 LTE has embedded the wider City strategies into its own estates strategy, to create wider social value where possible for housing, carbon reduction, green jobs and more. An independent assessment from Ekosgen cited £1.2bn GVA likely to be generated from the project.
- 2.6 It is to be noted that the project is the UK's largest and most significant post 16 education / skills investment for several decades.

### **3. Progress on strategy and implementation**

- 3.1 The LTE Group is responding directly to the changes and challenges the city faces, such as population growth, the emergence of new types of jobs in new sectors, aligning the transport infrastructure to skills needs, changes in housing and planned investment in key parts of the city and the move to a zero carbon economy.
- 3.2 These have all been factors which have shaped The Manchester College and UCEN Manchester's local strategy and link to a different delivery model with better access through Neighbourhood Learning Hubs and grouping curriculum into the specialist clusters of:
- Creative and Digital;
  - Health and Wellbeing;
  - Construction and Logistics; and
  - Business, Financial and Professional.
- 3.3 The projected impact of the investment by 2030 responds to all aspects of the Our Manchester Strategy. By focussing on higher level skills, this investment aims to close the resident wage gap and increase the number of local people in new jobs created in the city with one million Mancunians upskilled in the investment lifespan. It is projected that there will be a 23% growth in higher skills with clear pathways to higher education and an offer that will be employer co-designed and delivered with a focus on future jobs. The ultimate 2025 ambition is for the College to be the number one provider of technical and vocational training in the North West.
- 3.4 This infrastructure project for further education has major implications for the economy of GM and Manchester. The LTE delivery model will reduce the GM carbon footprint by 50%, have the capacity to respond to 20% population growth (26% at 16-18) with an offer that will focus on future careers, skills and lifelong learning. Learner volumes are ahead of plan to date and it is likely that demand will see the need for Phase 2 of the Estates Strategy to be progressed in 2021. The strategy seeks to evolve from what was historically an outdated 1980's model of post-16 Education, with a dispersed estate in ageing (and some listed) buildings that are not always easy to access via public transport, to new, modern, flexible, work related environments that many more residents and employers can access easily.

#### ***The Existing Estate***

3.5 The College's current facilities in Manchester reflect the history of the further education sector and the various expansion, contractions rationalisation and mergers over several decades. The result was a Manchester College estate which had 24 sites in various parts of the city. The inefficiency of such a large and disparate estate included:

- the additional costs of operating smaller centres, which limits specialisation;
- the limited offer at some locations and, in reverse, the availability of some provision in less accessible locations outside of the immediate neighbourhood;
- the impact on the credibility of provision from older and old-fashioned training facilities on both learners and employers;
- The difficulty in enabling aged building with new digital learning technologies and flexible learning environments.

3.6 The 2017 - 2022 Estates Strategy proposed a radical change in the number and location of its facilities. Central to the Strategy was a new curriculum approach in The Manchester College of working with industry to co-design and co-deliver more relevant vocational and technical skills provision. The combination of a modern estate of campuses, built for priority sectors and accessible learning centres, and a co-created and co-delivered training system will result in a marked increase in terms of the quantity of people trained and the quality of the outcomes. In simple terms, better-trained people with relevant qualifications/skills able to access jobs of the with better earnings.

3.7 Over two phases the Strategy consolidates the estate to five sites as follows:

- A new build City centre campus with Centres of Excellence and Industry Excellence Academies focusing on Creative & Digital in Phase 1 (under construction) and Business, Financial & Professional Services in the plans for Phase 2;
- A Centre of Excellence for Medical Sciences at City Labs on the Oxford Road in the Corridor Manchester health campus;
- A new build and refurbishment at Openshaw, developing a Centre of Excellence and Industry Excellence Academies: focusing on Construction and Logistics, plus Sport, Health and Wellbeing;
- The Wythenshawe Learning Hub and Centre of Excellence: serving south Manchester, the Wythenshawe campus will offer an engagement curriculum for harder to reach learners or those who have not yet determined a route into specialisation. A broader curriculum offer would provide pre-employment, information, advice and guidance and welfare. Further investment at Wythenshawe will create a new heavy goods / bus / coach vehicle apprenticeship hub in January 2021, in partnership with Total People, and a logistics training centre, working with distribution centres in south Manchester. In time this will also have the ability to evolve into green and electric vehicle technologies. New hair and beauty and small animal care Centres of Excellence will also be created and open in September 2022;



- The Harpurhey Learning Hub and Centre of Excellence: Serving north Manchester, Harpurhey will offer an engagement curriculum for harder to reach learners or those who have not yet determined a route into specialisation. A broader curriculum offer would provide pre-employment, information, advice and guidance and welfare. A new hospitality Centre of Excellence will open in 2021.

