



Executive

Date: Wednesday, 12 February 2020

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

Everyone is welcome to attend this Executive meeting.

Access to the Council Antechamber

Public access to the Antechamber is via the Council Chamber on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

Filming and broadcast of the meeting

Meetings of the Executive are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Membership of the Executive

Councillors

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

Membership of the Consultative Panel

Councillors

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

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

Agenda

- 1. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.
- 2. Interests**
To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.
- 3. Minutes**
To approve as a correct record the minutes of the meeting held on 15 January 2020. 7 - 18
- 4. Revenue Budget Monitoring 2020/21** **All Wards**
The report of the Deputy Chief Executive and City Treasurer is to follow.
- 5. Capital Programme Monitoring 2020/21** **All Wards**
The report of the Deputy Chief Executive and City Treasurer is to follow.
- 6. Budget Overview - The Council's Financial Strategy** **All Wards**
The report of the Deputy Chief Executive and City Treasurer is to follow.
- 7. Medium Term Financial Plan** **All Wards**
The report of the Chief Executive and the Deputy Chief Executive and City Treasurer is to follow.
- 8. Capital Strategy and Budget 2019/20 to 2023/24** **All Wards**
The report of the Chief Executive and the Deputy Chief Executive and City Treasurer is attached. 19 - 74
- 9. Council Business Plan 2020/21** **All Wards**
The report of the Chief Executive is attached. 75 - 112
- 10. Directorate Budgets 2020/21** **All Wards**
Reports from the Strategic Directors are attached for: 113 - 254

 - Children and Education Services Budget 2020/21
 - Adult Social Care and Population Health Budget 2020/21
 - Manchester Health and Care Commissioning Budget 2020/21

- Homelessness Budget 2020/21
- Neighbourhoods Directorate Budget 2020/21
- Growth and Development Budget 2020/21
- Corporate Core Budget 2020/21

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| <p>11. Dedicated Schools Grant - School Budgets 2020/21 The report of the Strategic Director for Children and Education Services is attached.</p> | <p>All Wards 255 - 264</p> |
| <p>12. Housing Revenue Account 2020/21 to 2022/23 The report of the Strategic Director (Growth and Development) and Deputy Chief Executive and City Treasurer is attached.</p> | <p>Ancoats and Beswick; Ardwick; Charlestown; Cheetham; Crumpsall; Harpurhey; Higher Blackley; Miles Platting and Newton Heath; Moston 265 - 282</p> |
| <p>13. Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21 The report of the Deputy Chief Executive and City Treasurer is to follow.</p> | <p>All Wards</p> |
| <p>14. Budget 2020/21 Public Consultation Outcomes The report of the Deputy Chief Executive and City Treasurer is to follow.</p> | <p>All Wards</p> |
| <p>15. Budget 2020/21 Equality Impact Assessment The report of the Deputy Chief Executive and City Treasurer is to follow.</p> | <p>All Wards</p> |
| <p>16. Manchester Climate Change Update The report of the Deputy Chief Executive and City Treasurer is attached.</p> | <p>All Wards 283 - 292</p> |
| <p>17. School Place Planning and Admissions The report of the Director of Education is attached.</p> | <p>All Wards 293 - 302</p> |
| <p>18. Refresh of the Ancoats and New Islington Neighbourhood Development Framework The report of the Strategic Director (Growth and Development) is to follow.</p> | <p>Ancoats and Beswick</p> |
| <p>19. City Centre Transport Strategy Engagement Outcomes The report of the Strategic Director (Growth and Development) is to follow.</p> | <p>Ancoats and Beswick; Ardwick; Cheetham;</p> |

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| | | Deansgate; Hulme; Piccadilly |
| 20. First Street Strategic Regeneration Framework Addendum | The report of the Strategic Director (Growth and Development) is attached. | Deansgate 303 - 314 |
| 21. St Mary's Parsonage - Strategic Regeneration Framework | The report of the Strategic Director (Growth and Development) is attached. | Deansgate 315 - 334 |
| 22. Empty Houses to First Time Buyer Homes - Update Report | The report of the Strategic Director (Growth and Development) is attached. | All Wards 335 - 340 |
| 23. Northern Gateway Strategic Business Plan (Part A) | The report of the Strategic Director (Growth and Development) is attached. | Cheetham; Harpurhey; Miles Platting and Newton Heath; Piccadilly 341 - 358 |
| 24. Decisions of the GMCA 7 January and 31 January 2020 | A copy of the Decision Notices from the GMCA meetings on 7 January 2020 and 31 January 2020 are attached. | 359 - 372 |
| 25. Exclusion of the Public | The officers consider that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Executive is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of this item. At the time this agenda is published no representations have been made that this part of the meeting should be open to the public. | |
| 26. Northern Gateway Strategic Business Plan (Part B) (Public Excluded) | The report of the Strategic Director (Growth and Development) is attached. | Cheetham; Harpurhey; Miles Platting and Newton Heath; Piccadilly 373 - 424 |

Information about the Executive

The Executive is made up of ten Councillors: the Leader and two Deputy Leaders of the Council and seven Executive Members with responsibility for: Children Services; Finance & Human Resources; Adult Services; Schools, 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.

It is the Council's policy 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.

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 at which point members of the public and the press are asked to leave.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
Albert Square,
Manchester, M60 2LA

Further Information

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

Minutes of the meeting held on Wednesday, 15 January 2020

Present: Councillor Leese (Chair)

Councillors: Akbar, Bridges, Craig, N Murphy, Ollerhead, Rahman, Stogia, Richards, Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas and Taylor

Also present as Members of the Standing Consultative Panel:

Councillors: Akbar, Bridges, Craig, N Murphy, Ollerhead, Rahman, Stogia, Richards, Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas and Taylor

Apologies: Councillors S Murphy and S Judge

Also present: Councillors Rawlins

Exe/20/1 Minutes

To approve as a correct record the minutes of the meeting on 19 December 2019.

Exe/20/2 Martyn's Law - Improving Venue Security

Martyn Hett was one of the people murdered in the Manchester Arena terrorist bombing attack on 22 May 2017. Martyn's mother, Figen Murray, has been campaigning since then to improve the security at event venues. She has campaigned for the introduction of "Martyn's Law", legislation to create a coherent and proportionate approach to protective security for venues. The law would apply to any place or space to which the public had access. For small venues this might simply require an addition to their already mandated fire plan, for bigger more complex venues it would require a more holistic approach. It consisted of five core requirements:

- that spaces and places to which the public have access engage with freely available counter-terrorism advice and training;
- that those places conduct vulnerability assessments of their operating places and spaces;
- that those places mitigate the risks created by the vulnerabilities;
- that those places have a counter-terrorism plan; and
- a requirement for local authorities to plan for the threat of terrorism.

A report from the Strategic Director Neighbourhoods explained that the government has undertaken a review of opportunities to use existing legislation to achieve these requirements and had accepted that there was no single piece of legislation that would encompass all of the proposals contained in Martyn's Law. It would require new primary legislation to be passed and enacted.

Whilst primary legislation would take some time and was beyond the Council's control, the report explained that within the Council there had been an assessment of the existing powers available to the Council that would present the opportunity to strengthen or amend to support the proposal.

In the absence of any specific legislation the Council was not able to require licensed venues to put in place all measures advocated in Martyn's Law. However, the Council could implement a degree of control through the Licensing Policy with the potential to introduce policies that sought to place specific counter-terrorism conditions when new licences were granted by the Council, or when license variations were approved. All licensing applications would still need to be considered on their individual merits and such conditions could only be implemented where a relevant representation had been made or the applicant volunteered them as part of their application. Premises operators could also voluntarily seek to incorporate new conditions and there would be merit in engaging with the license trade to encourage that. To progress this the existing suite of 'model' licensing conditions was being revised to incorporate specific counter terrorism measures, including a requirement for a counter-terrorism plan to be in place with associated staff training.

Figen Murray addressed the meeting. She said that the law, if enacted, would not be burdensome for venues to comply with, contrary to some media reports about it. She expressed her thanks and gratitude for the way the Council was striving to implement the provisions of Martyn's Law within the existing powers.

The report explained that whilst the process for new 'model' conditions was relatively informal there would need to be a short public consultation before they were presented to committee for approval. As this work was already underway it could be concluded within the next few months. The suggested model conditions were to be put to a meeting of the Licensing Committee in the next week, on Monday 20 January 2020.

To incorporate counter terrorism related measures into the Licensing Policy would require a full statutory review, involving a protracted and lengthy process. Therefore, any changes through a review were unlikely to come into effect until 2021.

Officers would now explore how the principles of Martyn's Law could also be voluntarily implemented locally through participating licensed premises. There was also a desire to seek to coordinate similar actions across Greater Manchester, and work on that would continue.

There were no direct implications set out in the report on how the proposals would contribute to the Council's response to the declared climate emergency.

Decisions

1. To endorse the work to date to support the work progressing to improve public safety and security.
2. To endorse the proposed changes to licensing conditions and to require that these are presented to Licensing Committee at the earliest opportunity.

Exe/20/3 Statement by the Chief Executive on the publication of Greater Manchester Mayor, Independent Assurance review of the effectiveness of multi agency responses to child exploitation in Greater Manchester

Following a number of public statements in respect of Child Sexual Exploitation (CSE) across Greater Manchester in September 2017 the Greater Manchester Mayor commissioned an independent assurance exercise to explore the current and future delivery models across the conurbation in response to CSE. The Council had supported the commissioning of that review. Within the scope of the assurance exercise had been the decision making and practice in respect of Operation Augusta, a CSE investigation which had run between 2003 and 2005. The findings of the Mayor's review had been published on 14 January 2020. The Chief Executive told the meeting that the published report made for painful reading. It had concluded that many young people who had been in care had been exploited and abused. The police investigation into the abuse had been halted before prosecutions had been brought.

The review report concerned a period some 15 years ago when in many other towns and cities across the country child sexual exploitation was an emerging issue. Senior Council officers had fully engaged with the review and had worked proactively both within the Council and also with Greater Manchester Police from early in the review period. A new live investigation into the alleged offences had opened last year designated as 'Operation Green Jacket'. The Council had welcomed the reopening of the investigation.

The Council had carefully reviewed the records of the children identified in the assurance review report and, where social work practice has fallen short of what was expected, had taken action and referred individuals to the Health and Care Professions Council (HCPC) to consider their 'fitness to practice'. Four former staff members had been so referred. The sharing with the independent review of the sensitive personal data in the Council's case files had not been straightforward, and facilitating that in a lawful way had taken some time.

The Leader of the Council apologised to the young people who he said had been let down by the Council in that period. The Executive Member for Children's Services explained how the Council's now worked in multi-agency partnerships to safeguard young people. The Executive Member for Adult Health & Wellbeing explained the support arrangements that were in place to help the victims and survivors of that abuse and exploitation, all of who were now adults. It was also anticipated that the publication of the review report would see other people coming forward who were not in the cases considered by the review but who had also been abused at that time and who were now seeking support.

The meeting thanked all those who had been involved in supporting the review, and who were now helping with the new 'Operation Green Jacket'. The Director of Children's Services gave details of the progress the Council has made in this area and the outcomes of independent reviews, Ofsted inspections and a positive recent focus visit undertaken on 10th and 11th December 2019.

Exe/20/4 Statement on the proposed closure of Newall Green High School, Wythenshawe

It was announced that the multi-academy Trust that runs Newall Green High School in Wythenshawe had agreed with the Department for Education that the school would commence consultation on a proposal that the school should close. It would close to all but the current Year 10 in 2020/21, and finally close when that Year 10 had left school in the summer of 2021/22. All learners who were at present in Year 7 to Year 9 would need to transfer to another school in September 2020, with no new Year 7 admissions to Newall Green in September 2020. The “Listening Period” of the consultation was to run until 11 February, with it anticipated that the Secretary of State would take a decision on the closure on 24 February.

The Executive Member spoke of the harm the closure would do to the school’s current pupils as well as its impact on the local community. He felt neither of those had been sufficiently considered within the Trust’s decision making. The school had been improving in the last few years and there were not enough free places in other schools to accommodate all the pupils.

The meeting was addressed by Councillor Rawlins, a ward councillor for the Baguley ward where the school is situated. She was concerned that there would not be enough space in other schools in the area to admit all the pupils who would be forced out when the school closes. She also felt that the impact of the proposed closure on local families and the wider local community had not been considered; if it had then the school would not be closing. The school buildings were in a good condition. She hoped that the Council would oppose the closure of the school.

The Leader of the Council confirmed that the Executive would support the campaign to keep the school open, which was welcomed and endorsed by the other members of the Executive.

Exe/20/5 Greater Manchester's Clean Air Plan - Tackling Nitrogen Dioxide Exceedances at the Roadside - Update

In February 2018 we had noted the emerging content of the Draft Clean Air Plan and the GM Mayor’s Congestion Plan (Minute Exe/18/022). The origin of that work had arisen from the Government’s approach to improving air quality. In July 2017, the Government had published its latest plans to improve air quality and to achieve compliance with legislation across the country. Under that plan a number of local authorities were required to produce Clean Air Plans containing measures to address the Nitrogen Dioxide (NO₂) problem in their area. Included in that were seven authorities in greater Manchester: Manchester, Bolton, Bury, Salford, Stockport, Tameside and Trafford. A further direction was issued in 2018 that related to a further 33 local authorities, including Oldham in Greater Manchester. Whilst Rochdale and Wigan Councils were not compelled to act through a ministerial Direction, they each agreed to participate in the Greater Manchester-wide approach under the leadership of the Greater Manchester Combined Authority. On this basis, Greater Manchester’s collective approach to develop a city-region wide Clean Air Plan had been accepted by government, and consequently no further ministerial Directions had been issued.

A letter from the Minister in January 2019 required GM's collective Outline Business Case to address NO₂ be submitted to Government by end of March 2019. To that end, in March 2019 we adopted the feasibility study that had been undertaken and approved the Outline Business Case (OBC) for submission to the government's Joint Air Quality Unit (JAQU) (Minute Exe/19/29).

A report now submitted by the Strategic Director (Growth and Development) provided an update on progress made over the rest of 2019. The OBC had been submitted to Government at the end of March 2019. Ministerial feedback was received in July 2019 along with a further direction under the Environment Act 1995 which required all ten of the GM local authorities to take steps to implement a plan to deliver compliance with the requirement to meet legal limits for NO₂ in the shortest possible time. That Ministerial Direction and accompanying letter proposed some significant amendments to GM's OBC proposals, including the implementation of a charging Clean Air Zone Class C without a van exemption until 2023. It required the local authorities to jointly submit to JAQU by 2 August 2019 revised evidence, and a Full Business Case (FBC) by 31 December 2019 at the latest. The Ministerial letter had set out that the GM plan should continue to proceed towards developing the implementation and contract arrangements of a charging Clean Air Zone in Greater Manchester and that the Government would provide an initial tranche of £36m of funding to take this forward.

The report explained why it had not been possible to provide the FBC to the government at the end of 2019. The GM Authorities had sought clarification on the 2019 Ministerial Direction and the accompanying ministerial letter, questioning the government's lack of assurances of financial support. The GM response to the Minister had outlined GM's approach to the requests for further options analysis, and detailed the issues that would be faced in preparing to comply with the Minister's timetable for the FBC and statutory consultation, as well as the further options appraisal information that had been requested by 2nd August 2019. It explained that to respond to the 2 August deadline, GM had provided JAQU with 29 draft technical reports and notes. Those title and purpose of each of those draft notes were detailed in the appendix to the report. Given the government's timetable, these notes had been submitted in draft form and authority was now sought to make their final submission to the JAQU.

The uncertainties over the Ministerial Letter and Direction had prevented the GM authorities from undertaking the statutory consultation that was required as part of the development of the FBC, and so had slowed down the rate of progress since March 2019. The report explained that the intention was for the GMCA to work on the timing of the consultation over the coming months.

There was also other preparatory work that was needed to maintain momentum, such as work on automatic number plate recognition (ANPR) cameras, back office systems and service providers. Authority was sought for these preparatory implementation and contract arrangements, utilising the initial tranche of £36m of funding.

The report explained that the Clean Air Plan aimed to reduce emissions from the most polluting vehicles in the city. It would have an important secondary benefit of

reducing carbon emissions. As part of that there was a need for officers to develop a business case and funding strategy for submission to government to allow the city to have a zero-emission bus fleet as quickly as possible.

The report also addressed two other issues of concern that would impact on the reduction of gas NO₂ and CO₂ emissions from vehicles. The first was that Highways England had not been directed to tackle NO₂ exceedances in the same way as the GM local authorities, which could result in areas within Greater Manchester that were adjacent to the trunk roads managed by Highways England still having NO₂ levels that were too high. The second was the concerns raised by Greater Manchester's residents about the polluting effects of idling vehicles. It was stressed that action by government on anti-idling would help improve air quality around schools.

It was noted that the report had also been considered at a recent meeting of the Neighbourhoods and Environment Scrutiny Committee and the committee had endorsed its recommendations (Minute NESC/20/07).

Decisions

1. To note progress made to date.
2. To note the ministerial direction under the Environment Act 1995 (Greater Manchester) Air Quality Direction 2019 which requires all ten of the Greater Manchester local authorities to implement a charging Clean Air Zone Class C across the region.
3. To agree the need to continue to proceed towards developing the implementation and contract arrangements of a charging Clean Air Zone (CAZ) in Greater Manchester utilising the initial tranche of £36m of funding as required by the ministerial direction and feedback.
4. To delegate authority to Chief Executive, in consultation with the Executive Member for the Environment, Planning and Transport to determine the preparatory implementation and contract arrangements that needed to be undertaken utilising the initial tranche of £36m of funding to deliver the CAZ and other GM CAP measures.
5. To note that the report to determine the timings for commencing the consultation will be received in the Spring of 2020.
6. To note the outstanding need to secure a clear response from the Government on clean vehicles funding requests.
7. That officers work with TfGM to develop a business case and funding strategy for submission to Government to deliver a zero carbon bus fleet as quickly as possible, noting the urgent need to reduce carbon emissions from transport and to reduce NO₂ exceedances.
8. To note that Highways England had not been directed to act in relation to tackling NO₂ exceedances in the same way as the Greater Manchester local

authorities, and that this will leave some publicly accessible areas of GM adjacent to trunk roads managed by Highways England, with NO₂ exceedances that are not being addressed by the Highways England plan.

9. To delegate authority to Chief Executive to agree the final content and submission of the documents listed in the report's appendix for formal submission to JAQU and note their Publication status, and to determine any further technical reports for formal submission to JAQU.
10. To note that the Executive member for the Environment, Planning and Transport will co-sign a letter from the GM Authorities to the Secretary of State for Transport asking them to bring forward the launch of a statutory consultation to strengthen rules on vehicle idling.

Exe/20/6 Local Plan Issues Consultation

A report was considered that sought approval for the consultation on the first stage in developing a new Local Plan for Manchester. The "Issues Consultation" would be the first part of the consultation and would set out key issues to inform the scope and content of the new local plan. Later stages of consultation would provide opportunities for more detailed consultation on individual policy areas. A draft copy of the "Manchester Core Strategy / Local Plan Review - Issues Consultation (February 2020)" document was appended to the report.

The intention was for the Council's target to achieve a zero carbon Manchester by 2038 to feature as a strategic matter in the Local Plan, central to the plan. The consultation proposals would include issues that would have a direct bearing on successfully meeting that zero carbon target.

Decisions

1. To approve the Issues Consultation document to be consulted on for a period of eight weeks from 7 February 2020.
2. To delegate approval to the Strategic Director (Growth and Development) in consultation with the Executive Member for Environment, Planning and Transport to agree any editorial amendments and the finalisation of the Issues Consultation document prior to its issue for consultation.

Exe/20/7 Financial Strategy - 2020/21 Budget

A report submitted by the Deputy Chief Executive and City Treasurer set out the budget position for 2020/21 based on the outcome of the Provisional Local Government Finance Settlement. The report described the issues that would need to be taken into account prior to the Council finalising the budget and setting the Council Tax for 2020/21. By making carbon reduction a key consideration in the Council's planning and budget proposals, the proposed 2020/21 budget was also to respond to the climate emergency that the Council had declared (Minute CC/19/52).

Due to the announcement of a one-year spending round by government, the City Council was intending to publish a single year budget for 2020/21 only. It would, however, continue to plan for a three-year position based on the best information available.

The earlier version of this report that had been considered by the scrutiny committees had forecast a small surplus of £256k for the 2020/21 budget (minutes HSC/20/02, RGSC/20/02, NESC/20/04, CESC/20/02, ESC/20/02 and CYP/20/03).

That version had been based on the information available at the time that report was prepared including the government funding announcements in the September Spending Round; the technical provisional settlement consultation released early October; the forecast changes to spend including the impact of expected increases to the National Living Wage, pension contribution costs, the waste levy and other pressures; and identification of savings and efficiencies to support the overall financial position.

In developing the 2020/21 budget net savings of £2.837m had been identified as follows:

| | 2020/21 Savings Options Identified £000 | 2020/21 Pressures/ Priorities Identified £000 | Net savings options supporting bottom line £000 |
|------------------------------|--|--|--|
| Homelessness | (1,000) | 1,000 | 0 |
| Corporate Core | (3,449) | 2,872 | (577) |
| Neighbourhood Services | (2,324) | 754 | (1,570) |
| Growth and Development | (690) | 0 | (690) |
| Total Savings Options | (7,463) | 4,626 | (2,837) |

The details underlying each of these savings proposals were set out in an appendix to the report.

The report then outlined the key changes to the financial situation since the scrutiny committee version of the report had been prepared. The announcement of the 2020/21 Local Government Provisional Finance Settlement had been in late December 2019. The funding level announced in that was largely a roll-over settlement with some inflationary increases and specific increases for Social Care. The provisional settlement had confirmed all of the announcements in the 2020/21 Spending Round and the report explained all the key elements and changes that had been in the announced settlement. The government was assuming that the City Council would increase the council tax precept by 3.99%, made up of a general precept element of 1.99% and the specific social care precept element of 2%. However, the eventual increase to Manchester residents might be higher as it would also include any changes to the Greater Manchester Mayoral precept and the Police precept.

The impact on the Council's financial position of the recent budget announcements was broken down as follows:

| Impact of recent budget announcements | 2020/21 £000 |
|--|-------------------------|
| Additional New Homes Bonus Grant | (662) |
| Revised Inflation on Settlement Funding Assessment | 165 |
| Revised Inflation on Public Health Funding | 36 |
| Updated Statutory National Living Wage from 1 April 2020 | 550 |
| Net change | 89 |

These changes would still enable a balanced budget to be achieved for 2020/21, with the forecast surplus dropping to £167K, as follows:

| Budget Position 2019/20 (Latest) and 2020/21 (Proposed) | 2019/20 £'000 | 2020/21 £'000 |
|--|--------------------------|--------------------------|
| Resources Available: | | |
| Business Rates Related Funding | 314,653 | 327,866 |
| Council Tax | 166,507 | 169,852 |
| Other non-ring fenced Grants | 65,752 | 66,735 |
| Dividends, Commercial Income and Use of Airport Reserve | 62,390 | 62,890 |
| Use of other Reserves | 12,859 | 21,481 |
| Total Resources Available | 622,161 | 648,824 |
| Resources Required: | | |
| Corporate Costs: | | |
| Levies/Charges | 69,990 | 71,327 |
| Contingency | 850 | 994 |
| Capital Financing | 44,507 | 46,907 |
| Transfer to Reserves | 18,393 | 1,595 |
| Sub-Total Corporate Costs | 133,740 | 120,823 |
| Directorate Costs: | | |
| Additional Allowances and other pension costs | 10,030 | 9,580 |
| Insurance Costs | 2,004 | 2,004 |
| Directorate Budgets | 474,124 | 505,730 |
| Inflationary Pressures and budgets to be allocated | 2,263 | 10,520 |
| Sub - Total Directorate Costs | 488,421 | 527,834 |
| Total Resources Required | 622,161 | 648,657 |
| Shortfall / (surplus) | 0 | (167) |

This was not likely to be the final position proposed in February as further changes were anticipated. These included:

- Confirmation of the redistribution of the surplus held in the national levy account in 2019/20, which should be confirmed in the final settlement.
- Public Health allocations were yet to be confirmed. The Spending Round had announced a real terms increase to the Public Health Grant budget, expected to be 2.63%, an increase of £1.328m.
- The Spending Round had also announced a additional £40m funding for Discretionary Housing Payments to tackle affordability pressures in the private

rented sector in England and Wales. The allocation of that fund to individual authorities were yet to be announced.

- The Conservative Party General Election manifesto had announced £500m funding for a Potholes Fund and an allocation from that was anticipated.

Given these uncertainties there was no assurance that the final budget would retain the small surplus. The Executive agreed to recommend that any projected surplus would be used to improve the physical environment

It was confirmed that the Council would be consulting on increasing the City Council element of the Council Tax by 3.99%, 1.99% plus the 2% for social care. It was intended that all the additional revenue raised by that extra 2% would be allocated to investing in learning disability support services.

The report outlined the future stages of the budget's development leading up to the budget and Council Tax setting meeting of the Council on 6 March 2020.

Decisions

1. To agree the proposals in this report as the basis for the 2020/21 budget.
2. To note that the financial position has been updated to reflect the provisional Local Government Finance Settlement issued on 20 December 2019.
3. To note that the detailed budget reports were considered by the six Scrutiny Committees over the period 7-9 January, setting out the investment and savings proposals for each Directorate.
4. To note that the full suite of budget reports would be presented to the Executive meeting on 12 February 2020.
5. To recommend that any projected surplus would be used to improve the physical environment

Exe/20/8 Capital Programme Update

A report concerning requests to increase the capital programme was submitted. The report explained that all capital projects were reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects did not receive approval unless the contribution to this target was going to be appropriate.