- 3.8 Consolidation into these five sites is significantly improving the quality and attractiveness of the learning offer for residents and employers. The rationalisation of the estate will substantially reduce operational costs and further increase the number of learners supported.
- 3.9 As a result of the strategy, the College will exit and vacate a number of existing properties, of various sizes, occupied under various tenures. The Shena Simon campus will be retained on a temporary basis until the completion of Phase 2 at the City centre site, thereafter the Shena Simon site is earmarked for disposal.

#### **4. City Centre Campus**

- 4.1 The College with the help and support of Manchester City Council acquired part of the former Boddingtons' Brewery site and progressed designs for the first phase of the new City centre campus. The scheme architects are a partnership of Simpson Haugh and education specialists Bond Bryan Architects. Proposals secured planning permission in December 2019 and, following some enabling works, main construction commenced in July 2020. The City centre element (£93m) of the (£139m) project is on target and on budget and will be operational in September 2022.
- 4.2 The development of the Manchester College City Centre Campus has incorporated a number design features to contribute towards the city's zero carbon agenda. These include:
- Application of BREEAM standards to achieve an 'Excellent' rating;
  - Achieving an EPC rating of A;
  - Achieving a minimum 10% carbon reduction, in line with the MCC Core Strategy;
  - Reducing operational costs through sustainable design;
  - A design which is responsive to a wide range of occupancy patterns, including the split between FE and HE provision and the impact this has on the operation of the buildings systems;
  - Providing comfortable internal conditions year-round; and
  - Providing high quality internal environment from a daylighting and artificial lighting perspective.
- 4.3 Phase one focuses on the Creative and Digital Industries, including The Manchester Film School and The Arden School of Theatre. Phase 2 on the same site would accommodate the Centre of Excellence in Business, Financial and Professional Services on the same campus location.

- 4.4 Proposals for Phase 2 are progressing and now regarded as critical to go ahead. The incremental demand posed by post Covid and post Brexit reskilling, increased demand from 16-18 students who value the technical work-based curriculum developed over the period of the College's 2020 strategy and the incremental demand from Government's recently announced adult skills funding will add between 12% and 15% more demand in the City. This cannot be accommodated by displacing delivery to online or other methods and needs the extra capacity now earlier than thought.
- 4.5 In parallel to the publication of the White Paper *Skills for Jobs: Lifelong Learning for Opportunity and Growth* on 21 January 2021, the Government also launched the *Further Education Capital Transformation Fund* (FECTF). The FECTF gives FE colleges the opportunity to bid to the Department for Education for investment in capital projects that address the upgrading of their FE estate. The College's 2025 technical and vocational curriculum strategy, as outlined in section 7, aligns well with the Government's approach set out in White Paper and, coupled with the demand as outlined above, should enable it to evidence how Phase 2 of the Estates Strategy meets the requirements of the FECTF.
- 4.6 The LTE Group will therefore now work collaboratively with partners to prepare an application to this fund for Phase 2 of the Estates Strategy and would seek support from the City Council in doing so.

## **5. Openshaw Campus**

- 5.1 The Openshaw Campus is currently the College's largest site. The estate strategy sees investment in new build and refurbished facilities to upgrade and expand facilities, supporting highly technical and specialist education/training in construction trades, health & care and sport.
- 5.2 A programme of capital works is now on site providing a new construction skills workshop (to accommodate the new T level in Construction delivered from September 2021), a six court sports hall, gym and sports training accommodation. The new building will be complemented by a comprehensive refurbishment of the existing College buildings, including a new specialist health & social care training facility for the Health T level delivered from 2021. The first phase of the refurbishment project to provide updated and refreshed accommodation for motor vehicle & logistics was completed in summer 2020. The final phase by 2022 will see the construction of a new 3G sports pitch and investment in open spaces and site infrastructure.
- 5.3 The delivery of the new facilities are on programme and on budget with the accommodation scheduled to be operational from September 2021.