We agreed to recommend three changes to the Council and to make a further two changes under delegated powers. These changes would increase the capital budget by £21.534m across 2019/20 to 2021/22, funded from borrowing, government grants and capital receipts.

It was also reported that under powers delegated to the Deputy Chief Executive and City Treasurer, there had been three other changes to the capital programme: £60K in relation to the Exchange Square Water Feature Refurbishment; £106K that related to Levenshulme Active Neighbourhood work; and £250K in relation to FC United.

The report also provided a progress report on the development of the Integrated Hub in Gorton (Minute Exe/17/056). The project had been designed to RIBA Stage 4 and the cost plan has been market tested. The site had been assembled and cleared, and the scheme had secured planning permission. The project budget was now £19.636m.

Decisions

1. To recommend that the Council approve the following three changes to Manchester City Council's capital programme:
 - a) Children's Services – Special educational needs and disability (SEND) Expansions. A capital virement of £0.866m is requested from Education Basic Need Unallocated, funded by Government Grant.
 - b) Neighbourhoods – Abraham Moss Leisure Centre. A capital budget increase of £7.249m in 2021/22 is requested funded by borrowing, and revenue budget increase of £0.210m, funded by Capital Fund.
 - c) Children's Services – Acquisition of Land at Hyde Road. A capital budget increase of £13.169m is requested, initially funded by borrowing.
2. To approve the following two changes to the City Council's capital programme:
 - d) Children's Services – Ghyll Head. A capital budget increase of £1.116m is requested, funded by capital receipts.
 - e) ICT – Data Centre Programme Additional Funding Request. A capital budget virement of £0.450m is requested from the ICT Investment Plan, funded by borrowing.
3. To note increases to the programme of £0.416m as a result of three changes to the programme made under powers delegated to the Deputy Chief Executive and City Treasurer.
4. To note update on Integrated Working - Gorton Health Hub project.

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**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 4 February 2020
Executive – 12 February 2020
Council – 6 March 2020

Subject: Capital Strategy and Budget 2019/20 to 2023/24

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

Summary

The purpose of the report is to present the 2019/20 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 6.2.
2. Note the capital strategy.
3. 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 2019/20 to 2023/24 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. Approve the budget changes for the 2019/20 capital programme.
2. Approve the capital programme as presented in Appendix 3 (for £318.0m in 2019/20, £378.4m in 2020/21, £288.8m in 2021/22, £208.3 in 2022/23 and £55.3m in 2023/24) which will require prudential borrowing of £710.7m 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. 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 2020/21 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.
- g) The Deputy Chief Executive and City Treasurer and City Solicitor in consultation with the Executive Member for Finance and Human Resources to agree and approve the governance process for bids to the proposed VCSE Fund.

Wards Affected: Various

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. Each project must set achievable carbon reducing targets before being approved.

For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network.

| Manchester Strategy outcomes | Summary of the contribution to the strategy |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | The 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

Financial Consequences – Revenue

The capital programme report as presented will require £710.7m (all non-HRA) of prudential borrowing over the period 2019/20 to 2023/24, 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.

Financial Consequences – Capital

For the City Council programme the latest budget for 2019/20 is £248.0m, of which £131.9m is forecast to be funded from borrowing. Across the forecast period 2020/21 to 2023/24, the budget is £930.8m, of which £578.8m is forecast to be funded from borrowing.

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Attachments

Appendix 1: Capital Approval Process flowchart
 Appendix 2: Proposed Amendments to the Capital Budget
 Appendix 3: Detailed Capital Programme 2019/20 – 2023/24
 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 13 February 2019 (Capital Strategy and Budget 2019/20 to 2023/24)
 Report to Council 8 March 2019 (Capital Strategy and Budget 2019/20 to 2023/24)
 Report to the Executive 13 March 2019 (Capital Programme Update)
 Report to the Executive 26 June 2019 (Capital Programme Outturn Position 2018/19)
 Report to the Executive 26 June 2019 (Capital Programme Update)
 Report to the Executive 24 July 2019 (Capital Programme Update)
 Report to the Executive 11 September 2019 (Capital Programme Update)
 Report to the Executive 16 October 2019 (Capital Programme Update)
 Report to the Executive 13 November 2019 (Capital Programme Monitoring 2019/20)
 Report to the Executive 13 November 2019 (Capital Programme Update)
 Report to the Executive 19 December 2019 (Capital Programme Update)
 Report to the Executive 12 February 2020 (Capital Programme Monitoring 2019/20)

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 2019-24. 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 and the governance for those decisions, and also gives a summary of the Council's approach to investments and treasury management strategy which is elsewhere on the agenda. The Council's capital strategy also meets the requirements in the CIPFA Prudential Code.
- 1.3 The strategy sets out the priorities for the Council for its capital investment and forms the framework against which future investment decisions are made. Section 3 of the report sets out the priority areas for future investment, including carbon reduction and housing. Schemes and projects are only added to the budget at the point they have been fully developed and agreed as part of the checkpoint process. As the potential future investment proposals develop they will follow the governance process laid out in this report before they are approved.

2 Strategic Context

- 2.1 Global and national economic uncertainty mean that it is challenging to forecast how the UK Economy will perform over the next three to five years. This is as a consequence of weaker economic global growth, partly driven by trade protectionism, and Brexit-related uncertainties. If any significant economic slowdown materialises, there will need to be a national response from Government and a clear local response. Following the December 2019 General Election, the new Government has indicated that new funding opportunities will be announced in the March 2020 Budget which will require a Manchester response to in order to capture investment from such opportunities. It is against this backdrop that our overarching capital strategy should be considered.
- 2.2 Manchester is 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 a vision of making Manchester a world class city. As encapsulated in the Our Manchester Strategy the vision is for Manchester in 2025 to be in the top flight of world class cities:
- with a competitive, dynamic and sustainable economy that draws on its distinctive strengths in science, advanced manufacturing, culture, creative and digital business, cultivating and encouraging new ideas;
 - with highly skilled, enterprising and industrious people;
 - that is connected, internationally and within the UK;
 - that plays its full part in limiting the impacts of climate change;
 - where residents from all backgrounds feel safe, can aspire, succeed and live well; and

- that is clean, attractive, culturally rich, outward looking and welcoming.
- 2.3 To be internationally competitive the City Council has grasped the need to:
- deliver on meeting the need to reduce dependency and improve the productivity outcomes for residents - connecting all of the City's residents to the opportunities created by economic growth;
 - 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.
- 2.4 The Our Manchester Strategy demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The development of a longer term, five-year, Capital Strategy forms a critical part of the City Council's strategic and financial planning from 2018/19.
- 2.5 Residents helped to devise the Our Manchester Strategy, and the benefits to residents of capital investment is a key concern for the Council. Through investment in housing, parks, leisure centres and highways, the capital programme seeks to prioritise the views and needs of the City's residents.
- 2.6 The last few years have witnessed a number of significant developments that have had, and will continue to have, a major influence on the future shape and approach to capital investment within the City. These include the "Our Manchester" Strategy, the Manchester Residential Growth Strategy, the proposals to strengthen policies on Affordable Housing in the city, new commercial development opportunities, and 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 and our stated ambitions to be a zero carbon city made in 2019 now provides an added dimension that cuts across all of these strategies and reviews.
- 2.7 The challenge for the future is to maximise the capital resources available to the Council in order to deliver the priorities for the City. This will require continued investment for transformation to define Manchester as an attractive place to live and further improve the quality of life for residents. The following will be important to achieving this:
- 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.

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

- 2.8 Within a wider City Region and regional context the ambition is for Greater Manchester to become a financially self-sustaining region, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global region.
- 2.9 Greater Manchester has been working hard, with Government, to turn that vision into a reality. The conurbation's priorities around growth and reform are widely recognised to be distinctive, evidenced and wholly appropriate for the long term success of the area. The City Region is still one of a few economic geographies capable of becoming a national engine of growth for the North and the UK as a whole, and in doing so, becoming a net contributor to the economy. Greater Manchester has made a strong, evidence-based case for the devolved, place-based management of local services, alongside innovative funding arrangements that remove unnecessary ring-fences to enable consistent prioritisation against Greater Manchester and Northern Powerhouse growth objectives.
- 2.10 Against this backdrop the new Greater Manchester Strategy "Our People, Our Place" sets out a Vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old. The Plan sets out the ambitions for Greater Manchester and its population of 2.8 million. It covers health, well-being, work and jobs, housing, transport, skills, training and economic growth.
- 2.11 The Manchester and Greater Manchester Industrial Strategies were published in 2019 and set out the plans for developing a more inclusive economy that all residents can participate in and benefit from.
- 2.12 In early 2019 the Greater Manchester Combined Authority published a suite of strategic documents that translate the ambitions set out in the Greater Manchester Strategy into new development and growth for the next two decades. The Greater Manchester Spatial Framework, the Greater Manchester Transport 2040 Implementation Plan and the forthcoming Greater Manchester Housing Strategy provide the frameworks for future investment in the conurbation.

The 2019/20 Capital Programme

- 2.13 The capital programme has progressed in line with the agreed approach to capital spend and delivery in 2019/20, and as part of the overall five year capital strategy.
- 2.14 Within the Highways Investment Fund, maintenance, resurfacing, drainage and gully works are ongoing. Other major Highways projects are progressing including Hyde Road and the A6 Pinch Point widening schemes. A number of walking and cycling schemes, to be funded through the Mayor's Challenge Fund are to be brought forward.
- 2.15 Works are ongoing at the Manchester Aquatics Centre and the National Cycling Centre to develop designs to RIBA Stage 2 to support major refurbishments at both venues. A number of projects within the Parks portfolio have completed including King George V Park, Heaton Park South Play, Painswick Park and additional works at Platt Fields.
- 2.16 Corporate Estates recently opened the new Hulme District Office on Stretford Road. Works have begun on the next phase of the Estates Transformation Programme which will see a complete refurbishment of Alexandra House and car park.
- 2.17 Projects which will reduce the Council's carbon emissions have progressed, including the ongoing replacement of existing street lights with LED bulbs, and the Civic Quarter Heat Network. This strategy starts to set out the areas for future investment.
- 2.18 Good progress continues at the Factory site, as steel works continue to be erected and other major milestones are reached such as the complex installation of the Proscenium truss.
- 2.19 Early works have begun on site for the Town Hall project. The project team continue to prepare for Notice to Proceed which is expected in early 2020. It is anticipated that c.£104.0m worth of work packages will have been procured by this date, which will equate to around 60% of the overall project.
- 2.20 The delivery programme for works funded from Disabled Facilities Grant has continued. Works on fire safety measures in the Council's housing stock have progressed. The first of the North Manchester New Build schemes has completed, with 20 shared ownership units and 40 affordable rent units delivered.
- 2.21 Work is ongoing to ensure that the Council continues to meet the demand for school places with the continued growth of pupil numbers in the City. A construction partner has been appointed for the Special Educational Needs programme to increase school places across 4 sites in the City - Roundwood, North Hulme, Monsall Road and Camberwell Park. The Schools Maintenance Programme for summer 2019 is nearing completion and a programme of work for 2020/21 is now being drafted.

- 2.22 Works within the ICT Investment Programme have progressed, to create a simpler, more robust, resilient and easier to support technological environment. A new social care system, which incorporates a new social care payments system, went live at the end of July 2019. In October, the Executive agreed to adopt Microsoft Office and its software tools - Microsoft 365 - to replace Google G Suite and Lotus notes.

3 Development of the Capital Strategy

- 3.1 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. The Strategy, therefore, sets out the longer term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.
- 3.2 The Council makes a clear distinction between capital investments, where the achievement of strategic aims will be considered, alongside affordability; and treasury management investments, which are made for the purpose of cash flow management.
- 3.3 Council investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities which are set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements that underpin the decision making. Longer term capital investment decisions will not be made purely on the basis of commercial decisions and chasing yield, however, inevitably some schemes will be financed all or in part from returns on investment. There may 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.
- 3.4 Through the existing capital programme and recent policy decisions there are already a number of overarching future investment priorities identified which are set out below.
- 3.5 With the recent declaration of the Climate Emergency by the City Council the Council has a clear target to at least **halve its carbon output over the next five years**. Investment plans and associated benefits must consider the effect on carbon and work is taking place to understand how investment can be classified in terms of carbon impact as well as financial. The costs of new build programmes to higher environmental standards and meeting the needs of the

Local Plan and planning requirements need to be considered, running alongside investment in green spaces and places including trees and green walls which will require revenue resources for ongoing maintenance. In addition the majority of the Council's carbon emissions are from its 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 to ensure that the city's residents are given the best possible opportunities to access these exciting new careers.

- 3.6 The Council recognises the ongoing priority to **deliver new affordable housing stock** resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes between April 2015 and March 2025.
- 3.7 A commitment to developing a more **inclusive economy**, both for the City and the Council, is vital and this ambition is set out within the Our Manchester Industrial Strategy. Achieving this ambition may require investments on an invest to save basis in existing Council assets, and will also require strategic investment to unlock wider developments, both commercial and residential. There is a major 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 bring about the kind of social, economic and environmental benefits the city desires. The use of progressive procurement policies and social value will help to ensure the maximum benefit to residents from these new developments.
- 3.8 Regeneration in North Manchester, of which the Northern Gateway will play a crucial role, will continue to be an important part of the Council's capital strategy. Investment in the leisure centre at Abraham Moss, and the proposed investment at North Manchester General Hospital, are vital parts of the regeneration strategy.
- 3.9 Increasingly there will be a role for the Council to look at **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 and particular residential and intermediate care, and will require significant partnership support. Such intervention may be short term in nature, to support the development of sustainable business plans, or interventions of a longer nature to support market change.
- 3.10 A key role for the future capital programme will be to ensure that the Council's **corporate estate is fit for purpose**. The level of investment needs to increase to support the commitment to reduce the Council's carbon output and due 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 by them on maintenance than expected.

- 3.11 With the ongoing work around Our Transformation, there will be a continuing need to invest 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.
- 3.12 All capital investment decisions will be underpinned by a robust business plan that sets out any expected financial return alongside the broader outcomes including economic and social benefits.
- 3.13 This report includes forecast additional projects which may require capital investment over the medium term. These projects have been identified during the budget process as potentially being required to support the Council in achieving its strategic aims. These projects do not form part of the approved capital programme as set out within this report, and are expected to follow the governance process set out below as they are developed.

4 Carbon Reduction

- 4.1 The City Council has declared a climate emergency, and set an aim to become carbon neutral by 2038. This is an ambitious reduction which will require the Council to reduce its direct carbon dioxide emissions by at least 50% by 2025, while also playing its full part in supporting and influencing the city of Manchester to do the same. The Council will produce its zero carbon action plan for 2020-25 in March 2020.
- 4.2 Changes in how buildings are operated alongside behavioural changes such as recycling more are an important part of meeting that target, but it is vital that this is supported by capital investment aimed at reducing carbon.
- 4.3 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; and
 - the Carbon Reduction Programme is progressing, with building-specific projects identified which will reduce the carbon output.
- 4.4 To halve the Council's carbon output over the next five years it is clear that further capital investment is required, and hence it is recognised as one of the key priorities for future capital spend. The forecast additional projects identified in this report which could support this include:
- 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;
 - the electrification of the waste fleet;

- retrofit works to the Council's housing stock to move towards it being carbon neutral; and
- further investment in green energy solutions.

4.5 As described below, through the approval process for capital expenditure all proposed capital investment must be able to articulate how it can contribute to the Council's zero carbon target. This is one of the key considerations when projects are brought forward.

4.6 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. The Council must set a balanced budget, and therefore capital financing costs must be affordable within existing revenue constraints. This means that capital investment aimed at reducing carbon must focus on projects which will make the biggest difference, and this will form part of the ongoing decision-making process.

5 Governance

5.1 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 this criteria.

5.2 The Council does not currently exercise any of the capitalisation flexibilities potentially available to it, such as the use of capital receipts to support specific revenue expenditure related to service transformation. If such flexibilities supported Council strategy, this position would be reviewed.

5.3 The Council has revised the approval process for capital expenditure in order to strengthen the decision making criteria highlighted above. Work is continuing on improving and streamlining the process, including strengthening the links to the key decision process and to strengthen decision making on funding sources such as Section 106 contributions, to ensure that the use of such sources are maximised.

5.4 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.

5.5 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.
- 5.6 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.
- 5.7 Throughout the decision making process the risks and rewards for each project are reviewed and revised and form a key part of the monitoring of the capital programme. The Strategic Capital Board receive monthly updates from each directorate board detailing financial forecasts, risks, and expected outcomes.
- 5.8 The governance process for approving capital investments is the same as that for the wider capital programme. Any investment proposal is peer reviewed and the external and internal risks associated with the investment explored. Within the Council there are commercial and public sector professionals who are responsible for supporting investment proposals and establishing 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.
- 5.9 The capital programme is monitored monthly, with quarterly reports to Executive. This will include any new approved capital investment proposals. They will also be subject to regular review including any annual assessment as part of the accounts process, which will take into account any material changes to the standing of the investment. New capital projects are reported to Executive in capital update reports, detailing the aims of the project and the source of the funding required.

6 Changes to the Capital Programme

- 6.1 All new capital proposals since 2017/18 have been assessed against the criteria above, highlighted at paragraph 5.5. The projects put forward within this report meet the criteria for inclusion around strategic fit.
- 6.2 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 Council approval:

- Rushcroft and Pevensey Court Ground Source Heat Pumps – installation of renewable heating systems to replace communal gas boilers;

- Hammerstone Road depot – additional funding following the widening of the scope of the project to allow the transfer of additional services to the depot, and following the end of design stage 3;
- Buy Back of former Council Properties – provision to buy back former Council homes to support the Council's housing objectives; and
- Central Library Refresh – refresh of the Archives+ exhibition, performance space technology and Children's Library.

For Executive approval:

- Highways Maintenance Challenge Fund – works to resurface Kingsway, funded by government grant;
- Deansgate Streets for All – development costs to develop the first phase of works to Deansgate;
- Automatic Bollard Replacement – further works on the project on new sites to improve security and safety from further threat;
- Basic Need – reintroduction of Basic Need grant income previously allocated to Matthews Lane, following the proposal to develop a new school on the site at Hyde Rd which has recently become available; and
- VCSE Capital Fund – creation of a fund for VCSE's to bid for small works to premises to boost capacity and increase service provision. The governance process for reviewing and approving bids to the Fund is being drafted, and it is proposed that the approval of this process is delegated to the Deputy Chief Executive and City Treasurer and the City Solicitor, in consultation with the Executive Member for Finance and Human Resources.

- 6.3 The Council's revised capital budget for the 2019/20 and the next five years is set out below. This includes the expected capital activity required to support the achievement of the Council's strategies and to maintain the operational estate.

7 Proposed Capital Programme from 2020/21

- 7.1 The capital programme 2020/21 to 2023/24 includes the continuation of the existing programme. For this report, the position is based on that forecast as at the end of December 2019, which is reported elsewhere on the agenda.
- 7.2 This report sets out the approved capital budget, with new projects to be approved as noted above. There are also pipeline schemes and potential capital projects which may be submitted into the capital approval process during the forecast period of the capital programme. Details of these are contained within the programme information below.
- 7.3 The budget for 2019/20 is £248.0m. In addition there are £70.0m relating to schemes hosted on behalf of the Greater Manchester Combined Authority leading to a combined total of £318.0m. 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.

7.4 There are significant risks to the delivery of the proposed programme. Construction inflation is relatively high as the Manchester construction market remains buoyant and this will impact on costs for existing and future projects and an allowance will need to be made for this. It is difficult to project the exact budget requirement but for the purposes of the Strategy it is proposed to include a total budget of £30m across all years of the programme, to be funded from borrowing.

7.5 The proposed programme is summarised in the table below:

| | 2019/20 budget £m | 2020/21 budget £m | 2021/22 budget £m | 2022/23 budget £m | 2023/24 budget £m | Total £m | Total 20/21- 23/24 £m |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------|--|
| Manchester City Council Programme | | | | | | | |
| Highways | 55.4 | 58.8 | 24.6 | 0.0 | 0.0 | 138.8 | 83.4 |
| Neighbourhoods | 8.6 | 16.7 | 17.9 | 3.9 | 2.9 | 50.0 | 41.4 |
| Growth | 90.8 | 119.0 | 53.9 | 14.2 | 0.0 | 277.9 | 187.1 |
| Town Hall Refurbishment | 17.0 | 49.1 | 92.7 | 99.3 | 34.7 | 292.8 | 275.8 |
| Housing – General Fund | 10.3 | 22.6 | 15.0 | 3.5 | 8.0 | 59.4 | 49.1 |
| Housing – HRA | 19.6 | 38.8 | 28.6 | 28.1 | 0.0 | 115.1 | 95.5 |
| Children’s Services (Schools) | 25.2 | 29.5 | 29.7 | 43.4 | 0.0 | 127.8 | 102.6 |
| ICT | 5.7 | 5.7 | 10.9 | 9.4 | 7.7 | 39.4 | 33.7 |
| Adults, Children’s and Corporate Services | 15.4 | 26.2 | 5.5 | 0.5 | 0.0 | 47.6 | 32.2 |
| MCC TOTAL | 248.0 | 366.4 | 278.8 | 202.3 | 53.3 | 1,148.8 | 900.8 |
| Projects carried out on behalf of Greater Manchester | 70.0 | 0.0 | 0.0 | 0.0 | 0.0 | 70.0 | 0.0 |
| Inflation fund | | 12.0 | 10.0 | 6.0 | 2.0 | 30.0 | 30.0 |
| TOTAL | 318.0 | 378.4 | 288.8 | 208.3 | 55.3 | 1,248.8 | 930.8 |

7.6 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.

7.7 As noted above, and detailed throughout the report as potential future investment, there are a number of key investment priorities. It is anticipated that as such schemes progress through the Council’s approval process budget provision will be made for them. The figures in the table above also reflect that a number of grant funded programmes have not yet had the next round of

funding announced, for example Basic Need for school places, and it is expected that these will be added when such grant awards are given.

- 7.8 The proposals in this report are for the draft capital programme from 2020/21. The programme will be updated at the May meeting of the Executive to reflect the final outturn position for 2019/20. The programme will change as projects develop and this will be reported to members at the earliest opportunity.

8 Highways

- 8.1 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 £83.4m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 8.2 The Highways Maintenance Investment Programme (£44.9m) 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.
- 8.3 The Bridge Maintenance project (£6.8m) will continue to ensure that the Council's bridge assets across the highways network are maintained according to statutory guidelines.
- 8.4 The project widening A57 Hyde Rd (£3.6m) will continue, increasing the span of a disused railway bridge to allow removal of a pinch point, which currently reduces the number of traffic lanes from four to two. Heavy traffic congestion, particularly at peak times and journey times will both be reduced.
- 8.5 The Cycle City schemes (£2.8m) aim to provide a high-quality network of dedicated cycle routes across Manchester, encouraging people to make short journeys in a healthy and inexpensive way and reduce the environmental impact of private car use.
- 8.6 The project at Great Ancoats Street (£6.2m) will reduce barriers and restrictions for pedestrians on the Street and adjacent areas of the inner relief route. The project will also include more safe crossing places for pedestrians and improved signage to aid road users.
- 8.7 Works at the Mancunian Way junction with Princess Road (£4.2m), funded through the Department for Transport's National Productivity Investment Fund, will continue, improving and continuing capacity by creating signalled junctions.
- 8.8 The Public Realm programme (£2.4m) will support the maintenance and development of the Council's public realm assets.
- 8.9 The Street Lighting Private Finance Initiative (PFI) project (£3.7m) 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.

- 8.10 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

- 8.11 To support the City's wider development and growth plans, and the delivery of the GM 2040 Transport Strategy and the emerging city centre transport strategy, work has been undertaken to look at how the funding allocated for project development can be utilised. A pipeline of schemes is being developed based on data which prioritises sites on the highway network based on a number of strategic principles. Business cases for schemes will be drawn up and brought forward on a priority basis.
- 8.12 Work will be ongoing with Transport for Greater Manchester to move forward on plans for a sustainable transport system, including reducing car journeys together with supporting the expansion of electric vehicles through investment in charging points.
- 8.13 Investment is also expected to support the establishment and delivery of a number of major projects where highways infrastructure will play a key role. Currently proposals including the support of major developments such as consideration of HS2, Etihad Campus, Northern Gateway and the Airport and the Bee Network along with localised pinch points.
- 8.14 Investment which prioritises improvements to the network for cycling and walking will be pursued, with the development of a number of schemes approved through the GM Mayor's Challenge Fund. These works supplement other proposals which seek to promote sustainable forms of transport across the city.
- 8.15 The business case for investing in car park assets across the city in order to ensure stock is fit for purpose will be developed, and in particular the investment needed to meet additional requirements including the installation of electric charging points and cycle hire parking. Consideration to the future car parking capacity and policy for the city centre needs to be considered alongside the impact on existing revenue car parking income.
- 8.16 Work is also underway to review benefits achieved through previous Highways Investment Programmes. This will establish the rationale and outcomes for future potential investment needs.

9 Neighbourhoods

- 9.1 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 £41.4m between 2020/21 and 2023/24, as shown in the table below, and the primary schemes within the programme are also detailed below:

| | 2019/20 budget £m | 2020/21 budget £m | 2021/22 budget £m | 2022/23 budget £m | 2023/24 budget £m | Total £m |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------|
| Environment and Operations | 2.6 | 5.0 | 0.0 | 0.0 | 0.0 | 7.6 |
| Leisure | 5.5 | 11.1 | 17.1 | 3.9 | 2.9 | 40.5 |
| Libraries | 0.5 | 0.6 | 0.8 | 0.0 | 0.0 | 1.9 |
| Total Neighbourhoods | 8.6 | 16.7 | 17.9 | 3.9 | 2.9 | 50.0 |

Environment and Operations

- 9.2 Work on Waste Reduction Measures (£1.2m) will continue, initially seeking to increase recycling rates in apartment blocks across the City.
- 9.3 As part of the waste and street cleaning contract, a loan will continue to be available to the contractor to upgrade vehicles (£3.8), including to make them clean air compliant, on a spend to save basis. The loan will be repaid through reduced service costs. As noted above, the potential to electrify elements of the waste fleet will be reviewed.

Leisure

- 9.4 The Parks Investment Programme (£12.0m) will focus on improvements to the quality of the community and local parks, green spaces and allotments across Manchester.
- 9.5 Investment will continue at Abraham Moss leisure centre (£20.0m). These works will reduce revenue costs associated with the upkeep of the building, and provide long-term savings to the Council.

Potential Future Investment

- 9.6 There is a need to continue with the development of the City's leisure estate, with the introduction of new leisure assets as well as large scale improvements to existing facilities as the focus of investment. It is expected that any such proposals would contribute to the low carbon aims of the Council. The funding for these works will be mixed due to the joint management of Waterfall funding with Sport England and the ability to access other national funds as well as the requirement to access City Council resources. Leisure spend over this next period will include the National

Cycling Centre refurbishment, Manchester Aquatics Centre refurbishment, Abraham Moss Leisure Centre and the Hub at Hough End.

- 9.7 The focus of Parks investment will be linked to the further development and approval of the Parks Development Plan. With funding already held against this programme, details of individual schemes and work packages will be brought forward, seeking to maximise investment across park assets.
- 9.8 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 should be a priority for the Council against any source of regeneration finance that the Government may bring forward.
- 9.9 There are a number of potential library sites for investment over the next period as part of a wider estate management and the extension of customer self-service provision. Manchester Central Library has seen over 8 million visitors since reopening in 2014 and now welcomes 2 million visitors per year - there is a need to refresh the digital element of the library and also some other front of house areas including the children's library.
- 9.10 Manchester Art Gallery are developing proposals linked to the Platt Hall Gallery and other works to broaden their offer to residents and consider storage requirements for collections including Queens Park. There is also development work being undertaken for other venues which Manchester City Council own but are operated by other organisations. The Department for Digital, Culture, Media and Sport have recently announced a new capital funding scheme for which the details and application criteria are awaited.
- 9.11 To support the Council's low carbon agenda it is proposed that the waste management fleet is reviewed to explore potential electrification. Investment to "green the city" through tree planting, the use of green walls and other measures to absorb carbon and encourage biodiversity will be reviewed and considered.
- 9.12 The development of New Smithfield Market remains a significant potential investment opportunity, with work required to understand the scope of such works and the implications for the Council.

10 Growth

- 10.1 Growth includes the programme for the Council's property assets, and investment in neighbourhood development and cultural facilities. The programme is forecast to be £187.1m between 2020/21 and 2023/24, as shown in the table below, and the primary schemes within the programme are also detailed below:

| | 2019/20 budget £m | 2020/21 budget £m | 2021/22 budget £m | 2022/23 budget £m | 2023/24 budget £m | Total £m |
|---------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------|
| Culture | 30.1 | 55.7 | 13.7 | 0.0 | 0.0 | 99.5 |
| Corporate Property | 18.2 | 33.4 | 21.4 | 0.7 | 0.0 | 73.7 |
| Development | 42.5 | 29.9 | 18.8 | 13.5 | 0.0 | 104.7 |
| Total Growth | 90.8 | 119.0 | 53.9 | 14.2 | 0.0 | 277.9 |

Culture

- 10.2 The continuing Factory project (£69.4m) will create a cultural facility within the St John's area of the City Centre.

Corporate Property

- 10.3 The Asset Management Programme (£20.7m) will ensure that the Council's assets, including its elite sporting assets, are well-maintained.
- 10.4 The continuing Carbon Reduction Programme (£8.3m) will be used to explore schemes which can support the Council's aim of reaching zero carbon emissions by 2038. Such schemes may include the use of combined heat and power plant, solar photovoltaic panels, and the use of LED lighting within the Council's estate.
- 10.5 The continuing Estates Transformation plan (£6.9m), based on the stock condition surveys commissioned by the Council to ensure buildings fit for purpose and estate rationalised. This includes the refurbishment of Alexandra House. In addition to this programme the Hammerstone Road Depot project (£19.6m) will continue, investing in the depot to allow the Council to consolidate all depots into one site. This investment will allow other sites to be released, and reduce the maintenance costs associated with these sites.

Development

- 10.6 The Strategic Acquisitions budget (£4.3m) 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.
- 10.7 The Sustaining Key Initiatives (£13.6m) 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.
- 10.8 The Northern Gateway investment plan (£18.8m) 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.

- 10.9 The Medieval Quarter Public Realm (£1.6m) scheme will continue, providing public realm improvements in the north of the city centre around the River Irwell, Manchester Cathedral, Cheetham's and Victoria Station.
- 10.10 Further loan support for Manchester College (£5.0m) will continue to enable the first phase of the College's expansion.
- 10.11 Public realm works at Lincoln Square (£1.2m), supporting the wider redevelopment of the area, will provide a more distinctive identity for the square.
- 10.12 The Civic Quarter Heat Network (£13.5m) 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

- 10.13 There is a need to review the ongoing annual level of investment in the Council's corporate estate to ensure that it is of good standard and meets the needs of users. This may include the incorporation of assets which currently sit outside of the current Asset Management Programme, such as City Council owned schools, and may also include the maintenance of previous Sure Start centres and care homes, with the existing leasing arrangements with providers reconsidered to ensure the ongoing operation of the sites. In some instances consideration may have to be given to direct market intervention, as noted in the Adult's section of the report below.
- 10.14 The corporate estate will also be a key conduit of measures to help 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. The aim is to reduce demand for energy, for example through design measures such as 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. The estate asset management programme will form part of this work aligning works to the AMP repairs schedule where possible, alongside existing programmes such as the Carbon Reduction Programme and Civic Quarter Heat Network. There will also be the opportunity to explore investment opportunities into sustainable energy supplies for the City.
- 10.15 The Council will continue to explore and lead investment opportunities in key strategic areas of the City including the Etihad Campus, the delivery of the Northern Gateway strategic business plan, Eastern Gateway, and other areas for development such as Wythenshawe Town Centre and Moston Lane. Investment in Piccadilly Gardens will also be brought forward.
- 10.16 There may also be an opportunity to invest in primary/community care hubs, similar to that being developed in Gorton although perhaps smaller in scale,

working closely with the Health Service. However, the financing of these arrangements and the potential limitations around Health capital allocations will be an obvious consideration.

- 10.17 Opportunities to support the development of strategic assets through direct purchases or loans to partner organisations and third parties are also being explored as part of a wider investment approach. This may be particularly important for specific sites, such as Mayfield, where the Council's involvement can help progress and accelerate wider investment progress.
- 10.18 Proposals to establish a ring-fenced budget for the public realm in the St John's area of the City Centre, where the Factory project is a key development, funded from the expected growth in local taxation will be brought forward.
- 10.19 The Growth pipeline is wide and varied, and therefore consideration of appropriate investment strategies will be key. Understanding how projects interlink, when investments may be realised, and therefore the capacity to deliver both practically and financially will need to be key considerations.
- 10.20 There may be strategic investment opportunities 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.

11 Town Hall Refurbishment

- 11.1 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 £275.8m between 2020/21 and 2023/24 with planned spend currently £17.0m in 2019/20.
- 11.2 Based on the project achieving notice to proceed, and with the greater certainty around the cost of work packages that this would represent, the cost plan will subsequently be reviewed and therefore the profile of the budget shown in this report is subject to change. Before notice to proceed is given, work is currently underway to review the completion of the design for the building, and the current overall costs based on the work packages which have been agreed or are in the tender process. The decision to proceed will be based on satisfactory outcomes to those reviews.

12 Housing – General Fund

- 12.1 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 £49.1m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

- 12.2 Funding remains set aside within the programme for commercial and residential acquisitions (£6.6m) which will support the existing Brunswick and Collyhurst schemes.
- 12.3 Major adaptations funding is expected to be available (£13.7m) to assist in works to make social rented properties suitable for disabled residents.
- 12.4 Further investment plans include support for the development of Extra Care accommodation within Manchester (£2.4m) and acquisitions to support the regeneration of the Moston Lane area (£7.5m).
- 12.5 Funding is available, through the government's Marginal Viability Fund, to support the delivery of new homes on the New Victoria (£10.0m) site by addressing infrastructure works.

Potential Future Investment

- 12.6 The Council recognises the ongoing priority to deliver safe, secure and affordable housing stock resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes by March 2025. There is limited capacity from within the Council's Housing Revenue Account and the Council's Housing Affordability Fund to support new additional Affordable Homes in the city. Therefore, to deliver the significant numbers of new affordable homes needed in the city, our partnership relationships with Registered Housing Providers will be key along with a clear commitment to leveraging the Council's land and property assets to help underpin the delivery of new homes.
- 12.7 As noted above, the Council will play a key role in bringing forward investment across the City, but particularly in the Eastern and Northern Gateways which will include additional homes. To achieve this within the financial constraints that the Council faces, the roles of developers and the Council will need to be considered on a case by case basis.
- 12.8 The City will also work with colleagues in Greater Manchester to identify and access funding for energy conservation measures in private households.
- 12.9 Work will be undertaken to review potential capital requirements for the development of supported and semi-supported housing options to address the needs of homeless people and young people at risk of homelessness.
- 12.10 There is also a further proposal to consider the establishment of a Council-owned temporary accommodation unit for homeless families. The delivery of either option would reduce the net cost to the city through reduced revenue spend on bed-and-breakfast and hotel accommodation.

13 Housing – Housing Revenue Account (HRA)

- 13.1 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 £95.5m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 13.2 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 (£62.5m). 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.
- 13.3 The programme includes funding for the ongoing regeneration works in Collyhurst (£23.7m), including proposals for new social housing new builds and land assembly linked to the Northern Gateway.
- 13.4 The land assembly programme around Parkhill Avenue (£4.3m) will continue to facilitate the regeneration of the area.

Potential Future Investment

- 13.5 The Council will consider options for retrofit works to make its existing housing stock zero-carbon. This could also help to contribute to addressing fuel poverty. Alongside this, there will be a continued focus on increasing the level of affordable housing across the City, either through models of direct delivery or through working with registered providers and other partners.
- 13.6 As noted above, the role of the HRA in providing new affordable housing will continue to be reviewed to seek business models which are sustainable and can achieve benefits for the HRA. This is expected to include the development of housing at Silk Street.

14 Children’s Services (Schools)

- 14.1 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 £102.6m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 14.2 The programme to increase the Special Educational Needs capacity (£22.2m) across the city will continue, with works to be undertaken at Roundwood, North Hulme, Monsall Road and Camberwell Park.
- 14.3 The Council will receive no Basic Need grant in 2020/21. The existing unallocated grant is c. £65.9m, which is expected to be required for the creation of secondary school places.

- 14.4 A Government grant-funded schools maintenance programme (£6.6m), 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.
- 14.5 Works to develop the scale of sixth form provision for North Ridge secondary special school (£2.8m) funded from government grant will continue to progress.

Potential Future Investment

- 14.6 The statutory requirement to provide sufficient school places across primary and secondary education continues to be monitored along with approvals as part of the Government's Free School programme to ensure places are able to meet demand. A School Places plan for 2020 to 2025 will set out the priorities for how we meet the demand for increased school places to meet the needs of our growing population.
- 14.7 Recent capital investment in the Education Portfolio has focused on the Special Educational Needs and Disabilities and Alternative Provision places in the city. There is the potential for further investment in this area as part of the next phase of the Capital Strategy.
- 14.8 The benefits of undertaking a programme of condition surveys across the Education Estate in order to take holistic decisions regarding the maintenance of school buildings will also be reviewed.
- 14.9 The ambition to deliver carbon efficient schools and the lack of easily developable sites within Manchester will mean that it is increasingly difficult to do this within the levels of DfE funding and unit cost.

15 Information and Communication Technology (ICT)

- 15.1 The ICT capital programme provides investment to the Council's ICT estate. The programme is forecast to be £33.7m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 15.2 The ICT Investment Plan (£33.7m) will continue. The initial focus will be on the collaboration technology that the Council uses. Implementation of this project will unlock potential benefits for other investment, particularly on user devices.
- 15.3 Other projects will be brought forward as required, and as service needs become evident.
- 15.4 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

- 15.5 Activity will focus on the strengthening of core ICT systems, and in particular the delivery of the next phase of Council's collaboration platform. This will inform the subsequent future capital investment requirements which are likely to include the delivery of a device replacement strategy.
- 15.6 An updated ICT Strategy for the Council is being finalised for approval. This and the accompanying Technology Roadmap which will follow will provide the framework for future ICT investment decisions. The initial focus for the ICT investment plan will focus on collaboration, as this will underpin the corporate ICT approach - the subsequent ICT investment strategy will need to respond to the final collaboration approach, and therefore will be pursued once collaboration is substantially developed. This will include end user devices and telephony solutions. There is also a need to modernise and digitise many of the Council's core business processes which is being picked up through the Our Transformation work.
- 15.7 Whilst the main focus will be on collaboration, work will continue on supporting services across the Council in developing ICT solutions to their needs, and these will be brought forward on a case by case basis.
- 15.8 Of the remaining ICT Strategy funding, c. £1m has been earmarked to support the further development of Manchester's Smart City agenda. The Corporate Core revenue budget report contains separate proposals for increasing the Council's capacity in this area including developing the priorities for future investment, building on the City Council's innovation and smart city programmes to date including the City Verve and Triangulum projects.

16 Adults, Children's and Corporate Services

- 16.1 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 £32.2m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.
- 16.2 To provide integrated health and community services it is proposed to invest in a new facility at the Gorton District Centre (£19.9m). This is on an invest to save basis with the income from the leases to partners providing the funding to repay the build costs.
- 16.3 Financial support for the development of the project with Health Innovation Manchester (£8.8m), to conduct research on life science sub-sectors of health and medical technologies, will continue.
- 16.4 There is c. £1.9m available to fund the purchase of equity in car parking facilities at the Airport, which will support the development of the Airport and should provide a return to the City Council.

Potential Future Investment

- 16.5 Children's Services are currently developing a future estates strategy for their assets, aligning this to service plans. It is likely that capital investment will be required to support the ongoing provision of services to meet current and future needs.
- 16.6 This capital requirement is likely to include the maintenance of previous Sure Start centres, with the arrangements with providers reconsidered to ensure the ongoing operation of the sites and potentially an income stream to cover maintenance costs.
- 16.7 Adult Social Care have identified a potential need for investment to allow market intervention to develop care facilities that will meet current and future health and social care needs as well as addressing areas of market failure 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. By its nature this may need to be actioned quickly and efficiently in order to be successful, so appropriate budgets and approval routes will need to be considered.
- 16.8 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. This is likely to be closely linked to collaboration work with partners, such as the Health Service.
- 16.9 As noted above, there may also be an opportunity to invest in primary/community care hubs, similar to that being developed in Gorton although perhaps smaller in scale, working closely with the Health Service.
- 16.10 The Corporate Core needs to retain the ability to provide market intervention or allocate loans to third parties as part of a wider approach to investment which supports the achievement of strategic aims for the city and our residents. These are interventions which support the Council as a whole, and will be progressed on the basis of the business case for each.
- 16.11 There will also be a need to look into investment options regarding energy sources for the Council as a whole in order to achieve the Council's carbon aims, and this is likely to require a corporate approach.

17 Projects carried out on behalf of Greater Manchester

- 17.1 The capital programme for projects carried out on behalf of Greater Manchester consists of schemes where Manchester is acting as the lead body but the expenditure relates to projects across the conurbation, and specifically the Housing Investment Fund. The programme is currently estimated to be £70.0m in 2019/20 based on existing budget approvals and the value of

investments now novated across to the Greater Manchester Combined Authority.

- 17.2 It is estimated that the loans being retained by the Council, due to the short term nature of them, will be repaid within the next 12 months.

18 Asset Management Planning

- 18.1 The current approved capital programme includes several asset management streams, for the current operational estate, housing, highways and schools.
- 18.2 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 Council's approved capital budget.
- 18.3 As noted above, all future capital investment will be reviewed to assess the impact on carbon reduction, and this will need to include the Council's corporate estate and housing stock.
- 18.4 The Council also holds significant assets on the basis of expected future regeneration projects. Work is undertaken to ensure that these assets are maintained until such time as the regeneration project can come to fruition. This may mean that the asset, such as land, could gain or lose value in the intervening period, but the overarching aim of the Council is to release the value in the asset once the regeneration has been completed, and such benefits may be wider than financial considerations.

19 Capital Financing

- 19.1 The Council has several funding streams available to fund capital expenditure. Alongside external grants and contributions that the Council may be eligible to receive, the Council can also use revenue funding, capital receipts and prudential borrowing.
- 19.2 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.

Restrictions around funds

- 19.3 The capital financing strategy is set in the context of restrictions around certain capital funds, some statutory and some at the Council's discretion.
- 19.4 The Housing Revenue Account (HRA) is a restricted fund and can only be used to fund capital expenditure on HRA assets.
- 19.5 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

- 19.6 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).
- 19.7 Where the Council has funded expenditure through borrowing it is required 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.
- 19.8 The estimated financing costs for the capital programme and existing debt have been calculated as part of the budget process. It has been ensured that the proposed programme and the existing debt liabilities are affordable within the existing revenue budget.
- 19.9 In line with the Prudential Code requirements the Local Authority must have explicit regard to option appraisal and risk, asset management planning, strategic planning, and achievability of the forward plan.
- 19.10 It is important to recognise that there is a finite level of prudential borrowing that the Council could undertake, based on affordability within existing revenue budget constraints. This means that the Council has to work to develop schemes which attract external funding, or deliver a substantial return on investment. All proposed schemes are reviewed so that the revenue consequences are understood, including capital financing costs. The Prudential Indicators, included within the Treasury Management Strategy Statement, are intended to support decision making on debt.
- 19.11 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.
- 19.12 It is proposed that the City Council capital programme, excluding the projects carried out on behalf of Greater Manchester, for 2020/21 is funded as follows:

| Fund | Housing Programmes | | Other Programmes £m | Total £m |
|--|--------------------|---------------|------------------------|--------------|
| | HRA £m | Non-HRA £m | | |
| Borrowing | | 1.3 | 199.1 | 200.4 |
| Capital Receipts | 0.5 | 5.0 | 23.3 | 28.8 |
| Contributions | | 1.0 | 24.2 | 25.2 |
| Grant | 1.4 | 14.3 | 55.7 | 71.4 |
| Revenue Contribution to Capital Outlay | 36.9 | 1.0 | 14.7 | 52.6 |
| Grand Total | 38.8 | 22.6 | 317.0 | 378.4 |

19.13 As noted above the projects carried out on behalf of Greater Manchester will be funded via borrowing and capital receipts received as loans mature. This borrowing is provided by central Government and does not impact on the Council's capital financing budget.

19.14 Prudential borrowing of up to £578.8m 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 2020-2024 is:

- 2020/21 - £200.4m
- 2021/22 - £197.8m
- 2022/23 - £133.3m
- 2023/24 - £47.3m

- 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.
- b. The General Fund programme requires £578.8m of prudential borrowing which includes:

| Scheme | £m |
|---|------|
| Highways Investment Plan | 37.6 |
| Bridge maintenance | 6.8 |
| Hyde Road (A57) Pinch Point Widening | 2.1 |
| Manchester Salford Inner Relief Road | 0.1 |
| Mancunian Way and Princess Parkway NPIF | 1.4 |
| Princess Rd Safety Review | 0.4 |
| School Crossing Patrols | 2.7 |
| A6 Stockport Road Pinch Point Scheme | 0.7 |
| Street Lighting PFI | 3.7 |
| Waste Contract | 3.8 |
| Blackley Cremator and Mercury Abatement | 1.6 |
| Hough End Master Plan | 0.2 |
| Parks Investment Programme | 12.0 |
| Indoor Leisure Provision at Abraham Moss | 20.0 |
| Manchester Regional Arena Track Replacement | 0.7 |
| Libraries investment | 1.3 |
| The Factory | 20.6 |

| Scheme | £m |
|--|-----------|
| Hammerstone Road | 19.6 |
| Carbon Reduction | 8.3 |
| Heron House | 1.4 |
| The Space Project | 1.0 |
| The Sharp Project | 0.5 |
| Civic Quarter Heat Network | 13.5 |
| Manchester College | 5.0 |
| Lincoln Square | 1.2 |
| Estates Transformation | 6.9 |
| Sustaining Key Initiatives | 13.6 |
| Eastern Gateway | 0.8 |
| Northern Gateway | 18.8 |
| Refurbishment of the Town Hall and Albert Square | 275.8 |
| West Gorton Regeneration | 1.3 |
| Ben Street Regeneration | 0.9 |
| ICT Investment Plan | 33.7 |
| Gorton integrated health development; | 19.9 |
| BioMedical Investment | 8.8 |
| Manchester Airport Car Park investment | 1.9 |
| Inflation Fund | 30.0 |

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

19.16 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.

19.17 The proposed funding for the programme, including the inflation fund, across the forecast period is shown below:

| | 2019/20 budget £m | 2020/21 budget £m | 2021/22 budget £m | 2022/23 budget £m | 2023/24 budget £m | Total £m |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------|
| Grant | 46.5 | 71.4 | 41.6 | 43.4 | 0.0 | 202.9 |
| External Contribution | 24.9 | 25.2 | 4.6 | 0.0 | 0.0 | 54.7 |
| Capital Receipts | 18.7 | 28.8 | 13.8 | 3.2 | 8.0 | 72.5 |
| Revenue Contribution to Capital Outlay | 26.0 | 52.6 | 31.0 | 28.4 | 0.0 | 138.0 |
| Borrowing | 131.9 | 200.4 | 197.8 | 133.3 | 47.3 | 710.7 |
| Total | 248.0 | 378.4 | 288.8 | 208.3 | 55.3 | 1,178.8 |

- 19.18 The funding forecast shown above 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.
- 19.19 Work will continue to confirm the position for the capital programme from 2019/20 to 2023/24 and the final capital budget will be reported to Council in March. This will include the effect of any changes in the delivery of the current programme in 2019/20. It is expected that any changes will be a change to the profiling rather than a change to the estimated total funding requirement for the City Council.

20 Investments and Liabilities

- 20.1 The Council's capital programme and balance sheet contain investments made by the Council to support the achievement of strategic aims. A key part of the monitoring arrangements is reviewing these investments to ensure that they continue to perform as expected. With the increased national focus on council investment activities the Capital Strategy has been expanded to take a broader overview and to include relevant investments and liabilities.

Approach, Due Diligence and Risk Appetite

- 20.2 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.
- 20.3 There is a clear distinction between capital investments, where the achievement of strategic aims will be considered and treasury management investments which are made for the purpose of cash flow management. The risk appetite for these two distinct types of investment may differ given the difference in expected outcomes.
- 20.4 The Council focuses its capital investments in line with its strategic objectives and priorities of the City and will take a more rounded view taking into account the economic and regeneration benefits to the city as well as security and liquidity. This may lead to a higher appetite for risk for the delivery of the City's priorities and broader economic gains. Each investment is considered on its own merit in line with the Checkpoint process and the risks, mitigations and benefits carefully assessed.
- 20.5 Schemes could include lending to organisations with low credit ratings if the appropriate security over the organisations assets can be provided, or guarantees from parent companies or organisations given. A key consideration for any capital investments is that income received from the investment covers the capital financing costs incurred by making it.

Summary of material investments, guarantees and liabilities

- 20.6 The Council has the current historic investments on the balance sheet as at 31 March 2019:

| | Value as at 31/3/19 £m |
|-----------------------|---------------------------|
| Long-term Debtors | 299.7 |
| Long-term Investments | 149.1 |
| Investment Property | 422.8 |
| Total | 871.6 |

- 20.7 The long-term debtors represent loan finance provided by the Council to other parties, and include the loans to Manchester Airport (£207.4m), Public Finance Initiative prepayments (£24.5m), and Manchester College (£17.7m). These loans are regularly reviewed, and would be impaired if there was a risk of default. Some of the loans are provided under guarantee from other organisations which will form part of the loan reviews.
- 20.8 The long-term investments are equity investments held by the Council, and include Manchester Airport (£112.4m), Destination Manchester (£10.2m) which is the Council's investment in Manchester Central, and Matrix Homes (£6.5m). Investments are valued on an annual basis.
- 20.9 Investment property is held by the Council on the basis that it will generate a revenue return, for example land at Manchester Airport and at Eastlands. Some of the properties held are being held for regeneration purposes but provide a return and therefore are shown as investment property. Investment properties are independently valued on an annual basis.
- 20.10 The current capital programme contains the following expected capital investments, which will create either long-term debtors, investments or investment properties, to be made:
- 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 College Loan - loan to support the College's expansion;
 - Band on the Wall Loan - loan to support the development of the venue;
 - Manchester Jewish Museum Loan – loan to support the development of the museum;
 - Biomedical Investment - loan to support the development of health innovation; and
 - Housing Investment Fund – *note, as detailed above, that elements of this project will transfer to the Combined Authority in the near future, with some retained by the City Council.*

There may be other projects which become capital investments, such as strategic acquisitions or land acquisitions under the Eastern and Northern Gateways but which are intended to ultimately be used for regeneration purposes.

- 20.11 As stated above all investments are scrutinised via the capital approval process with independent advice sought to assess risk where required. They are also reported to Executive for approval where appropriate. To assess the risk the Council may seek independent external advice including on any legal issues.
- 20.12 Where investments provide a return either through interest or dividends this can be used to support the revenue budget. In 2019/20 it is forecast that c. £62.9m of dividends will be used within the revenue budget. Where investments have been funded by borrowing the income received is used to fund the capital financing costs, for example the Airport Strategic Loan.
- 20.13 All investments are monitored regularly with the frequency based on risk, and at a minimum all investments will be reviewed once a year. Any material changes to the status of any investment will be reported to the Deputy Chief Executive and City Treasurer at the earliest opportunity.