## **6. Progress with surplus site disposals**

- 6.1 Securing capital receipts from the disposal of vacated assets is a critical element of the College's financial plan to self-fund the majority of the investment in the new estate. Achieving and exceeding target levels of capital

receipts will also have a bearing on the viability of the College's Phase 2 proposals.

- 6.2 In order to ensure that key local stakeholders are aware of the proposed disposal route and potential future use of the sites, a co-ordinated approach to communications is essential. For all sites and locations that the college will be vacating council officers, local representatives from MP's, local councillors, residents and parents have been engaged with. In each case, the college have sought, where possible, to repurpose any locations to create value for the city in other ways such as schools, housing, green spaces, etc. which will contribute towards and be reflective of local need.

### **6.3 Completed Asset Disposals**

#### ***Moston Campus***

- 6.3.1 This site has been sold to One Manchester, who are promoting a scheme to provide 55 affordable homes (2, 3 and 4 beds), which will either be let at an Affordable Rent or available for Shared Ownership. The small City Council owned strip of land towards the district centre has also been incorporated within the ownership of One Manchester to support a comprehensive and cogent development.

#### **St John's Campus**

- 6.3.2 This site has been sold to Henry Boot Developments who have plans to demolish the existing college building and to bring forward a modern office development. This provides an important opportunity to increase the amount of modern office development and to bring jobs to the core of the City centre, close to Spinningfields, and the wider St John's development. College students will remain in occupation until Autumn 2022, after which development plans will be brought forward. The disposal achieved the requirements of the estates strategy business plan and is in line with the financial expectations shared with MCC and GMCA.

### **6.4 Property disposals – In Progress**

- 6.4.1 A number of other property disposals are planned or in train. As with the completed disposals outlined above, through ongoing collaborative dialogue, LTE Group's strategy is aligned with the Council's wider economic, housing and community priorities for the relevant locations. This is balanced with generating the necessary funds from the land sales to achieve the requirements of the financial plan and delivery of the estates strategy.

#### **Northenden Campus**

- 6.4.2 This is a 7.35 hectare (18.20 acre) site located between Wythenshawe Park and the M56/Princess Parkway. The College marketed the site on a "conditional on planning" basis and has selected Miller Homes as its preferred partner, prior to finalising a legal contract to dispose. Current proposals under

consideration involve between 236 housing units, with 20% being on-site affordable (c47 affordable units with a tenure mix to be agreed as part of the planning process). The disposal process will see Miller Homes deliver a community consultation and engagement plan on the scheme.

- 6.4.3 There is one football pitch on the current site and the loss of this is intended to be mitigated by a s106 agreement to enhance pitches in nearby Wythenshawe Park. A planning application is targeted for submission in April 2021. The College will remain in occupation until Autumn 2022.

### **Fielden Campus**

- 6.4.4 This is a 2.64 hectare (6.50 acre) site off Barlow Moor Road in West Didsbury. The majority is held as a freehold by the College. The Council has a small property interest within the site that would be made available for disposal for market value to support the development. The site has a number of constraints, notably Level 2 and Level 3 flood zones to the south end of the site where it drops away to the River Mersey, which reduces the net developable area of the site and creates an area of open space that would need to be managed.
- 6.4.5 It is considered that the site is suitable for residential development and it is intended to market the site for this purpose. The characteristics of the site provide potential to create a development aimed at meeting the needs of the senior living and consequently this may support downsizer activity in this area of the city, which could release larger homes for family use.
- 6.4.6 A detailed master planning exercise commissioned by the LTE Group has demonstrated that lower density housing provides a high quality product to a high design standard. This indicatively delivers a site capacity of around c. 50 low rise (2-3 storey) homes. It is proposed that the Council's land is made available to support a scheme following these principles on this site.
- 6.4.7 As with all development sites, the College is committed to ensure that any new development contributes positively to the Council net zero carbon ambitions and in particular the nature of the proposed development does give an opportunity to incorporate a variety of technologies to this end.
- 6.4.8 The site will be marketed in February 2021. Whilst the College would lead this, the Council, with a shared land interest, would be fully involved in the process and selection of the developer. To help guide and steer a comprehensive development that meets the Council's clear quality and sustainability, it is proposed a set of guiding principles and parameters be established and agreed prior to the site being presented to the market by way of a planning design brief.
- 6.4.9 To note, initially the intention had been for a more formal Framework to be established; this has raised a question of necessity given there is a clear policy framework to support development on the site which sets out all the key issues any scheme would have to address; response to climate change and