Commercial Investments

- 20.14 The Council does not make commercial investments, to the extent that it does not make investments purely to make a financial return. Where the Council has and does make capital investments, it is for strategic or regeneration purposes.

21 Treasury Management

- 21.1 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is the subject of a separate report on the agenda.
- 21.2 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 principles of this are described in more detail below.

Long Term Planning (inc. MRP)

- 21.3 The treasury management strategy provides the framework within which treasury management decisions will be made during the financial year, but the consequences of those decisions will be longer lasting. In particular with regard to debt planning, treasury management decisions are made with the impact on future treasury management decisions in mind.

- 21.4 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 that asset. It is important to consider MRP when making capital investment decisions as it is a real cost and will impact the revenue position.
- 21.5 The Council has regard to MHCLG's guidance on the application of MRP, and applies the principles. The Council applies the following asset lives 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
- 21.6 When making debt decisions the Council takes into consideration the forecast MRP in each future financial year, and in the current market environment will seek to match debt repayments to MRP in each of those years as this is the most prudent approach.
- 21.7 The current long term forecast for external debt compared to the Capital Financing Requirement, and therefore the level of forecast internal borrowing, is shown at appendix 4. The external debt peaks as the forecast capital programme period ends, although this will change as further projects are brought forward in the future. A table showing the forecast profile for the Capital Financing Requirement is shown below:

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | £'m | | | | | |
| Opening CFR | 1,528.5 | 1,6710.6 | 1,842.3 | 2,006.5 | 2,103.5 | 2,113.5 |
| Borrowing | 131.9 | 200.4 | 197.8 | 133.3 | 47.3 | 0.0 |
| Additional long term liabilities ¹ | 36.5 | 1.2 | 0.8 | 0.9 | 0.8 | 0.7 |
| MRP | (26.3) | (29.9) | (34.4) | (37.2) | (38.1) | (42.7) |
| Closing CFR | 1,670.6 | 1,842.3 | 2,006.5 | 2,103.5 | 2,113.5 | 2,071.5 |

- 21.8 Based on the revenue and capital budget forecasts, it is anticipated that the current level of internal borrowing (being the difference between the CFR and external debt) will begin to reduce. This is because both revenue and capital

¹ The additional long term liabilities are likely to increase following the introduction of International Financial Reporting Standard 16, due in April 2020. 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.

budgets assume the use of reserves, reducing the cash available to use instead of external borrowing.

- 21.9 The principles which 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 Treasury Management Strategy Statement also includes the authorised limit and operational boundary for external debt, based on the forecast debt requirement.

Risk appetite, key risks and sensitivities

- 21.10 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.
- 21.11 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 within that balance seek optimum performance in terms of liquidity and return.
- 21.12 The key sensitivities for the Council are changes in market conditions and the availability of debt. The team responsible for the treasury management function are in regular contact with brokers in the market and liaise regularly with the Council's treasury management advisors to review market conditions and debt opportunities to explore whether the Council could make use of them.
- 21.13 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.

22 Skills and Knowledge

- 22.1 The capital approval process and the requirements of the business case needed provides the framework for the knowledge needed to pursue a capital project. Information, advice and training on the requirements of the process is available for officers and Members. The Council has experience of delivering capital projects through the Capital Programme team and uses this experience to evaluate new proposals. All proposals are reviewed by the Senior Management Team, including the Deputy Chief Executive and City Treasurer.
- 22.2 Capital investments are reviewed under the same approval process and receive input from appropriately qualified and skilled Finance professionals.
- 22.3 Since January 2018 the Markets in Financial Instruments Directive II (MiFID II) regulations is in force. For the Council to continue to invest as before it is required to opt up to become a "Professional Status" counterparty. To achieve this status 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, and the existing team fulfils this requirement. The Council currently holds “Professional Status” with the market investments it uses.

23 Conclusions

- 23.1 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.
- 23.2 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.
- 23.3 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.

24 Contributing to a Zero-Carbon City

- 24.1 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.
- 24.2 For some projects, the aim of the investment will be to reduce the City’s carbon impact, for example the Civic Quarter Heat Network.

25 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 25.1 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

- 25.2 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

25.3 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

25.4 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

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

26 Key Policies and Considerations

(a) Equal Opportunities

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

(b) Risk Management

26.2 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

26.3 None in this report.

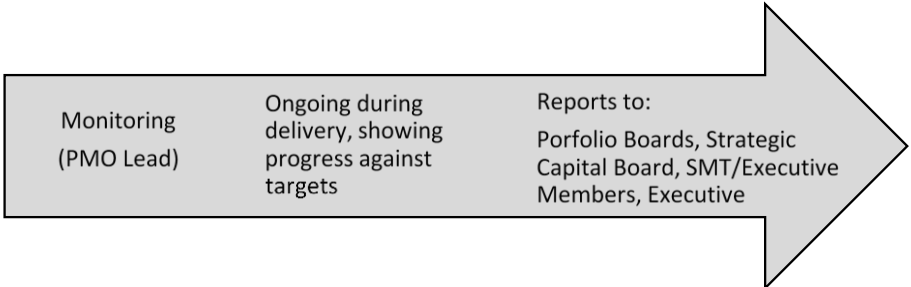
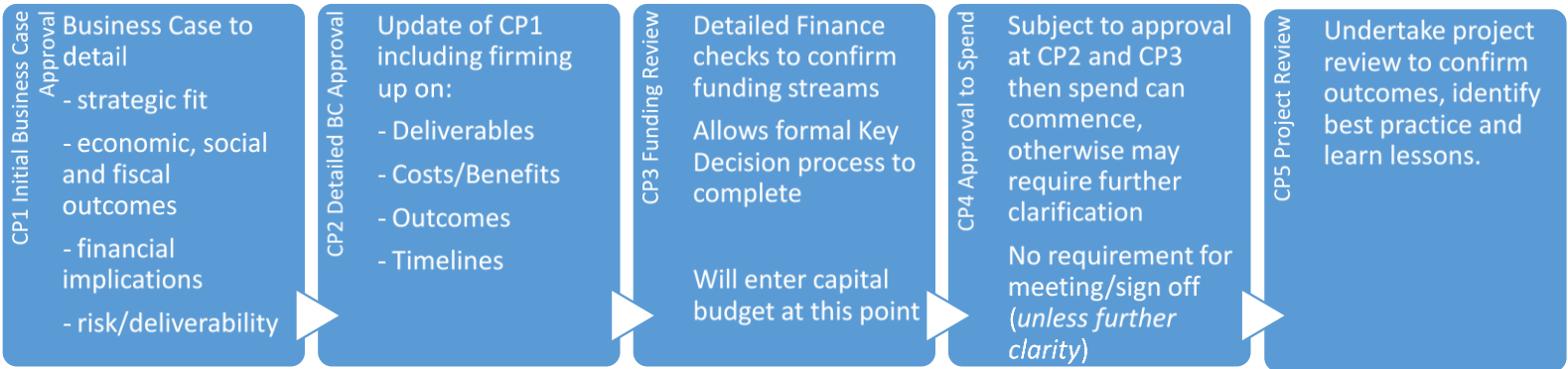
Capital Approval Process and Governance

Appendix 1

APPROVALS



ACTIVITY



Appendix 2 – amendments to the capital budget introduced as part of this report

| Adjustments to the Capital Budget February 2020 EXECUTIVE | | | | | | | |
|--|--|------------------|--------------------------|--------------------------|--------------------------|-------------------------|------------------------|
| Dept | Scheme | Funding | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | Future £'000 | Total £'000 |
| Council Approval Requests | | | | | | | |
| Public Sector Housing | Rushcroft and Pevensey Courts Ground Source Heat Pumps | HRA Reserves | | 2,518 | 137 | | 2,655 |
| Public Sector Housing | Northwards Housing Programme | HRA Reserves | | - 2,518 | - 137 | | - 2,655 |
| Growth and Development | Hammerstone Road Depot | Borrowing | | | 4,763 | 695 | 5,458 |
| Growth and Development | Carbon Reduction Programme | Borrowing | | | - 926 | | - 926 |
| Public Sector Housing | Buying Back Former Council Homes | Capital Receipts | | 500 | 500 | 500 | 1,500 |
| Neighbourhoods | Central Library Refresh | Borrowing | | 194 | 763 | | 957 |
| Total Council Approval Requests | | | 0 | 694 | 5,100 | 1,195 | 6,989 |
| Executive Approval Requests | | | | | | | |
| Highway Services | Maintenance Challenge Fund | Government Grant | 50 | 1,025 | | | 1,075 |
| Highway Services | Deansgate Streets for All Development Costs | Borrowing | 20 | 255 | | | 275 |
| Highway Services | Highways Investment Programme | Borrowing | - 20 | - 255 | | | - 275 |
| Highway Services | Auto Bollard Replacement and Improvement | Parking Resrve | | 608 | | | 608 |
| Children's | Basic Need Unallocated | Government Grant | | | 4,408 | | |

| | | | | | | | |
|--|---------------------------|--------------|-----------|--------------|---------------|--------------|---------------|
| Corporate Services | VCSE Small Premises Works | Capital Fund | | 500 | 500 | | |
| Total Executive Approval Requests | | | 50 | 2,133 | 4,908 | 0 | 7,091 |
| Total Budget Adjustment Approvals | | | 50 | 2,827 | 10,008 | 1,195 | 14,080 |

Please note that the additional budgets for 2019/20 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 | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Highway Programme | | | | | |
| Highways Planned Maintenance Programme | | | | | |
| Planned Highways Maintenance Programme | 400 | 75 | 0 | 0 | 0 |
| Drainage | 3,575 | 2,051 | 1,871 | 0 | 0 |
| Large Patching repairs | 2,884 | 1,311 | 1,311 | 0 | 0 |
| Carriageway Resurfacing | 6,485 | 3,697 | 3,563 | 0 | 0 |
| Footway schemes | 892 | 4,050 | 3,857 | 0 | 0 |
| Carriageway Preventative | 6,096 | 6,325 | 3,054 | 0 | 0 |
| Bridge Maintenance | 370 | 3,782 | 3,048 | 0 | 0 |
| Other Improvement works | 122 | 6,595 | 7,186 | 0 | 0 |
| Highways Major Projects | | | | | |
| Hyde Road (A57) Pinch Point Widening | 1,535 | 3,579 | 0 | 0 | 0 |
| Manchester/Salford Inner Relief Road (MSIRR) | 7,783 | 100 | 0 | 0 | 0 |
| Great Ancoats Improvement Scheme | 2,121 | 6,074 | 105 | 0 | 0 |
| Mancunian Way and Princess Parkway NPIF | 4,178 | 4,111 | 87 | 0 | 0 |
| School Crossings | 3,017 | 2,653 | 0 | 0 | 0 |
| Cycle City Phase 2 | 1,475 | 2,843 | 0 | 0 | 0 |
| Green Bridge at Airport City | 2,055 | 839 | 71 | 0 | 0 |
| A6 Stockport Road Pinch Point Scheme | 183 | 730 | 8 | 0 | 0 |
| Highways Stand Alone Projects Programme | | | | | |
| Velocity | 54 | 0 | 0 | 0 | 0 |
| Safe Routes to Loreto High School | 212 | 0 | 0 | 0 | 0 |
| 20mph Zones (Phase 3) | 70 | 86 | 0 | 0 | 0 |
| Flood Risk Management - Hidden Watercourses | 0 | 49 | 0 | 0 | 0 |
| Flood Risk Management - Higher Blackley Flood Risk | 0 | 41 | 0 | 0 | 0 |
| Cycle Parking | 15 | 0 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Shadowmoss Rd / Mossnook Rd | 12 | 0 | 0 | 0 | 0 |
| Princess Rd Safety Review | 47 | 439 | 0 | 0 | 0 |
| Public Realm | 1,056 | 1,974 | 400 | 0 | 0 |
| Street Lighting PFI | 9,000 | 3,657 | 0 | 0 | 0 |
| Didsbury West S106 | 1 | 23 | 0 | 0 | 0 |
| A56 Liverpool Road | 83 | 0 | 0 | 0 | 0 |
| A56 Chester Road | 51 | 0 | 0 | 0 | 0 |
| Sunbank Lane S278 | 40 | 0 | 0 | 0 | 0 |
| Sharston Roundabout SCOOT | 40 | 0 | 0 | 0 | 0 |
| Derwent Avenue S106 | 6 | 8 | 0 | 0 | 0 |
| Woodhouse Park | 50 | 15 | 0 | 0 | 0 |
| Christie Extension RPZ | 40 | 306 | 9 | 0 | 0 |
| Residents Parking schemes | 133 | 545 | 0 | 0 | 0 |
| Arena Security Measures | 185 | 12 | 0 | 0 | 0 |
| Ladybarn District Centre | 223 | 20 | 0 | 0 | 0 |
| Levenshulme Mini Holland Cycling and Walking scheme | 151 | 606 | 0 | 0 | 0 |
| CCTV Operating System Upgrade | 150 | 283 | 0 | 0 | 0 |
| Northern/Eastern GW Walking and Cycling scheme-devel costs | 119 | 601 | 0 | 0 | 0 |
| Chimebank S.106 | 34 | 0 | 0 | 0 | 0 |
| Highways Maintenance Challenge Fund | 50 | 1,025 | 0 | 0 | 0 |
| SEMMMS PROGRAMME | | | | | |
| Local Roads (temp SEMMMS A6 Stockport) | 255 | 0 | 0 | 0 | 0 |
| SEMMMS A6 to Manchester Airport | 50 | 0 | 0 | 0 | 0 |
| Bus Priority Package Programme | | | | | |
| Bus Priority Package - Oxford Road | 5 | 302 | 0 | 0 | 0 |
| Bus Priority Package - Princess Street/Brook Street | 140 | 13 | 0 | 0 | 0 |
| | | | | | |
| Total Highways Programme | 55,443 | 58,820 | 24,570 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Environment Programme | | | | | |
| Waste Reduction Measures | 250 | 1,209 | 0 | 0 | 0 |
| Waste Contract | 2,089 | 3,840 | 0 | 0 | 0 |
| Smart Litter Bins | 258 | 0 | 0 | 0 | 0 |
| Leisure Services Programme | | | | | |
| Parks Programme | | | | | |
| Hollyhedge Park Drainage IMPS | 2 | 0 | 0 | 0 | 0 |
| Heaton Park Pay & Display | 8 | 0 | 0 | 0 | 0 |
| PIP - Park Events Infrastructure | 289 | 0 | 0 | 0 | 0 |
| Parks Development Programme | 413 | 3,136 | 2,965 | 2,965 | 2,965 |
| Heaton Park Bowls | 48 | 0 | 0 | 0 | 0 |
| Somme 100 Year Memorial | 33 | 0 | 0 | 0 | 0 |
| Painswick Park Improvement | 30 | 0 | 0 | 0 | 0 |
| Heaton Park Southern Play Area | 370 | 0 | 0 | 0 | 0 |
| Wythenshawe Park Sport Facilities S106 | 139 | 0 | 0 | 0 | 0 |
| Northenden Riverside Park | 75 | 0 | 0 | 0 | 0 |
| King George V Park | 81 | 0 | 0 | 0 | 0 |
| Leisure & Sports Facilities | | | | | |
| Indoor Leisure - Abraham Moss | 1,408 | 5,962 | 13,168 | 902 | 0 |
| Indoor Leisure - Moss Side | 93 | 0 | 0 | 0 | 0 |
| Boggart Hole Clough - Visitors Centre | 0 | 535 | 0 | 0 | 0 |
| Mount Road S106 | 32 | 0 | 0 | 0 | 0 |
| Velodrome Track | 71 | 0 | 0 | 0 | 0 |
| HSBC UK NCC Immediate Works | 450 | 0 | 0 | 0 | 0 |
| Active Lifestyle Centre Artificial Grass Pitch Replacement | 198 | 0 | 0 | 0 | 0 |
| Interactive Football Wall - Platt Fields Park | 84 | 0 | 0 | 0 | 0 |
| MAC - Booth St Car Park | 148 | 0 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Culture Website | 42 | 0 | 0 | 0 | 0 |
| Festive Lighting Strategy | 138 | 0 | 0 | 0 | 0 |
| Manchester Regional Arena Track Replacement | 812 | 254 | 434 | 0 | 0 |
| Cremator & Mercury Abatement Plant Replacement Strategy | 0 | 1,007 | 544 | 0 | 0 |
| Hough End Master Plan - Strat Football Hub Development Costs | 52 | 189 | 0 | 0 | 0 |
| Range Stadium Capital Project | 465 | 0 | 0 | 0 | 0 |
| Libraries and Info Services Programme | | | | | |
| Relocation of Manchester Visitor Info Centre (MVIC) | 59 | 0 | 0 | 0 | 0 |
| GM Archives Web Portal | 48 | 80 | 0 | 0 | 0 |
| Central Library Wolfson Award | 32 | 0 | 0 | 0 | 0 |
| Central Library Refresh | 0 | 194 | 763 | 0 | 0 |
| Roll Out of Central Library ICT | 7 | 0 | 0 | 0 | 0 |
| Newton Heath Library | 17 | 0 | 0 | 0 | 0 |
| Open Libraries | 157 | 301 | 0 | 0 | 0 |
| Contact Theatre loan | 200 | 0 | 0 | 0 | 0 |
| | | | | | |
| Total Neighbourhoods Programme | 8,598 | 16,707 | 17,874 | 3,867 | 2,965 |
| | | | | | |
| Cultural Programme | | | | | |
| First Street Cultural Facility | 14 | 0 | 0 | 0 | 0 |
| The Factory (Build) | 29,860 | 53,959 | 13,277 | 0 | 0 |
| The Factory (Public Realm) | 210 | 1,723 | 457 | 0 | 0 |
| Corporate Estates Programme | | | | | |
| Asset Management Programme | 9,317 | 11,650 | 9,030 | 0 | 0 |
| MAC feasibility works | 933 | 0 | 0 | 0 | 0 |
| Town Hall Complex Transformation Programme | 67 | 0 | 0 | 0 | 0 |
| Hammerstone Road Depot | 163 | 9,333 | 9,524 | 695 | 0 |
| Carbon Reduction Programme | 697 | 6,388 | 1,959 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Estates Transformation | 0 | 0 | 800 | 0 | 0 |
| Estates Transformation - Hulme District Office | 702 | 0 | 0 | 0 | 0 |
| Estates Transformation - Alexandra House | 5,639 | 5,994 | 133 | 0 | 0 |
| Ross Place Refurbishment | 434 | 0 | 0 | 0 | 0 |
| Proud Trust - Sidney Street | 250 | 0 | 0 | 0 | 0 |
| Development Programme | | | | | |
| Digital Assets Board (MCDA) | | | | | |
| The Space Project - Phase 2 | 0 | 987 | 0 | 0 | 0 |
| The Sharp Project | 60 | 540 | 0 | 0 | 0 |
| Digital Asset Base - One Central Park | 3,651 | 0 | 0 | 0 | 0 |
| Strategic Acquisitions Board | | | | | |
| Strategic Acquisitions Programme | 5,860 | 3,000 | 1,323 | 0 | 0 |
| Sustaining Key Initiatives | 0 | 0 | 5,000 | 8,600 | 0 |
| Northern Gateway | | | | | |
| Northern Gateway | 6,175 | 6,675 | 7,275 | 4,875 | 0 |
| Eastern Gateway | | | | | |
| Eastern Gateway - Central Retail Park | 400 | 729 | 0 | 0 | 0 |
| Eastern Gateway - New Islington Marina | 3,522 | 61 | 0 | 0 | 0 |
| Hall and Rogers | 57 | 0 | 0 | 0 | 0 |
| City Centre | | | | | |
| ST Peters Square | 999 | 0 | 0 | 0 | 0 |
| Medieval Quarter Public Realm | 76 | 1,587 | 0 | 0 | 0 |
| City Labs 2 | 2,023 | 0 | 0 | 0 | 0 |
| Manchester College | 5,000 | 5,000 | 0 | 0 | 0 |
| Digital Business Incubators | 2,000 | 0 | 0 | 0 | 0 |
| Lincoln Square | 0 | 0 | 1,200 | 0 | 0 |
| Other Strategic Development Initiatives | | | | | |
| Hulme Hall Rd Lighting | 36 | 0 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| New Smithfield Market | 0 | 469 | 0 | 0 | 0 |
| Heron House & Registrars | 3,085 | 1,388 | 0 | 0 | 0 |
| Civic Quarter Heat Network | 9,557 | 9,507 | 4,000 | 0 | 0 |
| | | | | | |
| Total Growth & Development Programme | 90,787 | 118,990 | 53,978 | 14,170 | 0 |
| | | | | | |
| Town Hall Refurbishment Programme | | | | | |
| Our Town Hall refurbishment | 17,051 | 49,132 | 92,739 | 99,321 | 34,652 |
| | | | | | |
| Total Town Hall Refurbishment Programme | 17,051 | 49,132 | 92,739 | 99,321 | 34,652 |
| | | | | | |
| Private Sector Housing Programme | | | | | |
| Brunswick PFI | | | | | |
| Brunswick PFI Land Assembly | 1,176 | 550 | 558 | 0 | 0 |
| Collyhurst | | | | | |
| Collyhurst Regeneration | 0 | 178 | 1,000 | 2,700 | 0 |
| Collyhurst Environmentals | 0 | 55 | 0 | 0 | 0 |
| Collyhurst Land Assembly Ph1 | 4 | 29 | 0 | 0 | 0 |
| Collyhurst Land Acquisitions Ph2 | 0 | 0 | 210 | 799 | 0 |
| Eccleshall Street - 3 Sites | 0 | 500 | 0 | 0 | 0 |
| Housing Investment Model | 0 | | | | |
| Site Investigation and Early Works HIF Pilot Sites | 185 | 65 | 0 | 0 | 0 |
| Miles Platting PFI | | | | | |
| Miles Platting PFI Land Assembly | 6 | 550 | 0 | 0 | 0 |
| Private Housing Assistance | | | | | |
| Disabled Facilities Grant | 6,500 | 7,501 | 6,200 | 0 | 0 |
| Toxteth St CPO & environmental works | 15 | 141 | 0 | 0 | 0 |
| Bell Crescent CPO | 0 | 0 | 0 | 0 | 482 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|---|--|--|--|--|--|
| Redrow Development Programme | | | | | |
| Redrow Development Phase 2 onward | 3 | 20 | 0 | 0 | 0 |
| West Gorton | | | | | |
| West Gorton Compensation | 0 | 4 | 0 | 0 | 0 |
| West Gorton Ph 2A Demolition & Commercial Acquisitions | 15 | 433 | 904 | 0 | 0 |
| Private Sector Housing - Stand Alone Projects | | | | | |
| HCA Empty Homes Cluster Phase 2 | 386 | 415 | 891 | 0 | 0 |
| Princess Rd | 0 | 100 | 0 | 0 | 0 |
| Empty Homes Scheme (s22 properties) | 0 | 2,000 | 0 | 0 | 0 |
| HMRP | 100 | 40 | 54 | 0 | 0 |
| Collyhurst Acquisition & Demolition (Overbrook & Needwood Close) | -3 | 0 | 664 | 0 | 0 |
| Extra Care | 0 | 1,245 | 1,200 | 0 | 0 |
| Moston Lane Acquisitions | 0 | 0 | 0 | 0 | 7,500 |
| Equity Loans | 0 | 397 | 0 | 0 | 0 |
| West Gorton Community Park | 1,026 | 805 | 0 | 0 | 0 |
| Ben St. Regeneration | 379 | 877 | 0 | 0 | 0 |
| Marginal Viability Fund - New Victoria | 505 | 6,705 | 3,290 | 0 | 0 |
| | | | | | |
| Total Private Sector Housing Programme | 10,297 | 22,610 | 14,971 | 3,499 | 7,982 |
| | | | | | |
| Public Sector Housing | | | | | |
| Northwards - External Work | | | | | |
| Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1 | 3,740 | 8,209 | 3,574 | 0 | 0 |
| External cyclical works phase 3a | 2 | 0 | 0 | 0 | 0 |
| Harpurhey Lathbury & 200 Estates external cyclical works ph 3b | 0 | -18 | 31 | 0 | 0 |
| Environmental works | 19 | 0 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Harpurhey Shiredale Estate externals | 0 | 0 | 15 | 0 | 0 |
| Moston Miners Low Rise externals | 0 | 0 | 18 | 0 | 0 |
| Newton Heath Limeston Drive externals | 0 | 0 | 6 | 0 | 0 |
| External cyclical works ph 3b Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq) | 0 | 0 | 2 | 0 | 0 |
| External cyclical works ph 3b Ancoats Smithfields estate | 156 | 25 | 0 | 0 | 0 |
| External cyclical works ph 4b Charlestown Chain Bar low rise | 0 | 0 | 45 | 0 | 0 |
| External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes | 0 | 0 | 15 | 0 | 0 |
| External cyclical works ph 4b Cheetham Appleford estate | 0 | 0 | 2 | 0 | 0 |
| External cyclical works ph 4b Crumpsall Blackley Village | 0 | 0 | 34 | 0 | 0 |
| External cyclical works ph 4b Higher Blackley South | 6 | 0 | 1 | 0 | 0 |
| External cyclical works ph 4b Newton Heath Assheton estate | 0 | 0 | 27 | 0 | 0 |
| External cyclical works Ph 4b Newton Heath Troydale Estate | 0 | 0 | 89 | 0 | 0 |
| External cyclical works Ph 5 New Moston (excl corrolites) | 0 | 0 | 9 | 0 | 0 |
| Environmental improvements Moston corrolites | 75 | 21 | 0 | 0 | 0 |
| ENW distribution network phase 4 (various) | 222 | 5 | 0 | 0 | 0 |
| Dam Head - Walk up flats communal door renewal | 140 | 0 | 0 | 0 | 0 |
| Various Estate based environmental works | 65 | 100 | 135 | 0 | 0 |
| Delivery Costs | 816 | 918 | 440 | 0 | 0 |
| Northwards - Internal Work | | | | | |
| Decent Homes mop ups ph 9 and decent homes work required to voids | 1 | 0 | 89 | 0 | 0 |
| One offs such as rewires, boilers, doors, insulation | 3 | 0 | 30 | 0 | 0 |
| Ancoats - Victoria Square lift replacement | 427 | 0 | 0 | 0 | 0 |
| Aldbourn Court/George Halstead Court/Duncan Edwards Court works | 12 | 0 | 0 | 0 | 0 |
| Boiler replacement programme | -5 | -6 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|---|--|--|--|--|--|
| Harpurhey - Monsall Multis Internal Works | 1,500 | 1,062 | 200 | 0 | 0 |
| Newton Heath - Multies Internal Works | 200 | 3,153 | 250 | 0 | 0 |
| Higher Blackley - Liverton Court Internal Works | 800 | 45 | 0 | 0 | 0 |
| Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works | 2,598 | 132 | 0 | 0 | 0 |
| Charlestown - Rushcroft/Pevensey Court Internal Works | 700 | 711 | 150 | 0 | 0 |
| Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works | 2,348 | 343 | 106 | 0 | 0 |
| Decent Homes mop ups phase 10 and voids | 378 | 384 | 0 | 0 | 0 |
| One off work - rewires, boilers, doors | 158 | 0 | 0 | 0 | 0 |
| Fire precautions multi storey blocks | 0 | 150 | 0 | 0 | 0 |
| Installations of sprinkler systems - multi storey blocks | 218 | 0 | 273 | 0 | 0 |
| ERDF Heat Pumps | 0 | 3,768 | 350 | 0 | 0 |
| Charlestown - Rushcroft/Pevensey Courts Lift Refurb | 0 | 0 | 525 | 0 | 0 |
| One off type work (rewires/boilers/doors) | 100 | 300 | 0 | 0 | 0 |
| Fire Risk Assessments | 300 | 3,046 | 2,500 | 0 | 0 |
| Northwards - Harpurhey 200 Estate Internal Works | 250 | 686 | 0 | 0 | 0 |
| Rushcroft and Pevensey Courts Ground Source Heat Pumps | 0 | 2,518 | 137 | 0 | 0 |
| Delivery Costs | 1,814 | 1,440 | 492 | 0 | 0 |
| Northwards - Off Debits/Conversions | | | | | |
| Bringing Studio Apartments back in use | 7 | 0 | 10 | 0 | 0 |
| Various Locations - bringing bedsits back into use | 0 | 0 | 104 | 0 | 0 |
| Delivery Costs | 2 | 0 | 13 | 0 | 0 |
| Homeless Accommodation | | | | | |
| Improvements to Homeless accommodation city wide | 1 | 0 | 36 | 0 | 0 |
| Plymouth Grove Women's Direct Access Centre | 0 | 0 | 28 | 0 | 0 |
| Improvements to Homeless Accommodation Phase 2 | 345 | 662 | 147 | 0 | 0 |
| Delivery Costs | 46 | 73 | 23 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Northwards - Adaptations | | | | | |
| Public Sector Northwards Adaptations | 200 | 0 | 0 | 0 | 0 |
| Adaptations | 750 | 770 | 0 | 0 | 0 |
| Northwards - Unallocated | | | | | |
| Northwards Housing Programme | 0 | 2,120 | 0 | 21,982 | 0 |
| Retained Housing Programme | | | | | |
| Collyhurst Maisonette Compensation & Demolitions | 0 | 89 | 0 | 935 | 0 |
| West Gorton Regeneration Programme | | | | | |
| West Gorton PH2A Low & High Rise Demolition | 10 | 16 | 0 | 0 | 0 |
| Future Years Housing Programme | | | | | |
| Collyhurst Estate Regeneration | 0 | 0 | 0 | 1,541 | 0 |
| Buy Back Properties - Right to Buy | 155 | 0 | 0 | 0 | 0 |
| Collyhurst Regen - Highways Phase 1 | 0 | 190 | 97 | 1,394 | 0 |
| Collyhurst Regen - Churnett Street | 0 | 0 | 0 | 790 | 0 |
| Collyhurst Regen - Needwood & Overbrook acquisition / demolition | 0 | 125 | 0 | 0 | 0 |
| Willert Street Park Improvements | 0 | 10 | 0 | 0 | 0 |
| North Manchester New Builds | 227 | 319 | 0 | 0 | 0 |
| North Manchester New Builds 2 | 442 | 2,850 | 0 | 0 | 0 |
| North Manchester New Builds 3 | 294 | 351 | 0 | 0 | 0 |
| Parkhill Land Assembly | 0 | 0 | 4,270 | 0 | 0 |
| Collyhurst | 100 | 3,655 | 13,890 | 955 | 0 |
| Buying Back Former Council Homes | 0 | 500 | 500 | 500 | 0 |
| | | | | | |
| Total Public Sector Housing (HRA) Programme | 19,622 | 38,722 | 28,663 | 28,097 | 0 |
| | | | | | |
| Children's Services Programme | | | | | |
| Basic Need Programme | | | | | |
| Holy Trinity VC Primary | 47 | 0 | 0 | 0 | 0 |

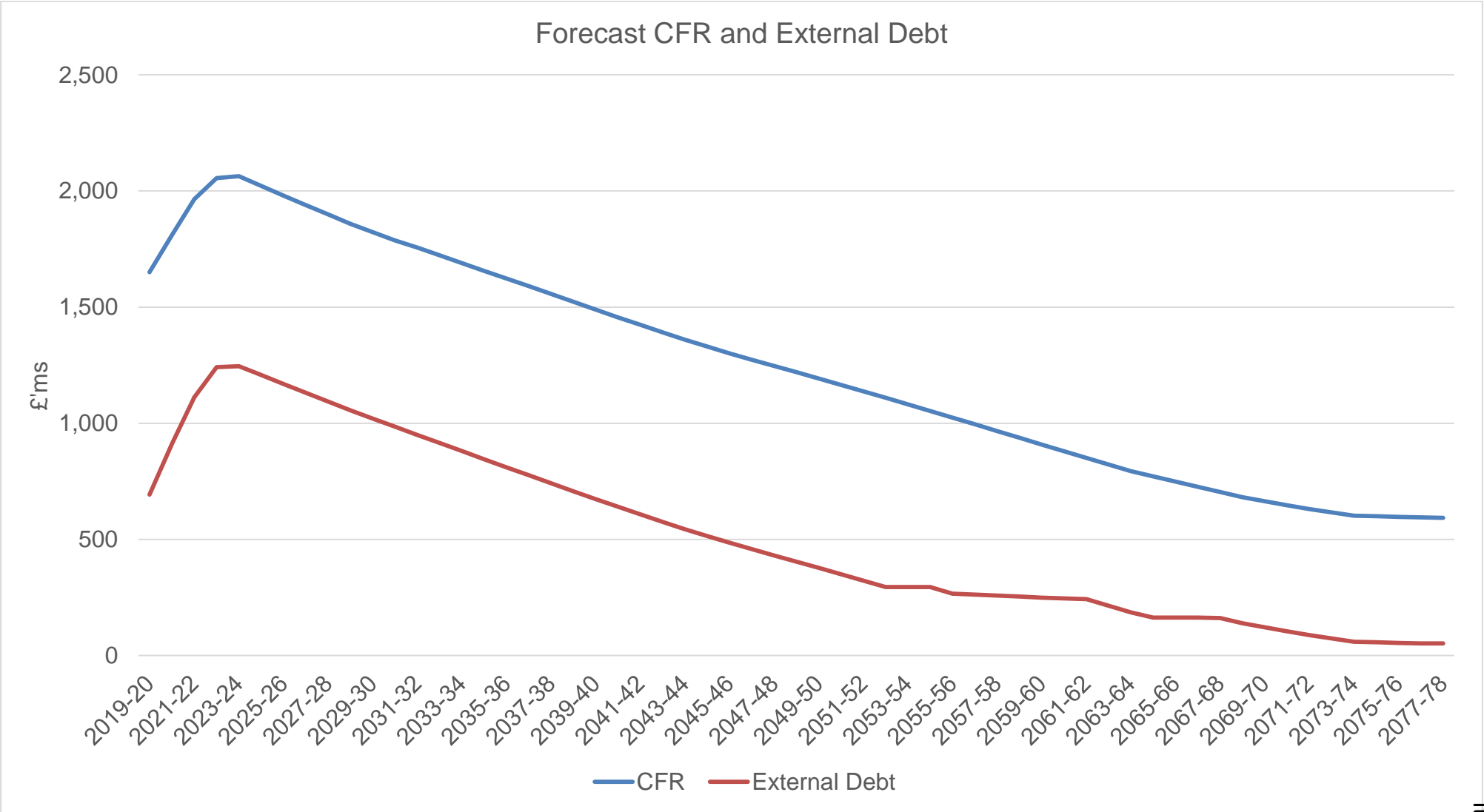
| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Lytham Rd | 100 | 0 | 0 | 0 | 0 |
| Plymouth Grove Refurbishment | 107 | 0 | 0 | 0 | 0 |
| Beaver Rd Primary Expansion | 94 | 0 | 0 | 0 | 0 |
| Lily Lane Primary | 54 | 0 | 0 | 0 | 0 |
| St. James Primary Academy | 8 | 0 | 0 | 0 | 0 |
| Crossacres Primary School | 30 | 0 | 0 | 0 | 0 |
| Ringway Primary School | 5 | 0 | 0 | 0 | 0 |
| Webster Primary Schools | 11 | 0 | 0 | 0 | 0 |
| Dean Trust Expansion | 1,000 | 2,784 | 0 | 0 | 0 |
| Brookside Rd Moston | 362 | 4,920 | 1,745 | 28 | 0 |
| North Hulme Adv Playground | 278 | 3,400 | 683 | 11 | 0 |
| Monsall Road (Burgess) | 290 | 3,717 | 979 | 20 | 0 |
| Roundwood Road | 330 | 5,525 | 1,127 | 34 | 0 |
| KS3/4 PRU Pioneer Street | 70 | 0 | 0 | 0 | 0 |
| SEND Expansions - Melland & Ashgate | 866 | 0 | 0 | 0 | 0 |
| Basic need - unallocated funds | 200 | 488 | 22,115 | 43,286 | 0 |
| Universal Infant Free School Meals (UIFSM) - Allocated | 266 | 0 | 0 | 0 | 0 |
| Universal Infant Free School Meals (UIFSM) - Unallocated | 75 | 0 | 0 | 0 | 0 |
| Schools Maintenance Programme | | | | | |
| Moston Lane - re-roof | 19 | 0 | 0 | 0 | 0 |
| Abbott Primary School Fencing | 11 | 0 | 0 | 0 | 0 |
| Crowcroft Park PS-Rewire | -2 | 0 | 0 | 0 | 0 |
| Broad Oak Primary School Kitchen | 85 | 730 | 0 | 0 | 0 |
| All Saints Primary Rewire | 419 | 0 | 0 | 0 | 0 |
| Armitage Primary Windows | 101 | 0 | 0 | 0 | 0 |
| Bowker Vale Primary Heating | 267 | 0 | 0 | 0 | 0 |
| Buton Lane Primary Roof | 183 | 0 | 0 | 0 | 0 |
| Cheetwood Primary Heating | 142 | 0 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Crosslee Comm Heating | 81 | 0 | 0 | 0 | 0 |
| Crowcroft Park Roof Repairs | 120 | 0 | 0 | 0 | 0 |
| Grange School Sports Hall | 163 | 0 | 0 | 0 | 0 |
| Higher Openshaw Rewire | 773 | 0 | 0 | 0 | 0 |
| Lily Lane Primary Windows | 7 | 46 | 0 | 0 | 0 |
| Moston Fields Joinery | 184 | 0 | 0 | 0 | 0 |
| Ringway Primary Roof | 175 | 0 | 0 | 0 | 0 |
| Sandilands Primary Windows | 106 | 0 | 0 | 0 | 0 |
| St Mary's Junior Windows | 34 | 0 | 0 | 0 | 0 |
| Ringway Primary School | 10 | 0 | 0 | 0 | 0 |
| Alma Park Gas Improvement | 1 | 0 | 0 | 0 | 0 |
| Schools Capital Maintenance - unallocated | 1,644 | 2,854 | 3,000 | 0 | 0 |
| Education Standalone Projects | | | | | |
| Paintpots | 3 | 6 | 0 | 0 | 0 |
| Early Education for Two Year Olds - Unallocated | 0 | 52 | 0 | 0 | 0 |
| Gorton Youth Zone | 1,275 | 0 | 0 | 0 | 0 |
| Healthy Pupil Capital Funding | 257 | 0 | 0 | 0 | 0 |
| North Ridge SEN | 283 | 2,747 | 9 | 0 | 0 |
| Special Educational Needs grant | 0 | 1,160 | 0 | 0 | 0 |
| Seymour Road | 1,200 | 0 | 0 | 0 | 0 |
| Commercial Wharf/ISS Refurbishment of YJS Building | 294 | 0 | 0 | 0 | 0 |
| Ghyll Head | 25 | 1,091 | 0 | 0 | 0 |
| Acquisition of land at Hyde Road | 13,144 | 13 | 12 | 0 | 0 |
| | | | | | |
| Total Children's Services Programme | 25,197 | 29,533 | 29,670 | 43,379 | 0 |
| | | | | | |
| ICT Capital Programme | | | | | |
| ICT | | | | | |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|--|--|--|--|--|--|
| Solaris | 2 | 0 | 0 | 0 | 0 |
| ICT Infrastructure & Mobile Working Programme | | | | | |
| New Social Care System | 1,699 | 0 | 0 | 0 | 0 |
| End User Computing | 117 | 0 | 0 | 0 | 0 |
| Core Infrastructure Refresh | 83 | 0 | 0 | 0 | 0 |
| Internet Resilience | 23 | 27 | 0 | 0 | 0 |
| New Rent Collection System | 33 | 0 | 0 | 0 | 0 |
| Communications Room Replacement Phase 2 | 61 | 1,795 | 3,996 | 514 | 0 |
| Data Centre Network Design and Implementation | 2,867 | 250 | 0 | 0 | 0 |
| End User Experience | 699 | 3,425 | 0 | 0 | 0 |
| Replacement Coroners System | 83 | 0 | 0 | 0 | 0 |
| Telephony | 0 | 200 | 200 | 0 | 0 |
| ICT Investment Plan | 0 | 0 | 6,728 | 8,900 | 7,690 |
| Infrastructure | | | | | |
| Wider Area Network Redesign | 22 | 0 | 0 | 0 | 0 |
| | | | | | |
| Total ICT Programme | 5,689 | 5,697 | 10,924 | 9,414 | 7,690 |
| | | | | | |
| Corporate Capital Programme | | | | | |
| ONE System Developments | 11 | 0 | 0 | 0 | 0 |
| Pay and Display Machines | 750 | 174 | 0 | 0 | 0 |
| Phase 1 Implementation - Locality Plan Programme Office | 485 | 100 | 0 | 0 | 0 |
| Integrated Working - Gorton Health Hub | 1,970 | 17,171 | 2,272 | 481 | 0 |
| Alcohol Treatment for Fibroscan Machine | 40 | 0 | 0 | 0 | 0 |
| BioMedical Investment | 7,958 | 6,100 | 2,700 | 0 | 0 |
| Band on the Wall | 200 | 0 | 0 | 0 | 0 |
| Manchester Jewish Museum Loan | 0 | 290 | 0 | 0 | 0 |
| Manchester Airport Car Park Investment | 3,700 | 1,900 | 0 | 0 | 0 |

| Project Name | 2019/20 Proposed Budget | 2020/21 Proposed Budget | 2021/22 Proposed Budget | 2022/23 Proposed Budget | 2023/24 Proposed Budget |
|---|--|--|--|--|--|
| FC United | 250 | 0 | 0 | 0 | 0 |
| VCSE Small premises works | 0 | 500 | 500 | 0 | 0 |
| | | | | | |
| Total Corporate Capital Programme | 15,364 | 26,235 | 5,472 | 481 | 0 |
| | | | | | |
| Inflation Fund | 0 | 12,000 | 10,000 | 6,000 | 2,000 |
| | | | | | |
| Total Manchester City Council Capital Programme | 248,048 | 378,446 | 288,861 | 208,228 | 55,289 |
| | | | | | |
| Projects carried out on behalf of Greater Manchester | | | | | |
| Housing Investment Fund | 70,000 | 0 | 0 | 0 | 0 |
| | | | | | |
| Total GM projects | 70,000 | 0 | 0 | 0 | 0 |
| | | | | | |
| Total CAPITAL PROGRAMME | 318,048 | 378,446 | 288,861 | 208,228 | 55,289 |

Appendix 4 – Capital Financing Requirement and Forecast External Debt



**Manchester City Council
Report for Resolution**

Report to: Executive - 12 February 2020

Subject: Council Business Plan 2020/21

Report of: Chief Executive

Summary

This report presents the Council Business Plan for 2020/21. Our Corporate Plan sets out the Council's priorities for the next 2-3 years which will deliver the three-way push and contribute to our vision for the city. Our Council Business Plan 2020-21 describes in more detail the action we are taking to deliver our corporate plan this year.

Recommendation

That the Executive review and approve the Council Business Plan 2020/21

Wards Affected: All

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

This paper proposes the inclusion of an additional Corporate Plan priority - 'Zero Carbon Manchester' to reflect the city's zero carbon ambitions and declaration of the climate emergency. The plan therefore ensures specific organisational focus on activity driving this priority and therefore achieving the zero-carbon target for the city.

| 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 | Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering. Our Council Business Plan 2020-21 describes in more detail the action we are taking to deliver our Corporate Plan in 2020-21 and as such makes contributions to all of the Our Manchester Strategy outcomes |
| 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 implications for:

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The proposals set out in this report are to be read in conjunction with papers forming part of the preparation of the Council's revenue and capital budget for 2020/21, also reported to the Executive for approval.

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1. Introduction

- 1.1. The purpose of this report is to present the Council Business Plan 2020-21. The Plan is attached to this report at Appendix 1.
- 1.2. Our Corporate Plan sets out the Council's priorities for the next 2-3 years which will deliver the three-way push and contribute to our vision for the city. Our Council Business Plan 2020-21 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.

2. Background

- 2.1. Our Council Business Plan replaces individual directorate business plans produced previously. This plan is structured around the eight priority themes and has been produced following the development of 41 service plans which describe in more detail the achievements, priorities and activities of the 41 services which collectively make up Manchester City Council.
- 2.2. Each priority theme section describes:
 - The priority theme, including key strategies and plans which are helping to drive deliver
 - Our key achievements driving delivery of this priority theme in the last year
 - Our planned activities and initiatives across council services which will drive delivery of the priority theme in 2020-21
 - The key measures which will help us to understand if we have been successful
- 2.3. This plan does not refer in detail to the Council's budget position for 2020-21 which is described in individual budget plans for each of the Council's directorates.
- 2.4. The plan also describes the Council's key workforce and technology considerations for 2020-21 as key enablers to delivering our Corporate Plan. Equalities implications are also described as well as our approach to risk management.
- 2.5. The full draft document was presented to all Scrutiny Committees for comment and feedback in January.
- 2.6. A number of minor changes have been made to the document following the meetings, many of which as a result of the queries and feedback which focused on:
 - areas requiring clarification/further detail
 - specific comments on a number of the metrics included in the document, and
 - queries relating to our approach to Equalities, Diversity and Inclusion.
- 2.7. The Equalities, Diversity and Inclusion section in the Council Business Plan includes detail of the approach we take to meeting our 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.

2.8. The changes made to the plan are as follows:

- In the 'measures of success' section in each priority section, the illustrative out-turn figures from 17/18 and 18/19 have been removed to enable focus on future performance.
- Some wording updates have been made to the Young People and Neighbourhoods sections to ensure accurate read-across and reference to other strategies and plans.
- Notes and changes have been added to some of the metrics to clarify why data is not available and may not be available in future years, to better articulate trends in the narrative, and for metrics which were previously described as only a 'rate per 1,000' the actual number is now also referred to.
- The 'Healthy, Cared for People' section now includes reference to a number of metrics and has been restructured to more clearly align to the wider health and social care partnership planning arrangements.

Appendix 1: Council Business Plan 2020-21

Our Corporate Plan

Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the [Our Manchester Strategy 2015-2025](#). Our Manchester is the vision that the whole city - not just the Council - is working towards.

Our vision is for Manchester to be in the top flight of world-class cities by 2025 and to be somewhere that is:

- Thriving
- Full of talent
- Fair
- A great place to live
- Connected

The transformed Manchester that the vision aims for is so ambitious that business-as-usual approaches will not get us there.

To make that vision happen for everyone by 2025, as resources shrink and demand grows, the Our Manchester approach involves a three-way push to:

- Keep the basics on track
- Prevent problems down the line
- Tackle complex problems together

Our Corporate Plan sets out the Council's priorities for the next 2-3 years which will deliver the three-way push and contribute to our vision for the city. Our Council Business Plan 2020-21 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.

A number of key activities will support delivery of a number of our corporate plan priorities including:

- Delivery of our approach to place-based reform in Manchester - 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 of Manchester
- Delivery of Our Transformation - a new Council-wide portfolio of programmes which has been set up with a view to changing how we work as an organisation to ensure we can deliver our corporate priorities and specifically ensure that we are a 'well managed council'
- Continuing to ensure that the 'Our Manchester' approach is the way we do things here, rather than a thing we do

Our Corporate Plan priorities have been refreshed for 2020-21 to reflect the city's zero carbon ambitions and declaration of the climate emergency, the launch of the local industrial strategy for the city, the headlines from the 2019 State of the City report, and the planning for internal transformation.

Our Corporate Plan priorities going forward are, in no particular order of importance:

Zero carbon Manchester

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:

- Work with the Manchester Climate Change Agency to develop a full action plan for the city by March 2020, setting out how the ambition will be met
- Ensure activities are delivered to reduce the Council's own direct emissions as part of this plan
- Contribute to improvements in air quality across Manchester required in the Clean Air Plan

Young People

From day one, support Manchester's children to be safe, happy, healthy and successful, fulfil their potential, and make sure they attend a school graded 'good' or better:

- Ensure all children have high-quality education
- Support more Manchester children to have the best possible start in life and be ready for school and adulthood
- Reduce number of children needing a statutory service
- Reduce the number of children growing up in family poverty

Healthy, cared-for people

Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives:

- Support Mancunians to be healthy, well and safe
- Improve health and 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

Housing

Ensure delivery of the right mix of good-quality housing so that Mancunians have a good chance of quality homes:

- Accelerate and sustain the delivery of more housing
- Ensure the provision of enough safe, secure and affordable housing for those on low and average incomes

Neighbourhoods

Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of:

- Enable clean, safe, vibrant neighbourhoods

Connections

Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks:

- Improve public transport and highways, and make them more sustainable
- Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and support a thriving digital economy

Growth that benefits everyone

Boost the city's productivity and create a more inclusive economy that all residents can participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy:

- Support good-quality job creation for residents, and effective pathways into those jobs
- Facilitate economic growth of the city

Well-managed Council

Support our people to be the best and make the most of our resources:

- Enable our workforce to be the best they can be through the Our People Strategy and Our Manchester behaviours
- Effectively plan our future budgets and balance our current budget, delivering savings, transformation of the organisation, reductions in demand through reform, and generating income

Our Council Business Plan for 2020-21

This plan is structured around the eight priority themes and has been produced following the development of 41 service plans which describe in more detail the achievements, priorities and activities of the 41 services which collectively make up Manchester City Council, including continuing to ensure we are getting the basics right as well as preventing problems down the line, and tackling complex issues together.

The focus is on both priorities and initiatives which we are delivering across the city, but also where relevant includes detail of activity which is taking place at a locality or neighbourhood level, working with specific strengths or challenges in that part of the city.

Each priority theme section describes:

- The priority theme, including key strategies and plans which are helping to drive deliver
- Our key achievements driving delivery of this priority theme in the last year
- Our planned activities and initiatives across council services which will drive delivery of the priority theme in 2020-21
- The key measures which will help us to understand if we have been successful

This plan does not refer in detail to the Council's budget position for 2020-21 which is described in individual budget plans for each of the Council's directorates.

The plan also describes the Council's key workforce and technology considerations for 2020-21 as key enablers to delivering our Corporate Plan. Equalities implications are also described as well as our approach to risk management.

Our Corporate Priorities

Zero Carbon Manchester

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:

- Work with the Manchester Climate Change Agency to develop a full action plan for the city by March 2020, setting out how the ambition will be met
- Ensure activities are delivered to reduce the Council's own direct emissions as part of this plan
- Contribute to improvements in air quality across Manchester required in the Clean Air Plan

The Our Manchester Strategy sets out the vision for Manchester to 'be in the top flight of world-class cities by 2025' and commits the city to 'playing its full part in limiting the impacts of climate change'.

The Council declared a climate emergency in July 2019. Manchester has committed to emit only 15m tonnes CO₂ during 2018-2100, become a zero carbon city by 2038, which means reducing emissions by at least 13% every year.

Manchester City Council's Zero Carbon 2038 Action Plan will be finalised by end March 2020, detailing how the city's zero carbon ambitions will be delivered.