contribution towards affordable housing for example. There will be other detailed considerations for any proposal coming forward notably how the site interacts with the river to benefit the local community, implications for blue and green infrastructure and flood risk which would naturally be covered as part of the planning process.

### **Nicholls Campus**

- 6.4.10 This site runs to an area of 3.2 hectares (7.98 acres), includes a listed building, some years ago education buildings plus grass and all weather sports pitches were added to and part of the site borders the now closed Ardwick cemetery and is deemed not developable due to historic burials. The site has been considered by the Council for future school/education use but there is no need requirement for the Council to use the building for this particular purpose. In addition, the Council holds a covenant restricting use of the site educational purposes, with work is underway to agree a process for the covenant to be lifted to allow alternative uses to be brought forward.
- 6.4.11 The Council is progressing the Ardwick Green Neighbourhood Development Framework (AGNDF) and this site sits just beyond its eastern boundary. It has been agreed that an addendum to the Framework will be produced to cover the Nicholls site as part of the AGNDF being presented to the March Executive. This will then be subject to public consultation, before being approved (with amendments as needed following consultation) by the Executive in June or July 2020. LTE Group is supportive of this approach given the sites very strong connection to the local area.
- 6.4.12 It is suggested that housing use would be most appropriate opportunity for the site with a re-use of the listed building and a sensitive design of new housing to sit alongside. The Council and the College are working closely together to discuss and develop suitable proposals for the site, with the Council being fully engaged in the selection of preferred purchaser.

### **Welcomb Street**

- 6.4.13 This is a 1.37 hectare (3.3 acre) site. The property consists of three industrial style units which will be vacated when the additional construction facilities at the nearby Openshaw Campus are completed in summer 2021. The site has a complex ownership position with the freehold with the Council and a long lease to Network Space (who also have neighbouring interests in the City Works Business Park). The occupational leases are held by the College (one of the buildings) and with Manchester Education and Training (MET) (two of the buildings).
- 6.4.14 MET is a joint venture charitable body set up between the College and the Council. Work is in train to dissolve MET and to transfer the leases to allow the assets to be sold. The Council have a first right of refusal on the acquisition of the site but following review in context of future needs for the industrial portfolio, won't be pursuing the acquisition.

- 6.4.15 Options for the site include leasing of the current buildings or redevelopment to provide modern industrial space. The proposals will create further industrial or workshop space which is needed in the city. Again, the Council will be involved, given their retained property interests.

#### **Boddingtons Site (Great Ducie Street Surplus Land)**

- 6.4.16 The contract to purchase the land at the former Boddingtons site does allow for any part of the site deemed surplus to be offered back to the previous owner or for it to be sold should the previous owner not wish to re-acquire. Any development proposals would require a re-gear on the leases which apply to part of the site where the Council is both a long leaseholder or freeholder. Any proposals would therefore require the Council's consent. Council officers are aware of ongoing discussions and actively supporting the progression of this.
- 6.4.17 Work has been ongoing to try to facilitate a way forward that could support the City agenda on affordable homes and with a sympathetic development. This work has been ongoing since October 2020.