The action plan will include workstreams to address:

- Internal direct emissions
- External influence and policy
- Quantifiable carbon savings
- Achieving approximately 50% reduction in 4 - 5 years

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. The ten GM authorities, supported by Transport for Greater Manchester, have now developed a draft package of co-ordinated and robust measures. **The GM Clean Air Plan** is anticipated to contribute to the Our Manchester Strategy by:

- Improving air quality across Greater Manchester,
- Ensuring that residents can access job opportunities and other services in a safe and clean environment,
- Reducing congestion and air pollution, improving perceptions of the city, and reducing carbon emissions,
- Investing in and maintaining the city's transport infrastructure, helping to drive growth.

Every council service is responsible for working together to deliver this priority with some services (City Policy, Neighbourhoods, Financial Management, Growth and Development) taking a lead role in the development of the Zero Carbon 2038 Action Plan.

As of July 2019 the city had achieved a 5% reduction in carbon emissions since

2017. In 2018 the city achieved a 40% reduction in emissions since 2005 and is now projected to achieve the 41% reduction in carbon emissions by 2020.

Data for the 2018/19 financial year shows that the Council's direct emissions have reduced by 48.1% since the 2009/10 baseline meaning that the 41% target has been achieved and surpassed a year ahead of schedule.

Data derived from Manchester's two permanent air quality monitoring stations shows that recent concentrations of NO₂ have fallen at both the Oxford Road and Manchester Piccadilly sites since the 2015 baseline (from 66 ug/m³ to 62ug/m³ and from 39ug/m³ to 35ug/m³ respectively).

Activities supporting delivery of this priority

- Drive progress in transitioning to a Zero Carbon Council and city by 2038 at the latest through changing our decision-making, policies, standards and external influencing
- Support delivery of the Zero Carbon 2038 target for Manchester by:
 - Moving to a position where new homes (and other buildings) generate zero emissions when occupied and have significantly less emissions embodied in their materials and the construction phase;
 - Delivering a comprehensive approach to existing homes (and other buildings) through the application of retrofit schemes that improve their energy efficiency;
 - Working towards all new development being zero carbon by 2028 as per the ambition set out in the draft Greater Manchester Spatial Framework
- Embed the Council's climate change priority across communication services, providing leadership, supporting effective communications and taking practical steps to reduce our impact
- Deliver the Corporate Estates Carbon Reduction Programme phase 1 by focusing on reducing energy in 13 of the highest energy consuming buildings
- Review waste collection fleet in line with the aims of Clean Air Plan and Zero Carbon Strategy
- Deliver high quality green & blue infrastructure, including:
 - Protecting and enhancing open spaces and biodiversity
 - Maximising the role of green spaces to sequester carbon, contributing to a reduction in atmospheric CO₂ concentration.
 - Establishing the Carbon Reduction Plan for the Parks service and bring forward investment cases for CO₂ reduction and CO₂ sequestration measures
- Ensure Manchester's next Local Plan fully embeds our climate change commitments into the next phase of development of the city, promoting residential development which is in line with the Council's targets to be Zero Carbon by 2038
- Commit to reducing carbon throughout all programmes of work and raise awareness of carbon usage and looking for 'greener' alternatives
- Progress delivery of the Civic Quarter Heat Network, which will provide a highly efficient, environmentally-friendly heat and power solution for some of Manchester's most iconic buildings, making significant carbon reductions.

- Drive forward the introduction of electric fuelling infrastructure, plant and equipment for all MCC services and ensure all fleet vehicles, including the waste fleet, meet the required emissions standards in preparation of the introduction of the Greater Manchester Clean Air Zone.
- Develop a plan for external influence at a city, city region and national level

Key measures of success

% reduction in MCC Direct CO² Emissions against 2009/10 baseline

Projected CO² % reduction against 2005 baseline by 2020

Reduce the city's and the council's carbon emissions by on average 13% year on year to 2038, representing a 50% reduction in the next 4-5 years

Reach the net zero carbon emissions target by 2038, or earlier if possible

Young People

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:

- Support more Manchester children to have the best possible start in life and be ready for school and adulthood
- Ensure all children have high-quality education
- Reduce number of children needing a statutory service

The Children and Young People's Plan – Our Manchester, Our Children (2016–2020) – describes a vision for 'building a safe, happy, healthy and successful future for children and young people' whilst the Children's and Education Services Directorate Plan 2018-21 outlines how the directorate will contribute to support and deliver against the objectives, principles and passions outlined in the Children and Young People Plan and emerging priorities

In 2019-20 there has been a focus on developing and delivering a model for delivering this vision, through our Children's and Education services which strengthens partnerships and delivers local, place-based services on a city-wide, locality and neighbourhood footprint, with a greater focus on prevention and early support. This locality delivery model includes collaboration with Manchester Local Care Organisation (MLCO) and aligns to Bringing Services Together for People in Places and Manchester's Multi Agency Safeguarding Arrangements (MMASA).

Together with our Children's and Education services; Parks, Leisure, Youth & Events, Libraries and Work and Skills, in partnership with key external partners, play a significant role in delivering the Young People priority. Recent achievements include:

- Improved attainment outcomes for Manchester's children at all key stages from the levels achieved in the 2016-17 academic year to those achieved in the

2017-18 academic year, with improvements for looked after children (LAC) achieving grade 5 or above in both English and Maths at KS4 over this period being greater for Manchester's LAC than LAC in England as a whole.

- Implementation of a redesigned 'front door' - the Advice and Guidance Service - to deliver a more coordinated and efficient Children's Social Care service as part of the implementation of the wider locality programme. These improvements were evidenced by the number of referrals made into the service dropping from 13,228 in 2017/18 to 11,174 in 2018/19 and a reduction in the number of children where no further intervention was required, through better engagement with wider agencies, enabling an early help approach
- Reduced the number of children and young people subject to child protection plans from 982 at the end of 2017/18 to 787 at the end of 2018/19 and increased our early help and family support offer, preventing the need for a statutory child protection intervention
- Throughout 2017/18, 19,000 children and young people participated in youth and play provision through our commissioned activity, 7,000 engaged in social action projects and 28,000 voted in the Make Your Mark ballot.
- Reduction in the number of 16-17 year olds who were not in education, employment or training in 2018/19 from the levels seen in 2017/18.
- Delivery of Adverse Childhood Experience (ACE) Pilot in Harpurhey from July 2018 to July 2019, with 600+ staff trained in Trauma Awareness.
- Our school catering service received an award for the 'Food for Life Served Here' initiative demonstrating Manchester's children and young people are provided with fresh, local and honest food in schools
- Launch of Manchester's Inclusion Strategy, developed with multi-agency partners to help us work together in supporting children and young people to good attendance, and to reduce the risk of all types of exclusion.
- Development of Our Manchester Youth Offer Strategy (2019-25) to ensure that young people have access to high quality youth offer that addresses both universal and targeted needs in order to foster high aspirations and independence.
- Attracted 18,000 school participants at Manchester Art Gallery in 2018/19.

Activities supporting delivery of this priority

Support Manchester's children to be safe, happy and healthy and reduce the number of children needing a statutory service;

- Deliver children's services through the integrated locality based delivery model, ensuring timely and impactful intervention from the right service at the right time.
- Drive high quality safeguarding practice and robust and effective child protection plans by providing a high challenge and high support environment through the delivery of a coordinated quality assurance framework.
- Safely reduce the number of children looked after and/or in need of a statutory service including exploration of the implementation of the Strengthening Families Programme, a multi-agency 'think family' approach using motivational interviewing and through strengths and relationship based practice
- Deliver the sufficiency strategy, ensuring there is the right provision available locally to meet the needs of Manchester's children that are looked after by the council.

- Support children and young people to influence the decisions that impact on them by enabling their voice and feedback to be heard.
- Refresh and launch of the Children and Young People's Plan 2020 - 2024. This will be informed by consultation with partners and young people, with shared ownership of the priorities - supporting Manchester's children to be safe, happy, healthy and successful.
- Work in partnership with the NHS to promote and support healthy food choices by providing educational sessions and offering an inclusive range of food in schools.
- Implement the new 3 year strategy for young people - Manchester Youth Offer which will focus on ensuring young people are thriving, are skilled, resilient, and healthy.
- Support the 'Young Manchester' charity to fairly distribute funding to the city's youth and play providers so that they can increase the provision of services.
- Maximise young people's awareness of the city's wider youth offer and relaunch the Manchester Youth Council to ensure young people are connected, valued and heard in all we do.
- Help prevent and reduce families and young people presenting with homelessness, becoming and remaining homeless and being supported in temporary accommodation (detail on the activities to support these are included in the healthy, cared for people priority).

Ensure Manchester's children are ready for and receive a high-quality education and support them to be successful and fulfil their potential;

- Improve outcomes for all children and reduce the gap to national levels with a particular focus on reading, improving school readiness and improving outcomes for children and young people with special education needs or disabilities.
- Develop and implement new partnership arrangements with early years providers.
- Develop a self improving schools system through the Manchester Schools Alliance and other partnerships, including a model for teams around the school and school clusters
- Increase the percentage of Manchester's schools which are judged by Ofsted as good or better, and develop a coordinated approach to quality assurance of 'education other than at school'.
- Provide high class education facilities in accordance with the Council's Basic Needs requirements and ensure there are a sufficient number of school places available for the city's children.
- Provide services in Early Years services including 55 Sure Start Centres
- Implement the Inclusion Strategy to promote inclusion and prevent exclusion (including exclusion from schools).
- Increase the number of schools and colleges in the City achieving the Gatsby benchmarks which demonstrate young people are ready for adulthood
- Work with schools & youth organisations to build on Careers Education, Information, Advice and Guidance (CEIAG) and the Skills 4 Life offer.
- Coordinate a coherent and comprehensive post 16 offer and implement a Not in Education Employment or Training (NEET) reduction plan, to capitalise on

new opportunities in the City and reduce the proportion of Manchester children who are NEET.

- Improve literacy and educational attainment through the provision of activities in libraries and galleries and cultural activities, for example, through supporting the Read Manchester campaign.

All of the activities outlined will be enabled by corporate and supporting functions including repair and maintenance services to our 55 Sure Start and Children's centres and our 94 school kitchens, dedicated programme and project support, provision of intelligence, evaluation and performance information and the delivery of a new Early Years & Education ICT system. We will continue to work with Government to identify additional funding when available to support delivery of these priorities.

Key measures of success

Primary schools rated good or outstanding

Secondary schools rated good or outstanding

Percentage of Manchester's children achieving expected standard in Reading, Writing and Maths at Key Stage 2

Percentage of Manchester's children achieving grade 5 or above in both English and Maths at Key Stage 4

Percentage of Manchester's Looked After Children achieving grade 5 or above in both English and Maths at Key Stage 4

The percentage of Manchester's children achieving a good level of development in the Early Years Foundation Stage

Number of Looked After Children in Manchester and the rate per 10,000 children

Number of Children In Need in Manchester and the rate per 10,000 children

Healthy, Cared For People

Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives:

- Support Mancunians to be healthy, well and safe
- Improve health and 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

The original Locality Plan: Our Healthier Manchester, produced in 2016, set out the

ambition to improve health and care outcomes for the people of Manchester within a financially sustainable health and social care system.

Underpinning the Locality Plan was our aim to prevent people becoming ill and support them to live healthier lives through. To enable this and other priorities the initial focus led to a rationalisation of the Manchester system, through the creation of a single commissioning function (SCF), a single hospital service (SHS), and a local care organisation (LCO). Greater Manchester Mental Health (GMMH) Trust replaced the previous provider as the lead for delivering mental health services in Manchester.

The updated Locality Plan (April 2018), set within the context of the city's Our Manchester strategy, shifted the emphasis away from structural change to a focus on Our People, Our Services and Our Outcomes. The Locality Plan is now being refreshed again (November 2019), to reflect the place-based approach to public services across Greater Manchester (Bringing Services Together for People in Places in Manchester) and the requirements of the NHS Long Term Plan.

Recent system-wide achievements set out in the Locality Plan include:

- An increase in new cases of cancer diagnosed at stage 1 or 2.
- A sustained decrease in smoking prevalence.
- An upward trend in CQC good or above rated Nursing and Care Homes.
- An increase in uptake of Personal Health Budgets.
- A sustained reduction in avoidable prescribing.

Our work to ensure our people are healthy and cared for is primarily delivered through two health and social care partnership organisations - Manchester Health and Care Commissioning (MHCC) and Manchester Local Care Organisation (MLCO) and as such, this plan provides less detail on this priority.

Further detail on the achievements to date, priorities for 2020/2021 and how impact will be measured is described in MLCO's operating plan for 2020/21, which is currently being developed across partners in the Manchester system.

The MHCC Operating plan, outlines the strategic context and commissioning priorities for health and social care for 2020/21.

Our key priority for 2020/2021 is to support MLCO and MHCC to deliver on the agreed priorities and success measures, as detailed within the respective operational plans.

In terms of service delivery, our population health services form part of MHCC, whilst the delivery and commissioning of adult social care services and some elements of population health are managed by Manchester Local Care Organisation. Our population health services across the system work to build our understanding of what is most effective in improving population health outcomes in order to help us to focus on what will achieve the most significant improvement to outcomes. Our Adult Social Care services continue to focus on delivery of the Improvement Programme driving improved outcomes for those who need our support, longer term change and sustainability.

A key delivery model for the LCO is the mobilisation of 12 Integrated Neighbourhood Teams. Our adult social care services play a key role in integrated neighbourhood teams and are part of the delivery of new models of care and our wider approach to place-based reform in Manchester - Bringing Services Together for People in Places.

A number of other council services make key contributions to ensure that Mancunians are healthy and well including our leisure service, libraries and cultural offer.

Our adult social care services work closely with Children's Services to ensure young people with support needs 'transitioning' into adulthood are supported to do so.

Recent achievements within MLCO and the wider health and social care system include:

- 12 Integrated Neighbourhood Teams established with leadership 'quintets' in place
- Primary care leadership in place at locality and neighbourhood level and 14
- Primary Care Networks across the city
- Major recruitment campaign delivered with 61.5 additional social workers in place as of November 2019
- Development of new strengths based approach to assessment and support planning, delivering improved outcomes and a more streamlined process
- Delivery of phase 1 of technology-enabled care programme transferring c.150 citizens from legacy provider
- Some reductions in social care waiting lists including (between May and July 2019) a reduction of 43% in ongoing work waiting and 8% in reviews
- A statistically significant reduction in A&E attendances from the cohort covered by Manchester Care Management (High Impact Primary Care)
- The expanded Reablement service has achieved 26% fewer homecare visits and 22% fewer homecare hours than people who had been referred to Reablement but not supported; and
- Extra Care accommodation has enabled improved quality of care for residents and approximately 1,200 fewer days of residential care
- Investment in North Manchester Hospital from Government

Homelessness is not just about people who sleep rough on our streets, but also consists of the much larger number of single people in hostel accommodation, families in dispersed temporary accommodation, as well as those who are hidden homeless. Across Manchester an increasing number of individuals and families are becoming homeless and are at greater risk of homelessness. The Homelessness Strategy aims to make:

1. Homelessness a rare occurrence: increasing prevention and early intervention
2. Homelessness as brief as possible: improving temporary and supported accommodation so it becomes a positive experience
3. Experience of homelessness a one-off occurrence: increasing access to

settled homes

Organisations across the city all have a contribution to make and a role to play towards these aims in order to reduce homelessness.

Our Homelessness services leads on the objective of reducing the number of people becoming homeless, and better outcomes for those who are homeless. The objective is also delivered by a range of services across the council including Housing, Health, Children's Services and Adults Services within MLCO.

Homelessness services achievements in the last year include:

- Successfully ensured that the Council met all it's legal duties in challenging circumstances.
- Developed a specialist service to tackle evictions from the private rented sector which successfully prevented homelessness.
- Delivered a comprehensive response to rough sleeping through the provision of over 45,000 bed-nights for people who sleep rough in the city.
- Increased the level of access to affordable property in the private rented sector.

Activities supporting delivery of this priority

As described, our key priority for 2020/2021 is to support MLCO and MHCC to deliver on the agreed priorities and success measures, as detailed within the respective Operational plans.

In 2019/20 the Homelessness Service will

- Provide high quality services in all that we do through delivery of the Homelessness Service Transformation Programme, forming the core of the approach to tackling and reducing homelessness over the next three years
- Reduce the use of temporary accommodation, including through the continuation of a new team focused on Section 21 presentations (no fault evictions), providing support to prevent or delay the use of temporary accommodation
- Reduce the cost of temporary accommodation including through enhanced incentives for private landlords and aiming to move people directly from their current property into dispersed accommodation, avoiding the use of bed and breakfast accommodation
- Increase the level of homelessness prevention, and locality based prevention in communities, through a multi-agency response and development of a city-wide 'Prevention Compact', informed by two locality based prevention pilots in Moss Side and Clayton & Openshaw
- Reduce the numbers of people who sleep rough through providing targeted support
- Increase the profile of homelessness prevention and broaden the range of partners who help us to achieve this.
- Play a positive role in the Manchester Homelessness Partnership, to build the partnership and maximise contributions from all sectors, including in the co-production of services.

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| <ul style="list-style-type: none"> • Ensure that the Council meets all of its legal duties to homeless people and people at risk of homelessness. <p>These activities will be supported by the development of temporary and permanent housing solutions and the development of a new commissioning strategy for homelessness services.</p> |
| Key measures of success |
| <p>The Manchester health and care system oversees delivery of the integration of health and social care through the Transformation Accountability Board, which is chaired by the leader of Manchester City Council. As a result of the refresh of the locality plan, the Board is currently reviewing and developing a set of performance indicators for the Manchester system which includes both population health and adult social care measures. These may include:</p> |
| Permanent admissions to residential and nursing care (annual; actual number) |
| Total homecare hours (annual) |
| Emergency admissions - actual and rate per 1,000 |
| Average daily DTOC per 100,000 of the 18+ population |
| Smoking prevalence in adults (18+) - current smokers |
| Mortality rate from causes considered preventable (all causes) |
| Annual review waiting list as % of people receiving long-term services (ASC) |
| % reporting that the service helped them feel safe and secure (ASC) |
| Number of carers receiving carers specific services (actual number and per 10,000 population) |
| In addition to this, MLCO is currently in the process of refreshing its Board Assurance Framework, which sets out its key performance indicators in regards to the delivery of its Operational Plan 2020/21. |
| Homelessness key measures of success: |
| <p>The number of households who presented as being homeless or being threatened with homelessness and were owed a duty. N.B. The introduction of the Homelessness Reduction Act 2018 means that 2017/18 and 2018/19 results are not comparable.</p> |
| <p>The number of households, (who had presented as being homeless or being threatened with homelessness), who were being supported as a 'prevention case' and were subsequently prevented from becoming homeless via being able to stay in their existing property or securing alternative accommodation (and staying in this accommodation for 6+months)</p> |

Number of households who moved on into settled accommodation provided by Registered Housing Providers.

Number of households who moved on into settled accommodation provided by the Private Rented Sector

Housing

Ensure delivery of the right mix of good-quality housing so that Mancunians have a good chance of quality homes:

- Accelerate and sustain the delivery of more housing
- Ensure the provision of enough safe, secure and affordable housing for those on low and average incomes

The Residential Growth Strategy (2015–2025) sets out the city’s approach to providing the right housing mix of safe, secure and affordable homes for a growing and increasingly diverse population.

The Strategy was updated in 2019 increasing the overall target of new homes from 25,000 to 32,000 and committing the city to deliver 20% of all new homes as affordable tenures, representing a minimum of 6,400 new homes by March 2025 (up from 5,000).

Multiple services and directorates work together to deliver this priority. The services with a lead role include Strategic Housing and Residential Growth, City Centre Growth & Regeneration, Development Team, Planning, Building Control and Licensing. Corporate services such as City Policy and PRI provide strategic and analytical support to help deliver the objectives.

It is forecast that c.5,200 new homes will be delivered in Manchester by the end of 2019/20 of which 521 will be affordable homes and 36 Extra Care units. This year there have been more cranes across the skyline than ever recorded, including the previous pre-recession construction peak in August 2005. There are currently over 11,000 new homes under construction in Manchester, including 9,000 in the city centre, more than in any other Core City or individual London borough. A total of 14,000 new homes are forecast to be completed by March 2022. Other achievements in the last year include:

- Delivered 53 new Council homes in Brunswick
- Delivered 61 new homes for sale in the Miles Platting and Brunswick PFI contracts
- Commenced the final phase of 330 new homes for sale in West Gorton
- Delivered 1,500 new homes for rent and sale in New Islington and Ancoats via the Manchester Life JV Partnership
- Delivered 70 apartments for people with a Learning Disability
- Acquired 20 large homes for homeless families
- Begun sprinkler installation in 25 Council tower blocks

- Completed the review of the Allocations Scheme, which is used to assess the eligibility and priority of applicants for the social housing the Council has available
- Created and approved a number of strategic regeneration frameworks to guide a comprehensive and holistic approach towards regeneration across the extended city centre. Examples include Northern Gateway, Great Ducie Street and Knott Mill.

Activities supporting delivery of this priority

- Deliver a minimum of 6,400 affordable homes between 2015 - 2025 including 7 new Extra Care and 3 Community-Led Housing schemes by:
 - Working closely with Registered Providers to deliver housing on Council-owned land, and
 - Working with developers to deliver housing on privately-owned land
- Provide the conditions that enable the building of 32,000 new homes in Manchester between 2015 and 2025
- Deliver a range of major projects that include:
 - Northern Gateway - A joint venture between the Council and Far East Consortium which has the potential to contribute up to 15,000 new homes over a 15 to 20-year period.
 - Eastern Gateway - Identify and start work on new phases of the Manchester Life Joint Venture Partnership, and identify opportunities for the delivery of new homes in ongoing regeneration around the Etihad Campus
 - Great Jackson Street – Work has rapidly progressed on the delivery of significant new residential development at Great Jackson Street, contributing up to 6,000 new homes. Construction is nearing completion on the four residential developments that comprise Deansgate Square
- Develop the new Local Plan for Manchester, setting out how the city will meet the need for development over the years to 2038
- Deliver a quality, efficient, inclusive and proactive Planning service, acting as enablers for new homes, creation of neighbourhoods where people want to live and engaging meaningfully with all stakeholders
- Create a refreshed City Centre Strategic Plan. This will set out the current position of the city centre and the plans and aspirations over the next period. The document will provide Local and Central Government colleagues with this shared insight.
- Ensure fire safety improvements are delivered especially in high rise buildings in line with the Hackett Review of Building Regulations and Fire Safety, of which Manchester is an early adopter
- Continue to work collaboratively with neighbourhood teams to develop and deliver new areas for Selective Licensing across the city.
- Provide specialist property advice to colleagues and politicians in respect of all development opportunities. Taking a lead role in the delivery of transformational regeneration projects across the City.
- Identify long term empty homes and work with owners and developers to bring them back into use
- Utilise the GM Housing Fund for development finance to help unlock mainstream institutional finance to fund new homes in Manchester.

All of the activities outlined above will be supported by the Policy and Performance, Research Intelligence teams through delivery of appropriate and up to date planning policy and strategic frameworks including the new Manchester Local Plan and production of credible and relevant intelligence that supports decision making, evidences change and supports the development of key strategic documents

Key measures of success

The number of new homes built in Manchester

Affordable homes delivered according to government definition

Percentage of properties empty for 6 months or longer

Neighbourhoods

Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of:

- Enable clean, safe, vibrant neighbourhoods

Multiple services and directorates work together to deliver the Neighbourhoods corporate plan priority.

The three Neighbourhood Teams (North, Central, and South) manage and develop the city's neighbourhoods and work with services delivered locally to respond to the needs of different places and play a significant role in the delivery of Bringing Services Together for People in Places.

A number of citywide teams take a lead role in delivering specific elements of the neighbourhoods priority.

Together, Waste, Recycling and Street Cleansing, Compliance and Enforcement and Community Safety play a significant role in ensuring our neighbourhoods are clean and safe. Libraries, Galleries and Culture, Markets, Parks, Leisure, Youth and Events work together to make sure our neighbourhoods are vibrant places where people want to live, work and visit. Some of the recent achievements include;

- Increased the number of library visits by over 270,000 from 2017/18 to reach 3.2million in 2018/19, and increasing the number of visits to Manchester Art Gallery over the same period by over 20% to reach 731,003 in 2018/19.
- Voted as within the top 3 Christmas Markets in Europe in 2019 and consistently being voted in the top ten.
- Partnered with 37 organisations to facilitate or deliver a programme of 60 calendar events that attracted over 1.3 million people over 168 days of live events, raising the profile of the city on the regional, national and international

stage.

- Ensured 1,491 littering prosecutions and 241 prosecutions for waste offences
- Made 3,130 visits to inspect food businesses and seizing 8,555 unsafe items from other trade premises.
- Attracted over 7,000 volunteers to support more than 200 events during the Great British Spring Clean campaign in 2019 - the city's best performance yet.
- Improved the cleanliness of the city's streets from 2018 levels and having cleaner streets than the national average according to an independent survey in 2019.

Strategic Communications, Reform and Innovation, Performance, Research and Intelligence (PRI), Legal Services, Corporate Estates and Facilities Management all play an enabling role in delivering this priority.

Activities supporting delivery of this priority

Ensure our neighbourhoods are vibrant places where people want to live, work and visit

- Deliver the city's cultural strategy agenda. This will be supported through the effective management of the Council's strategic cultural investments and grants, the development of partnerships in the city and internationally (including with Denmark, China and Music Cities) and the delivery of the Cultural Impact Survey.
- Develop and maintain a strong cultural offer at a neighbourhood level through the city's libraries, galleries and cultural attractions. This will be supported through working with our local communities and partners (such as artists, Cultural Leaders Group, Arts Council England and Manchester International Festival) to widen access to and participation at libraries, galleries and cultural attractions.
- Continue to develop Manchester's libraries so that they offer creative spaces and, as a UNESCO City of Literature, promote literacy and reading for pleasure through the Read Manchester programme and a range of cultural events and community writing projects.
- Commission and deliver a comprehensive programme of activities and volunteering opportunities to engage all residents and target under-representation. This will include improving the offer for young people and enhancing holiday activities available to them, launching accessible physical activity sessions as part of the Local Delivery Pilot and running initiatives targeted at women and girls to promote their use of and their volunteering at parks and leisure facilities.
- Implement the Events Strategy, establish the Events Commission and deliver a vibrant events programme including civic and community events which promote citizenship, participation and feedback across the city's diverse communities. This will be achieved through working together with stakeholders such as Marketing Manchester, Manchester Business Improvement District and various accommodation providers.
- Manage our parks and leisure facilities to ensure they are great places to visit, get active and enjoy.
- Deliver a range of enhancements and new public realm schemes such as the

Medieval Quarter, Lincoln Square and Piccadilly Gardens.

- Manage, revitalise and maintain the Council's heritage estate and provide specialist advice on key heritage projects (e.g. Our Town Hall, Crossley House, Varna Street and Victoria Baths).
- Take a lead role in transforming and regenerating local district and town centres (such as Harpurhey, Newton Heath and Wythenshawe).
- Provide diverse, accessible, exciting and contemporary markets in order to enhance the experience in the City Centre and across new sites.
- Engage with residents and local businesses to increase their participation in neighbourhoods, build their resilience, celebrate their strengths and reduce demand on key services.
- Work with key stakeholders from a neighbourhood perspective to ensure that city wide service development and delivery plans take account of local needs and emerging priorities.

Ensure our neighbourhoods are clean and safe

- Make Manchester the country's first 'Tidy City' by 2020 through the council's partnership with the Keep Britain Tidy charity.
- Deliver the fly-tipping intervention project to reduce fly-tipping of both domestic and commercial waste and invest in 'target hardening' solutions for fly-tipping hotspots.
- Ensure effective waste collection, increased recycling and street cleansing through our contract with Biffa and the Greater Manchester disposal contract with Suez.
- Increase compliance of food businesses with regulations and implement the food safety intervention programme.
- Reduce the supply of unsafe consumer products, illicit tobacco and the sale of age restricted products to those under age.
- Support outreach teams in the City Centre and Neighbourhoods to address rough sleeping and begging.
- Use appropriate tools and powers to reduce crime and antisocial behaviour (ASB).
- Work with partners and voluntary and community sector organisations to strengthen community cohesion and challenge hate, prejudice and extremism across the city's diverse communities.
- Tackle Domestic Violence and Abuse through initiatives such as Cut It Out campaign and a pilot approach to address child/adolescent to parent violence.

All of the activities outlined support the delivery of integrated services in neighbourhoods, Bringing Services Together for People in Places, and will be enabled by corporate and supporting functions including the provision of specialist property advice, dedicated policy and project support and provision of intelligence, evaluation and performance information.

Key measures of success

Number of antisocial behaviour incidents and rate per 1,000 people

Number of flytipping incidents and rate per 1,000 people

% of residents attending a cultural event
 N.B. This will be used for performance monitoring pending confirmation that the Sport England-led Active Lives Survey will continue to include the question which informs this metric.

% of residents using a public library service
 N.B. This will be used for performance monitoring pending confirmation that the Sport England-led Active Lives Survey will continue to include the question which informs this metric.

Percentage of household waste recycled

Piccadilly/Oxford Rd NO² annual hourly mean concentration ($\mu\text{g}/\text{m}^3$)

Total number of visits to Manchester's libraries, galleries and sports and leisure facilities

Connections

Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks:

- Improve public transport and highways, and make them more sustainable
- Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and support a thriving digital economy

For a city to be successful it needs to be well connected – internationally, nationally and locally. Residents and businesses have helped develop a number of relevant strategies including the Greater Manchester 2040 Transport Strategy, which was adopted in 2017, and a refreshed City Centre Transport Strategy will be published in 2020. We have also been working with our partners to support the city's digital aspirations and ensure that Manchester has the digital infrastructure and digital skills to access global opportunities

Together, Highways, Operational Services (Highways Maintenance, Grounds Maintenance and Fleet), City Policy, City Centre Growth and Regeneration, the Development Team and Parking Services, play a significant role in **connecting the city through good quality roads and sustainable transport systems**. Recent achievements include:

- National Transport Award for 'Excellence in Cycling and Walking' in recognition of the Oxford Road Scheme, and scored highly on the 2019 National Highways and Transport Network (NHT) Public Satisfaction Survey.
- Repaired over 15,000 recorded highway defects in 2018/19.

In addition to transport connections, there is also a pressing need to increase broadband coverage in Manchester at a faster pace to secure the city's status as a leading digital centre.

Together, ICT, City Policy, Libraries, Galleries and Culture, Corporate Estates, Customer Service Organisation and Strategic Communications play a significant role in **connecting the city, transforming public services and growing the city's digital economy via digital infrastructure**. Recent achievements include:

- Increased the availability and take up of superfast broadband (>30Mbits/s) to residential and SME premises throughout the city in 2018:
 - Residential from 88% in 2015 to 95%.
 - SME from 34% in 2015 to 52%.
- Increased the percentage of financial and non financial transactions which were made via the council's website from 45% in 2017/18 to 50% in 2018/19, supporting our users to shift channels to digital services.
- Utilised Department for Digital, Culture, Media & Sport (DCMS) grant funding to launch the first phase of Manchester Tech Hub, providing flexible work space for Technology and Digital start-ups.
- Supported the transformation of public service delivery through the implementation of digital initiatives and solutions. Examples of these include Tell Us Once, Liquidlogic - the social care case management, charging and payment software and a data sharing pilot with HMRC which was successful in improving Council Tax Collection.

Activities supporting delivery of this priority

Connecting the city through good quality roads and sustainable transport systems

- Deliver year four of the agreed 2017-2022 Highways Network Investment Programme (including a small patching programme and drainage works).
- Implement projects and schemes to improve the highways network's journey time reliability, accessibility, connectivity and user satisfaction.
- Continue to create, design and deliver sustainable and active transport through increased cycling and walking routes.
- Deliver the planned airport improvement works.
- Coordinate Manchester's and Greater Manchester's input into HS2 & Northern Powerhouse Rail scheme development.
- Undertake strategic land acquisitions and lead regeneration projects to connect the city, facilitate growth and housing delivery.
- Effectively enforce parking and bus lane restrictions to keep the city's roads moving and safe.
- Lead the city's work on the Clean Air Plan, City Centre Transport Plan and the promotion of cycling and walking.
- Ensure all fleet vehicles meet the required emissions standards in preparation of the introduction of the Greater Manchester Clean Air Zone.

Connecting the city, transforming public services and growing the city's digital economy via digital infrastructure

- Develop and deliver effective online systems which enhance the customer experience and support channel shift towards digital services.
- Deliver the Resident and Business Digital Experience Programme which aims to make the Council a leading digital public services organisation that provides our residents, businesses, members and partners an easy to use, fully integrated set of digital public services which reduce our internal demand costs

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| <p>and increase customer satisfaction.</p> <ul style="list-style-type: none"> ● Implement text messaging for debt recovery and other digital initiatives such as the implementation of new social care computer systems. ● Implement the government's 'Making Tax Digital' requirements working with ICT and other services to ensure systems are compatible. ● Develop consistently engaging digital content to ensure the council is a trusted and influential service provider at the heart of existing local community networks. ● Produce a new three-year communications strategy which will continue to embed the use of digital communications to reach people at the right time in the way that works best for them to support an ongoing increase in participation and engagement. ● Invest in technology to support targeted digital delivery such as Granicus - software which supports the creation of engaging digital communication campaigns. ● Introduce the MCRactive digital platform to provide robust and effective data analysis and to measure impact. ● Complete the Arbeta redevelopment at One Central Park to deliver employment opportunities in the digital and creative content sector. ● Deliver Smart Cities projects and develop a Digital framework for the city. ● Improve digital access, inclusion, participation and literacy through work led by Libraries, Galleries and Culture. |
| Activities supporting delivery of this priority |
| Road network beyond mid-life grading (A, B, C, U roads - excluding footways) |
| Number of people killed or seriously injured on Manchester's roads (and rate per 1,000,000 population) |
| Number of cyclists killed or seriously injured on Manchester's roads (and per 1,000,000 population) |
| Percentage of journeys into Manchester city centre by bicycle |
| Percentage of residents with access to high-speed broadband >30Mbits/s |

Growth that Benefits Everyone

Boost the city's productivity and create a more inclusive economy that all residents can participate in and benefit from, and contributing to reductions in family poverty, as set out in Developing a More Inclusive Economy - Our Manchester Industrial Strategy:

- Support good-quality job creation for residents, and effective pathways into those jobs
- Facilitate economic growth of the city

Connecting all Manchester residents to the opportunities of economic growth in the

city is a core aim of the Our Manchester Strategy 2016 -2025.

Manchester's overall success and resilience during the past decade has been underpinned by the strength of its economy. A thriving economy is essential for the creation of jobs, attracting further investment, and driving population and residential growth. The city centre is the economic growth engine for both the city and wider region. With a £6billion economy, the city centre employs more than 140,000 people, predicted to rise to more than 150,000 over the next decade. This figure accounts for 40% of employment within the city and 10% of Greater Manchester's total employment (Greater Manchester Forecasting Model 2018). Total employment in Manchester has continued to increase, with our fastest growing sectors including business, financial and professional services, and cultural, creative and digital. Manchester continues to be a major international city, with Manchester Airport acting as the gateway into the North of the UK; we recently became the most popular inbound tourist destination in the UK outside of the capital.

However, despite economic growth, Manchester has the highest concentration of highly deprived neighbourhoods in the city region. Poor health outcomes, poor skills levels, and a significant gap between resident and workplace wages present a significant challenge to achieving more inclusive growth.

The next step of Manchester's economic journey is to ensure that the economy is as inclusive as possible, connecting the city's residents to high quality opportunities. **Developing a More Inclusive Economy - Our Manchester Industrial Strategy** was published in autumn 2019 and sets out how this objective will be achieved. In addition, the **Adult Education & Skills Plan** aims to develop a work and skills system which meets the growth needs of all businesses and enables residents from all backgrounds to obtain the skills and attributes employers require.

The city's Zero Carbon ambition will be a driver of economic growth and will facilitate job creation, recognising that good growth is green growth.

This priority is delivered by services across the Council but certain services, particularly those within the Growth and Development directorate, take a lead role.

Achievements in the last year include:

- Creation and approval of a number of strategic regeneration and development frameworks to guide a comprehensive and holistic approach towards regeneration across the city centre.
- Construction start on site of The Factory, a nationally unique, flexible arts and performance facility which will strengthen our creative industries.
- The percentage of the working age population skilled to level 4 and above has increased to 44.1%, up from 39.9% in 2017
- A lower proportion of Manchester residents were out of work and claiming a health-related out of work benefit (Employment and Support Allowance) in February 2019 (6.7%) than in February 2018 (7.7%). The actual number of such claimants dropped from 29,529 to 25,994 over the same period.
- A lower proportion of Manchester's working age population were estimated to

have no formal qualifications in 2018 (10.5%) than in 2017 (11.1%) and 2004 (25%). The estimated number of such residents dropped from 73,200 in 2004 to 42,500 in 2017 and 40,300 in 2018.

- 400,000 people in employment (2018), up from 395,000 in 2017
- The Oxford Road Corridor Enterprise Zone has continued to attract new occupants to the cohesive cluster of science and technology businesses, academics, clinicians and world leading health institutions. The Works in its new location in Ardwick supports local residents access jobs in the universities and with the construction companies working on site
- Manchester remains the largest office market of any city outside London, with headline prime rents of £35 per square foot reflecting high demand
- Raised the profile of social value significantly within the Council and externally with our partners and commissioned providers / businesses to drive a more inclusive economy through supply chains

Activities supporting delivery of this priority

- Support effective pathways into jobs for Manchester residents through a range of actions including:
 - Engaging employers in the provision of post-16 /adult education to support their current and future needs and reduce the number of NEET (not in education, employment or training) young people
 - Making learning more accessible for adults in low skilled, low paid jobs and provide career progression
 - Working with employers to promote the Living Wage and the GM Good Employment Charter
 - Co-designing courses and providing work experience opportunities to develop job readiness in our growth sectors for young people & adults
 - Work with anchor institutions to maximise employment & supply chain opportunities for families living in poverty
- Work closely with public and private sector partners to identify opportunities to stimulate regeneration initiatives across the city to drive our inclusive economic, social and environmental ambitions. This includes:
 - Driving delivery of commercial development, particularly office and employment accommodation, to support inclusive growth across the city.
 - Identifying development opportunities to promote growth across the city, in particular around the Etihad Campus and through Joint Venture partnerships at Mayfield and St. Johns
 - Development of industrial and commercial space for both existing companies who may need to relocate from city centre fringe and for organisations who need to expand or want to move into the area.
- Deliver a range of major projects that position Manchester as a leading international city. Some of these transformational initiatives include:
 - The Factory - a new arts and cultural centre of international importance, it is set to add £1.1billion to the city's economy and create 1,500 jobs. It will be located in the city's emerging St John's neighbourhood and be the new permanent home of Manchester International Festival (MIF)
 - Piccadilly - a five year programme to develop a major new district for Manchester with a world class transport hub at its heart through the arrival of High Speed 2 and Northern Powerhouse Rail

- Circle Square - development of a commercially led mixed-use neighbourhood that will house some 2,000 new city centre jobs.
- Deliver a quality, efficient, inclusive and proactive Planning service, acting as enablers for growth and providing a platform for investment in the city to support growth
- Support the creation of new jobs in the city by attracting new employers and inward investment, alongside increasing residents' access to the jobs created; specific focus on our growth sectors and future strengths, including the green economy
- Deliver a vibrant events programme which promotes Manchester as a world class city, as well as a fair and equitable city, where everyone can contribute and share in the success.
- Promote the city on a national and international stage to help attract investment and funding (e.g. Cultural Grants and European Projects)
- Develop, promote and embed corporate priorities in relation to commissioning and procurement, including social value, ethical procurement, and living wage. In particular, in the supply chain of the following services:
 - Operational Services
 - Parks, Leisure, Youth and Events
 - Highways
- Ensure highways infrastructure delivers the Council's Transport 2040 vision and the growth aspirations of the city.
- Increase reading, digital access and literacy through the city's libraries
- Employ Manchester residents for our entry level jobs in School Catering
- Provide Market facilities to support the retail and social economy across the city
- Administer Business Rate reliefs to support businesses and reduce evasion.

All of the activities outlined will be enabled by corporate and supporting functions including City Policy support to the implementation of the Our Manchester Industrial Strategy, production of relevant and responsive intelligence, evaluation and performance information through PRI and wider work across Performance, Policy and Reform on developing social and economic metrics to measuring the inclusivity of Manchester's economy.

Key measures of success

Percentage of 50-64 year olds claiming an out of work benefit

Apprenticeship achievements and rate per 1,000 16-64 year olds

Percentage of the Council's procurement spend with local suppliers

Floorspace of office development granted planning permission (square metres, Class B1)

Office take-up ('000s of square feet)

Enrolment on foundation courses including Literacy/Numeracy/ESOL

Businesses assisted to improve (min. 12 hours support provided)

Well-Managed Council

Support our people to be the best and make the most of our resources:

- Enable our workforce to be the best they can be through the Our People Strategy and Our Manchester behaviours
- Effectively plan our future budgets and balance our current budget, delivering savings, transformation of the organisation, reductions in demand through reform, and generating income

Our Transformation is a new Council-wide portfolio of programmes which has been set up to look at our existing business processes and organisational approach 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'. This aligned with the **Our People Strategy** and **ICT Strategy** sets out a compelling vision for a future workforce and workplace where systems, processes and cultures are fully aligned with Our Manchester behaviours and where people have the skills, opportunity and support to perform at their best.

Although this is a priority for the whole organisation, the Corporate Core has a key leadership and direct delivery role in delivering the well-managed council priority through diverse services.

Achievements in the last year include:

- Set a balanced budget for 2019/20 and won the national CIPFA award for Achievement in Financial Reporting and Accountability
- Answered 729,818 calls and handled 110,307 email, web, social media and written contacts. 99.2% of callers surveyed were either satisfied or very satisfied with the level of service received.
- Successfully delivered Local Elections, European Parliamentary Election at short notice and a General Election.
- Delivered new social care case management and payment/charging systems across adults and children's services
- Dealt with more than 60,000 live benefit claims across housing benefit and council tax support and collected
 - £181.1m in Council Tax
 - £373.5m in Business rates
 - £19m adult social care charges
 - £3.6m housing benefit overpayments
 - £633m miscellaneous income
- Delivered the Our Manchester Grants Programme
- Over 3,000 staff attended the Our Manchester Experience
- Developed an Employee Health and Wellbeing strategy recognised as best-practice in the field, including a comprehensive offer around mental health
- 431 apprentices started across the last two and a half years and the graduate scheme was relaunched

Activities supporting delivery of this priority

- Continue to deliver Our Transformation through strengthening accountability and the role of our managers, improving our ways of working including the introduction of key new ICT infrastructure, improving our processes and developing a longer term model for the core, leading to efficiencies
- Continue to deliver the strategic vision for the city by collaborating with internal and external partners to: create new strategies and policies; attract funding and resources; implement complex projects and programmes; and create effective strategic partnerships.
- Drive service reform across the Council and with partners and residents
- Provide financial support, insight and intelligence to maximise budgets and deliver on the Council's priorities
- Promote information as an asset working with stakeholders to recognise the importance of data and intelligence in decision making and development of service provision.
- Drive the Our People Delivery Plan, in particular work to:
 - Reduce sickness absence levels
 - Develop a more diverse workforce, at all levels, particularly in relation to BAME and Disability representation
 - Support health and social care workforce integration and the Manchester Locality Workforce Plan
 - Create a strengthened approach to development, talent management and succession planning
- Support and enhance the reputation of the Council, through effective strategic communications, professional executive support for the Chief Executive and Senior Management Team and successful civic and ceremonial events and programmes.
- Provide stable, scalable, secure and resilient ICT services, including migration to the new data centre
- Deliver innovation and excellence in public sector legal services that provides value for money
- Provide a first class procurement service to the council and its partners, from supporting services in the upfront design to delivering successful contract awards.
- Deliver key Corporate Estates projects and programmes including the refurbishment at Alex House, the refurbishment of Hammerstone Road, the Gorton Hub, the Asset Management Programme and support the Town Hall Project 19/20
- Deliver all statutory services related to the registration of births, deaths and marriages and Coroner Services, and to meet the required statutory and non statutory targets.
- Deliver effective and efficient customer services and develop effective online systems which enhance the customer experience and support channel shift towards digital services
- Maximise the collection of money owed to the Council and manage the expected reduction in new claims and caseload driven by Universal Credit

Key measures of success

Best Companies Index Score (B-Heard Staff Survey)

| |
|--|
| Average days lost due to sickness absence per employee (i.e per Full Time Equivalent) (12 month rolling total) |
| Financial year to date agency spend (£'000) |
| The number of staff who were provided with an OM Experience in the year |
| Year end % budget overspend / underspend |
| Percentage of the council's targeted savings in the year which were realised |
| Percentage of annual due Council Tax collected |
| Percentage of annual due Business Rates collected |
| % of stage 1 and 2 corporate complaints responded to within 10 working days |

How we will deliver the plan

Our People

Our Council Business Plan for 2020-21 is ambitious. We will only deliver on our ambition with the right resources in place - the most important of which are our people.

Our People Strategy is being refreshed for 2020-21. More immediately, in order to deliver the practical actions described in this plan there are a number of priorities for delivery to support our workforce:

- Improve the health and well being of our staff including a reduction in absence levels across the organisation. Currently the average employee loses c.13 days per year which is well above the national average and the highest levels within Greater Manchester. Through a continued focus on health and well being, especially mental health and more targeted work with our workforce linked to the strategy for our residents.
- Reduce reliance on temporary staff including overall reduction in agency spend, including recruitment campaigns across some areas of over reliance including Highways, Legal and Adult Social Care.
- Refresh and relaunch of our management and leadership development to develop our managers in the context of Our Manchester and Our Transformation whilst ensuring we get the basics right in terms of training and development with a particular focus on people and financial management
- Reaffirm our commitment to ensure our workforce reflects our communities with a particular focus on the development of our BAME staff and staff with disabilities ensuring they have access to development opportunities
- Continue our commitment to staff engagement, building effective plans against our most recent Staff Survey ('BHeard') but continuing our programme of listening in action and Directorate based engagement. Through the work of Our Transformation there will be greater engagement with a range of staff from across the organisation to ensure our systems, processes and decision making are clear and to make both staff and managers more efficient in their roles.
- Commitment to develop the digital skills of our staff to ensure they are able to access and benefit from the full range of support, rewards and benefits of being an employee of MCC but also in their everyday lives. The ambition for our workforce will mirror that for our residents.

Our Technology

The importance of technology, systems and data should not be underestimated if the City Council is to achieve the aspirations of growth, reform and health and social care integration from both a Council and GM perspective. ICT investment is critical to enabling the delivery of the Directorate's priorities and budget strategies as it acts as

a key enabler to service transformation, efficiencies and operational delivery. It is important that ICT investment is aligned to the Directorate, ICT and wider City strategies and focuses on where it can provide the most value.

During 2019/20 ICT investment and progress has been made across the portfolio and examples are provided below where the initiatives have been a mixture of systems to underpin transformational agendas, the implementation of fit for purpose systems or to establish compliance in line with the ICT strategy.

- A new Coroners system has been implemented.
- The Treasury Management solution was migrated to the Cloud
- All laptops and desktops were upgraded to windows 10
- Migration of virtual server environment to new, up to date resilient hardware
- Various critical application upgrades e.g. SAP Netweaver, Academy
- Implementation of the new Children's and Adult Social Care case management system; and a new Social Care payments system
- Completed district Libraries technology refresh
- Implementation of the new Rent Accounting System.

During 2020/21 ICT will continue to work closely with Directorates in order to identify solutions that comply with the information and ICT design principles and to help to develop robust business cases to support their development, including:

- Embarking on the Resident and Business Digital Experience Transformation programme to improve the Council's current digital services and transactions placing our resident/business journey at the heart of this transformation by designing an integrated set of digital public services which are supported by an organisation that can deliver a consistently positive experience.
- The deployment of new functionality within the Liquidlogic Social Care system, which will better enable the council to do business both with providers and partners.
- Continue to support the deployment of the Manchester Care Record (CareCentric provided by Graphnet) across Adults service; as well as looking at how this might support children's services in the future.
- Implementation of the Liquidlogic Early Years and Education System (EYES), which will provide an integrated EYES and Social Care system.
- Continue to support the Technology Enabled Care (TEC) programme; with ICT focusing on the design of a digital platform which will aggregate data from TEC devices, providing both proactive and reactive alerts, which will support Manchester residents to live independently
- Continue and complete the new Information Governance and Complaints platform to manage complaints and information governance requests in line with the new GDPR regulation.
- Complete the migration of all ICT services out of the current data centre to a new secure and resilient data centre
- Procuring, planning and designing a new, resilient, flexible and cost effective local and wide area network and introduce a consistent and reliable wireless infrastructure.
- Implement a new up to date, reliable telephony solution with contact centre capability

- Reviewing SAP and assessing the way forward
- Delivering the Microsoft 365 platform aimed at transforming the way the organisation works, including the rollout of new devices.
- Procure, design, deliver and test a replacement to the FLARE neighbourhoods enforcement application. The biggest application in Neighbourhoods this project will enable improved service delivery, more agile and mobile workforce and increased application resilience.
- Review of FM from an ICT perspective with a view to developing a stable and supported platforms for CCTV, access control and Building Management Systems.

Equality, Diversity and Inclusion

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.

Based on our evidence and engagement, we will publish and promote a refreshed set of equality objectives for the Council, that reflect our stakeholders' voices. We will communicate these to our residents and workforce to give assurance and clarity about the Council's key areas of focus on equality, diversity and inclusion (EDI) in the coming years.

We will strengthen the methodology and governance around our approach to undertaking Equality Impact Assessments (EIAs), ensuring that all Council functions are engaging with, and assessing the impact of their services for Manchester's communities of identity as appropriate. We will extend the range of identity groups considered by the EIA framework to be more reflective of Manchester's key stakeholder groups.

Building on extensive evidence-gathering in 2019-20, we will undertake a series of workforce equality initiatives, in particular work to improve the representation, progression and workplace experience of our BAME and disabled employees. These initiatives will be supported by adaptations to our EDI learning and development offer and continuing our work on promoting EDI through our communication channels. We aim to mainstream EDI considerations in the workforce, making our role as an inclusive employer every employee's business as usual.

We will continue to work in partnership with and in support of Manchester's Voluntary, Community and Social Enterprise (VCSE) sector organisations. Recognising the vital role that the sector plays in meeting the needs of Manchester's diverse communities in an accessible and culturally competent way, we will maintain our support through the Our Manchester Funds Programme.

We will continue to work with Manchester's communities to deliver or support events and celebrations that promote the City's diversity of identities, cultures, traditions and languages. Building on an already established programme of events, we will seek to support new initiatives to ensure that the broadest range of identities is celebrated in the City.

The Council has begun to establish good partnership working relationships with its public sector partners on the EDI agenda, which will be strengthened going forwards. In particular, joint working across health and social care has opened up opportunities for EDI practitioners across organisations to collaborate and share, with a schedule of joint EDI deliverables being developed and delivered in 2020-21.

Our Corporate Risk Register

We will continue to evaluate and respond to those risks that could impact the achievement of Corporate Plan priorities. We will do this through delivery of our risk management strategy including the regular review, refresh and reporting of risk exposures.