### **6.5 Social Value**

- 6.5.1 The project has associated social value benefits for Manchester residents. The main building contracts have social value clauses that prescribe commitments to local expenditure, local labour and employability for young people, amongst other items, as will the site disposal contracts of sale. For example, the Willmott Dixon contract for the City centre site requires 1,000 apprentice weeks and the sale of the Northenden site will require the housebuilder to provide opportunities for work placements for students. Willmott Dixon and Caddick (Openshaw contractor) are key industry partners in the Construction scholarship programme for level 3 students and we have students working on both sites on extended placements.

### **7. Delivery of an improved College and UCEN curriculum strategy and vision to 2025**

- 7.1 The Manchester College (and its higher education arm UCEN Manchester) delivers a significant volume of post-16 vocational education each year – over 5,200 16 to 18-year-olds, 6,000 adults and 1,300 higher education students enrolled in 2019/20.
- 7.2 A cornerstone of the College's 2020 "Be Amazing" strategy focused on 'Careers not Courses' outlining the College's ambition to shift the culture from one of support to a healthy balance between support and challenge for colleagues and students. The 'challenge' component of the strategy was getting students to think beyond the next steps of their education and instead to focus on their ultimate career ambitions so that the College could proactively help them achieve their aspirations.

- 7.3 Centres of Excellence students can study a broad range of courses and develop the skills and gain the qualifications to take the next steps in their career. Industry Excellence Academy students will benefit from a programme of study that has been co-developed with one of our industry partners. The input of college partners not only helps ensure that our courses are aligned with current industry skills demands but also means that students benefit from a range of industry level activities and lessons. Sponsored programmes and T Levels will sit within the IEA. Prior to the Covid-19 lockdown, 268 Industry Placements (taking 315 hours) were live and 2,049 work placements had already taken place across a range of sectors.
- 7.4 This commitment to ensuring that all students achieve their full potential, underpinned by focussing on future employment prospects, has also played an integral role in seeing the College become the number one college in Greater Manchester for overall achievement (with a 91.7% achievement rate in 2019/20). The College was also ranked first for 16-18 achievement and also for adult achievement, both higher than the national rates overall and at every level of study (Level 1, 2 and 3). In addition, the College was also rated number 1 in the country for basic skills maths and English achievement across all ages.

## 8. Conclusion

- 8.1 The LTE Group has begun to implement an ambitious estate strategy to achieve a future estate for The Manchester College and UCEN that best serves the skills needs of the City and City region. Significant new improvements in capacity and the quality of the facilities will come on stream as planned in September 2021 and September 2022.
- 8.2 Property disposals are critical to the College's financial plan. These are progressing well but it is important that key disposals at Nicholls and Fielden are now progressed jointly with structure and alignment with other plans in the respective areas. LTE Group board has indicated that it is aware of the strong potential for objections and unintended consequences at Nicholls and Fielden, given a change of approach on how the development and sale process might operate, they are comfortable to progress on the previous strategic basis or the new basis, provided that MCC and LTE are clear on the risk and joint communications needed.
- 8.3 The overall programme is currently on time and on budget. However, learner enrolment is running ahead of plan, forecast post-Covid demand is set to further increase demand and new Government policy commitments set out in 2020 will add to this.
- 8.4 Detailed work on demand will be completed early in 2021, our working assumption is that we may now need to bring forward Phase 2 to keep pace with the City's statutory requirements and demand in certain sectors. business case for this will be presented in 2021.

8.5 The new use for surplus College sites will make a significant contribution to the Council's vision for Manchester. On current transactions being agreed, the College disposals will:

- Provide an expected minimum of 11,000sqm of office floorspace to support employment growth in the City centre;
- Provide some a significant volume of new housing units, with a high proportion of affordable housing;
- Bringing 5,960sqm of industrial floorspace to the market for employment / business use; and
- Enhancement of pitch provision in Wythenshawe Park.

## **9. Recommendations**

9.1 Recommendations appear at the front of this report.

## **10. Key Policies and Considerations**

### ***(a) Equal Opportunities***

10.1 An outcome will be to capture local employment opportunities and ensure that local residents have the opportunity to compete for such job opportunities.

### ***(b) Risk Management***

10.2 There is a robust risk management plan in place for the LTE estates strategy as a whole as well as detailed risk plans and mitigations on a scheme by scheme basis.

### ***(c) Legal Considerations***

10.3 Not applicable for this report.