The latest refresh of the Corporate Risk Register confirmed the following key risks that are being overseen by Strategic Management Team.

| Theme | Risk Description | Risk Impact x Likelihood |
|----------------------------|--|--------------------------|
| Our Finances and Resources | Planned savings are not achieved resulting in increased pressure on reserves and requirement for unplanned savings and cuts to services to made to achieve a balanced budget. | 4x4=16 High |
| Our Performance | Consequences of Brexit impact negatively on a range of budget and other assumptions for the Council, partners and residents of the City. These include impacts on business rates, care and health budgets, airport revenues and welfare budgets; as well as wider impacts on recruitment and retention, economic development, housing and infrastructure projects. | 4x4=16 High |
| Our People | Capability of the workforce is not aligned effectively to key priorities and organisational requirements. This includes: <ul style="list-style-type: none"> ● capacity in core managerial and technical disciplines; ● leadership capacity and capability to drive change and transformation; and ● workforce motivation and engagement. | 4x4=16 High |

| Theme | Risk Description | Risk Impact x Likelihood |
|----------------------|--|--------------------------|
| Our Partnerships | Failure to achieve the desired and intended outcomes of <u>health and social care integration</u> increases further pressure on Council and health budgets; and impacts on the ability to achieve improved health outcomes for Manchester residents. | 4x4=16 High |
| Manchester People | Loss of required <u>access to ICT</u> systems impacts on the ability to operate services and deliver to Manchester residents. This could arise from risks relating to core infrastructure (network and applications), hardware obsolescence (WYSE terminals), system availability (unsupported systems, insufficient licenses) or cyber-attack. | 4x4=16 High |
| Our Performance | Lack of understanding or buy-in to <u>organisational vision and priorities</u> or alignment with partners means overall efforts are not focused efficiently and effectively in key areas and impacts the ability to deliver Corporate Plan Priorities and goals linked to Our Manchester and GM Strategy. | 4x3=12 Medium |
| Our Partnerships | Key <u>suppliers</u> of goods and services or other partners fail to develop or deliver required services, due to lack of financial resilience or other factors, impacting the onward ability of the Council to secure required services to Manchester residents. A key risk given inflationary pressures, Brexit and lack of competition in some markets. | 3x4=12 Medium |
| Legal and Regulatory | <u>Information governance and information technology security</u> arrangements, including behaviours of the workforce, partners and suppliers, are insufficient to prevent serious avoidable data losses, breaches or authorised access to systems or data. | 3x4=12 Medium |
| Our Performance | Current or proposed <u>ICT systems</u> essential to business operations and legal compliance are not implemented or maintained (due to being out of support or lack inherent resilience) due to limitations in availability of financial and ICT resources. | 4x4=16 High |
| Our People | Changes in <u>senior leadership</u> impact adversely on the capability required to promote and sustain positive organisational change and transformation. | 4x3=12 Medium |
| Manchester People | Inability to maintain and demonstrate organisation-wide arrangements to <u>safeguard children and vulnerable adults</u> result in harm to those most in need with associated impact on families as well as financial and reputational damage to the Council. | 4x3=12 Medium |

| Theme | Risk Description | Risk Impact x Likelihood |
|-----------------|---|--------------------------|
| Our Performance | <u>Implementation of new case management system</u> (Liquid Logic) does not have the anticipated impact and fails to deliver the necessary improvements in practice, recording, reporting, management oversight and performance. | 3x4 = 12 Medium |

**Manchester City Council
Report for Information**

Report to: Children and Young People Scrutiny Committee – 5 February 2020
Executive – 12 February 2020

Subject: Children and Education Services Budget 2020/21

Report of: Strategic Director for Children and Education Services

Summary

This report is an update to the report provided to the Children's and Young People Scrutiny Committee on 8th January 2020 to reflect feedback, the outcome of the provisional Local Government Finance Settlement and other government funding notifications. It sets out the Directorate's medium term financial plan and budget proposals and strategy for 2020/21. The report should be read in conjunction with the Council's Business Plan Report.

As in the January report, the proposed budget for 2020/21 makes proposals to apply £6m of additional Social Care Support Grant announced as part of the Spending Round and seeks approval for year two of the additional non-recurrent resource from the Social Care reserve of £10.674m to ensure there is sufficient resources to meet the care and placement needs of those children who are looked after by the Council.

The budget proposals for Children's and Education Services presented to Children and Young People's Scrutiny in January 2020 were based on the position at the end of October 2019. Since then there has been a significant increase in the number of children looked after as well as costs associated with leaving care. The Fostering Service has had an increase of 60 additional foster care placements, with 43 relating to internal carers. Special Guardianship Orders, Child Arrangement Orders and Adoption Allowances numbers have also increased overall by 23 since October 2019. Leaving care placements have increased by 16, with a 20% increase in the average unit cost. External and internal residential placements have remained unchanged. The ongoing impact for a full year would have an additional cost of c£4m, which is proposed to be met from the additional cash limit budget of £1.7m and full application of Children's and Education Services share of Social Care Support Grant. In addition to this £499k is held in contingency for inflationary pressures in 2019/20 on an ongoing basis. The Directorate's position will be reviewed with a view to confirming whether any of the inflation provision can be applied.

A further substantive update to the plan since the Children and Young People Scrutiny Committee in January 2020 reflects an update to the workforce strategy, which seeks to address the national and local context in which the Directorate operates. In order for the Directorate to continue to make improvements it is essential it builds a stable, talented and confident workforce to improve outcomes for children. The last report proposed £500k from the Social Care Support Grant in 2020/21, reducing in 2021/22 and 2022/23. This report includes further proposals which will be

funded from within the proposed cash limit budget and continued funding for Early Help through the Troubled Families grant funding which has recently been confirmed for a further year by the Ministry for Housing, Communities and Local Government.

The 2020/21 Dedicated Schools Grant notification was received on the 19th December 2019 and totals £560.304m. The overall increase in grant since last year is £29.536m. The biggest change in the grant is due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools and £11.994m uplift in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with the Schools Forum on 20th January 2020 for which there is a separate School Budget 2020-2021 report to the committee.

Further to a request from the Children and Young People Scrutiny Committee in January 2020, a report to consider the scope of the revised Child and Adolescent Mental Health Services specification, locality transition plan and the benefits and impact for Manchester's looked after children and care leavers is scheduled for the Children and Young People Scrutiny Committee in May 2020. In addition there will be specific focus on the health of our looked after children/care leavers at a future Corporate Parenting Panel, which is chaired by Cllr Bridges as Executive Member.

Final budget proposals will be made to the Executive in February 2020.

Recommendations

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

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 | 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 livability of the City |

| | |
|---|---|
| A connected city: world class infrastructure and connectivity to drive growth | Successful services support successful families who are able to deliver continuing growth in the City |
|---|---|

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The proposals set out in this report forms part of the preparation of the Council's draft Revenue and Capital Budget for 2020/21 to be reported to the Executive for approval in February 2020.

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Background documents (available for public inspection):

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

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

Children and Education Services Budget 2020/21, Children and Young People Scrutiny Committee 8th January 2020

1. Introduction

- 1.1 This report provides the Children's and Education Services proposed medium term financial plan and strategy for 2020/21. This is an update to the report provided to Children's and Young People Scrutiny Committee on 8th January 2020 to reflect feedback, the latest financial position and the outcome of the delayed provisional Local Government Finance Settlement announced on 20 December 2019. The provisional settlement confirmed all announcements in the 2020/21 Spending Round including the continuation of the existing and additional Social Care Support Grant funding. The Government has also confirmed the continuation of the Troubled Families grant funding for a further year. The report should be read in conjunction with the Council's Business Plan report.
- 1.2 As previously reported the budget strategy for Children's and Education Services in 2019/20 was to put the Directorate onto a sustainable footing for 2019/20 given the local and national pressures being faced by Children's Social Care Services. Additional non-recurrent resources of £10.674m per annum over three years were approved to go into a 'Social Care' reserve to address the pressures across all budget areas to provide the capacity that will enable a longer term approach by investing in early help and prevention alongside evidenced based interventions which support improving outcomes for children and financial sustainability.
- 1.3 For 2020/21 it will be a one year budget plan to reflect the Government's Spending Round for local government. However, the 2020/21 budget proposals are part of a longer term budget strategy for Children and Education Services. That strategy is intelligence led and reflects the Directorate priorities that aim to work within existing economies of scale to strengthen partnerships and deliver services local, place based on a city wide, locality and neighbourhood footprint. This delivery model includes collaboration with Manchester Local Care Organisation (MLCO), and is being aligned with Bringing Services Together and Manchester's Multi Agency Safeguarding Arrangements (MMASA).
- 1.4 The budget proposals for Children's and Education Services presented to Children and Young People's Scrutiny in January 2020 were based on the position at the end of October 2019. Since then there has been a significant increase in the number of children looked after as well as costs associated with leaving care. The ongoing impact is estimated as c£3.5m. This will be funded from the Social Care Support Grant (£1.8m) with the remaining £1.7m being met from the previously unbudgeted growth in business rates.
- 1.5 The substantive update to the plan since the Children and Young People Scrutiny Committee in January 2020 reflects an update to the workforce strategy which seeks to address the national and local context in which the service operates. In order for the service to continue to make improvements it is essential it builds a stable, talented and confident workforce to improve outcomes for children. The last report proposed £500k from the Social Care Support Grant in 2020/21, reducing in 2021/22 and 2022/23. This report has

considered feedback during the consultation process and additional initiatives which will be funded from within the proposed 2020/21 cash limit budget and continued funding for Early Help through the Troubled Families grant funding which has recently been confirmed for a further year by Ministry for Housing, Communities and Local Government.

- 1.6 The 2020/21 Dedicated School Grant notification was received on the 19th December 2019 and totals £560.304m. The overall increase in grant since last year is £29.536m. The biggest change in the grant is due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools and £11.994m uplift in the high needs block. The proposed Schools Budget for 2020/21 has been agreed in consultation with Schools Forum on the 20th January and is reported on in a separate report to this meeting.
- 1.7 As previously reported, the budget for 2020/21 makes proposals to apply £6m of additional Social Care Support Grant announced as part of the Spending Round and seeks approval for year two of the additional non-recurrent resource from the Social Care reserve of £10.674m to ensure there is sufficient resources to meet the care and placement needs of those children who are looked after by the Council. Since the report in January, an additional cash limit budget of £1.7m is proposed towards the cost for 2020/21 from a recent increase in the number of placement for children looked after and leaving care.

2. Background and Context

- 2.1 In line with the priorities of the Our Manchester Strategy, and Our Corporate Plan, the Directorate's focus is to work with our partners and stakeholders so that Manchester's children and young people are safe, happy and successful; attending a 'good or better' school.
- 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).
- 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, 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 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 is a large, diverse and complex local authority with a growing child population; increasing by 22.6% between 2008 and 2018, and projected to increase by a further 17.2% between 2018 and 2028. The numbers of pupils recorded on the October 2018 school census increased by 15,875 (26%) between October 2013 and October 2018, with 8,466 (43%) of the increase relating to secondary aged pupils.
- 2.6 The total number of children and young people aged 0 to 25 year with SEND that have an Education Health and Care Plan (EHCP) maintained by Manchester in 2018 was 4,099. This is a 61% increase since the end of 2015 and the Council is receiving more requests for EHCPs for young people aged 20 to 25 years. In Manchester's schools, there are a total of 2,895 EHCPs which is a 23% increase over three years. The most common types of primary need for pupils in Manchester with an ECHP is autism (26%), social, emotional and mental health (21% - compared to 12.8% nationally) and severe learning difficulties (19% - compared to 12.5% nationally).
- 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 £5,288 in 2019/20, an increase of £200 per pupil in cash terms. However, when compared to the Retail Price Index (RPI) inflation over the same period, it represents an actual real term reduction of around £643 per pupil. This is similar for those children with SEND/high needs, which has seen funding for 2-18 year olds increase from £615 to £657; an increase of £42 per child. However, when the RPI inflation is applied it represents an actual reduction of approximately £105 per pupil, thus compounding the impact of children in need of services from the Council and growth in Manchester's child population.
- 2.8 Following the publication of the Ofsted Inspection of Children's Services in 2014 additional Council resources were invested into Children's Services, specifically targeted at supporting improvements in the Statutory Safeguarding, Looked After Children's Services and Early Help Services. Significant progress and success has been achieved since 2014, characterised by the Ofsted judgement in December 2017 that the Council's services for children and young people looked after and those in need of help and protection are no longer inadequate.

- 2.9 Positively, there is strong evidence that progress continues to be made across both Children and Education Services as outlined the bi-annual self assessments and 2018/19 outturn performance report; both of which demonstrate Children and Education Services have performed well against the majority of targets compared to the 2017/18 reporting period. The exception to this, and most significantly, is the increase in children looked after by the Council; a pattern that is similar to all comparable statistical neighbours and areas where there are high levels of deprivation.
- 2.10 Since 2015/16 there has been significant progress in reducing the number of children placed in residential provision with an increase in those placed within internal foster care placements. In addition there have been improvements in securing a 'permanent' arrangement for children through adoption and the increased number of Special Guardianship Orders (SGOs).
- 2.11 The Council has been part of a Regional Adoption Agency since 2017, which has maintained the good performance and mitigated the removal of the 'inter-agency fee' grant.
- 2.12 In addition, during the same time period there has also been a significant improvement in the quality of settings and schools in the City; reflected in the end of school year in July 2019 when:
- 93% of school children in Manchester attend a good or better primary school compared to 88% in 2014
 - 79% of pupils attend a good or better secondary school compared to 64% in 2014.
 - 98% Early years setting are good or better compared to 64% in 2014
- 2.13 The improvements in Children and Education Services has in part been associated with stronger partnerships supporting greater collaboration and robust leadership; underpinned by an effective performance/assurance framework.

3. Budget Strategy

- 3.1 Manchester's Children and Education Services continue on a 'journey to excellence' to increase the effectiveness of services and outcomes for children and young people. This and delivery of our financial plan cannot be achieved in isolation, rather a strong partnership (internally within MCC and externally with our key partners). 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 that delivers:
- Improved standards of practice;
 - Earlier prevention to reduce reliance on expensive specialist services;
 - Better commissioning and market management to increase impact and reduce costs;
 - Making efficiencies where possible in service delivery.

Children's Locality Programme

- 3.2 The aim of the Children's Locality Programme is to deliver with partners an integrated, multi-agency place based teams centred around locality partnerships and understanding and resolving of the specific complexities for children in each geographical area. The Children's Locality Programme is made up of the following series of interconnected projects:
1. Complex safeguarding;
 2. Front door reform;
 3. Early Help / Early Years to include a further strengthening of partnerships and collaboration with the Manchester Local Care Organisation and Integrated Neighbourhood Teams;
 4. Social work teams;
 5. School clusters;
 6. Youth Justice Service;
 7. Leadership across children's partnership.
- 3.3 The current project plan has a timeline for completion by April 2020, when all expected structural and service changes will be completed. This has already started and will propagate greater collaboration. The aim is for practitioners working together in a locality, having conversations to agree effective, right and timely interventions resulting in positive change for our children to have a safe, happy, healthy and successful lives; preventing unnecessary escalation of children's needs and negative long term outcomes.
- 3.4 It is anticipated the impact of the Children's Services Locality Programme will release social worker capacity to redirected to better support a timely plan of 'permanence' for children who become looked after and support the continued improvement in the overall quality of practice and divert resources to early help services.
- 3.5 Joint commissioning activity and focused evidenced based interventions such as the implementation of No Wrong Door, 'Front Door' reform and the Complex Safeguarding Hub are expected to lead to a sustained reduction in the number of children requiring a statutory intervention and specialist care placements.
- 3.6 Manchester's Children's Services and its partners have expressed a commitment to implement the Strengthening Families programme which is a multi-agency approach that uses motivational interviewing taking a 'think family' approach facilitated by the co-location of Adult, Mental Health and Domestic Abuse and Children's Services. Developed in Hertfordshire, the evidence demonstrated a reduction in both admissions and length of time children spent in local authority care. It is anticipated this project will begin following Ofsted's ILACS (Inspection of Local Authority Children's Services) and require additional investment of £350k. Following the review of Children's Services Front Door which has taken place during 2019/20, this is expected to release costs from the Multi Agency Safeguarding Hub (MASH) and Duty and

Assessment Teams which will support the investment into Strengthening Families.

- 3.7 Children require consistency and continuity of care in order to provide them with a foundation from which their physical, emotional and developmental needs can be met. Permanence is a framework of emotional, physical and legal conditions to give a child a feeling of security, continuity, commitment and identity. The greater degree of permanence will come from practice standards and guidance, systems to enhance outcomes and workforce development to identify best permanence options and understand the journey to permanence must start from the outset. This will be supported by the tracking of individual children to ensure more timely and better outcomes for children using alternatives to care. It is expected that children will secure 'permanence' quicker, which would mean for some children the average length of time in care will reduce; the cost of this will be met from within existing resources and the financial benefits should be realised in the medium to long term.
- 3.8 The Children and Social Work Act 2017 mandates Local Safeguarding Children Boards to replace their current arrangements with new flexible local safeguarding arrangements. The revised statutory guidance underpinning the Act, Working Together to Safeguard Children, came into force on 29 June 2018. The Act establishes collective responsibility and accountability of these arrangements across the three Chief Officers (from the local authority, Clinical Commissioning Group and the Police). It is expected that the introduction of the Manchester Safeguarding Partnership will lead to a reduced supporting infrastructure (business unit and commissioning of reviews) and therefore level of financial contribution once established and practices embedded. This is likely to result in a financial saving in the medium and long term.

Integration with partners

- 3.9 The development of greater collaboration and partnerships in the delivery of services for children and families at a locality level is central to improving the experiences and outcomes for Manchester's children and the Directorate Budget Strategy. Subsequently, underpinned by the 'Our Manchester' behaviours a key component of the 'Delivering Children's Services in a Locality' programme of work is the development of local leadership arrangements to drive changes in behaviour and culture.
- 3.10 Since 2017 Manchester Health and Care Commissioning (MHCC), Children's Social Care and Education Services have worked increasingly closer together in the commissioning of services for children with complex/high needs. This is achieved via agreed processes and the establishment of a High Needs Multi-agency Commissioning Panel. The panel considers and agrees funding requests to commission specialist services for any child or young person who has complex physical, psychological or behavioural needs, that cannot not be met by universal services and require either dual or tripartite funding. The Panel covers all children from the age of 0 to 18 years. In 2019/20 MHCC has

contributed £3.4m towards meeting the needs of children with complex/high needs.

- 3.11 There remains negotiations to establish an aligned budget for children with complex/high needs for 2020/21. Notwithstanding this a formula for the commissioning of specialist provision has been agreed, progress towards an aligned budget and collaborate in the commissioning of provision where gaps have been identified through an analysis of needs. It is expected the following and agreed activity will positively impact on outcomes, improve value for money:
- Review and refresh the Children’s Commissioning Strategy and the priorities set out therein. This will be informed by an analysis of the ‘top’ 100 most expensive placements which is c£20m in totality, working across Greater Manchester to secure a joint budget and commissioning approach that works in harmony with the work taking place across Greater Manchester and dovetails with Placement North West.
 - Develop and implement early transitions for children and young adults with high needs inc joint assessments, planning and reviews with Adult Transitions Services.
- 3.12 Manchester City Council operates two children’s homes, Lyndene and Olanyian, through a commissioning arrangement with external providers. These two children’s homes are currently being recommissioned in partnership with MHCC against a specification that will promote occupancy rates and targeting a specific cohort of young people (informed by analytics and need). It is expected this will lead to a medium to long term reduction in spend through better occupancy rates and a more effective intervention with young people that improve their outcomes and avoid expensive external placement costs. The Council and MHCC have recently submitted a bid and secured capital funding from the NHS England which will contribute to costs associated with the remodelling of the homes; particularly in relation to supporting children and young people with a learning disability.
- 3.13 In addition, as part of the NHS transformation/Ithrive programme MHCC has reviewed, developed and issued a new specification with Manchester Foundation Trust (MFT) for Child and Adolescent Mental Health Services (CAMHS), making reference to the needs of children looked after, care leavers and using the ‘Ithrive’ model to focus on determining positive outcomes for all Manchester children. The new commission will extend the current offer to children looked after, children and young people aged up to 25 years and those placed outside of Manchester and care leavers. The new contract commenced in September 2019. This brings to an end the £0.5m contribution in 2020/21 that the Council has made to MFT since the Early Intervention Grant funding ended in 2011. The funding released will be used to support the development of provision for children with high and complex needs. Further to the Children and Young People Scrutiny Committee in January 2020, a report to consider the scope of the revised CAMHS specification, locality transition plan and the benefits and impact for Manchester’s looked after children and care leavers is scheduled for the Committee in May 2020.

Commissioning Strategy

- 3.14 Children's Services commissioning expenditure accounts for c£50m of the budget through the commissioning of a broad range of services which contribute to and meet the needs of our children and young people. Over the last few months the Directorate has undertaken a comprehensive analysis of the range of children's needs, demand and placement requirements to inform a strategic commissioning strategy; essential to inform the medium and long term financial plan. The strategy in development will aim to manage the complexity of presenting needs and rising placement costs within the local and regional market, specifically:
- The alignment of current internal and external market capacity and existing commissions with the current and projected future needs.
 - Consider and development opportunities to shape and influence the internal and local/regional external provider market
 - Identify future opportunities for the Council to invest capital such as developing partnerships with charitable or non for profit organisations.
- 3.15 To support the medium term financial plan a quantitative cost and activity model has been undertaken internally by the Council which identified potential growth scenarios for children looked after based on recent trends and projections of referrals, admissions and discharge rates and 0-18 population projections. There is projected to be a greater number of children living in the city by 2025, estimated at around 14,500 more children. Consistently the proportion of the under 18 population in care for the last five years has remained between 1.1 and 0.9%. Therefore the most likely scenario for financial planning purposes is for 1% of the projected child population.
- 3.16 In addition an external provider has undertaken a benchmarking exercise that considers the costs, profile of children and the range and choice of placements for our looked after children 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 indicate a more prudent forecast for financial modelling should be used for financial planning purposes. The recommendation is for a 3% increase per annum in admissions to care, rather than 1% of 0-18 year old population which has previously been considered.
- 3.17 In addition further findings from the external provider were as follows and will be used to inform the placement sufficiency plan;
- Manchester has succeeded in maximising Special Guardianship Orders (SGO) conversions compared to other areas, therefore ongoing high growth in that area would be unrealistic for future planning.
 - Whilst the shift from external foster care to internal foster care between 2016 and 2019 of c100 placements has been achieved, it was highlighted that 63% of internal carers are over 50 years old. Internal foster care

recruitment needs to plan for replacement of 19 carers per year just based on attrition alone. It is unlikely that recruitment targets will be achieved and recommendation is for a target of 40 new carers per year and improved recruitment and retention of existing internal foster carers.

- There were 56 adoptions in 2018/19, which was a reduction in 2017/18. As the Regional Adoption Agency (RAA), Adoption Counts has only been in practice for two years, it is suggested that the adoption rates will start to increase again, now that the RAA is more established and better understands the needs of Manchester's children. It is proposed that there is an increase of 10 adoptions every year for the next 5 years.
- Manchester uses a high number of Independent Foster care Agencies (IFAs) compared to other Greater Manchester local authorities; proposing a strategic approach that reviews processes and engagement with external provider market; negotiating on price and is reflective of Manchester's presence in the local market.
- Manchester has the lowest proportion of children looked after in residential care when compared to other Greater Manchester local authorities at 10.2%, therefore significant reductions in the use of residential are not likely to be achieved.
- Whilst there was no specific recommendation finding and proposal that considered the growth of internal provision, it is suggested that a focus should be on marketing, increasing the number of placements made locally and better use of North West Framework to manage and reduce costs.
- In addition to making better use of 'step down' from residential settings to fostering, a specific recommendations indicated there was insufficient commissioning capacity at a senior level with Children's Services and for this to be focused on delivering the following four strategic aims;
 1. Grow internal fostering refocus the IFA market
 2. Reform processes to manage complexity
 3. Commission for outcomes
 4. Reduce avoidable residential care unit costs

3.18 Informed by our own analysis and that of the external provider a detailed action plan for the sufficiency strategy will be produced by the service over the next few months. Progress against the plan will be overseen by the Strategic Director of Children's and Education Services reported quarterly to Strategic Management Team and Executive Members. This will require the Directorate to secure additional commissioning capacity; the estimated cost implications of this are reflected in the budget proposals for 2020/21 in the next section.

Directorate review for Children and Education Services

3.19 Since 2018 there is clear evidence that the Directorate priorities and strategies have had a positive impact. Subsequently alongside changes in the presenting

needs of children, trends and patterns of service requirements inform us there is now a need to 'realign' resources in order to ensure this progress is sustained and the Directorate positively contributes to building a 'safe, healthy, happy and successful' future for our children. Consequently a directorate review is being undertaken to ensure resources/capacity are better aligned to the service priorities. This review is expected to create opportunities and lead to changes in roles, responsibilities and deployment of staff. In addition there are a number of specific service/team reviews being undertaken to identify how the respective service area can build on our success to date and better supports our strategic priorities and improve the outcomes for children.

- 3.20 Significant progress has been made since 2015/16 and has reduced the 'agency spend by £1.7m. If this can be sustained the aim is to reduce the agency spend further by March 2020. However, an analysis of 'leavers' indicates an emerging pattern of staff terminating their employment after two years in post, with no apparent single issue. Consequently progress is reliant on effective 'branding/communications', management support/span of responsibility, manageable workloads, competitive terms and conditions for Social Workers including career progression. Plans to address this are in development and the estimated cost implications of this are reflected in the budget proposals for 2020/21 in the next section.

Education and schools

- 3.21 The Dedicated Schools Grant funding settlement was announced on the 19th December 2019. The settlement includes funding for pupil growth, inflation, high needs funding and increases where core funding is below the national minimum funding levels. Manchester's additional grant for primary and secondary school at local authority area level is £16.9m in total. £8.7m of the increase relates to a 2,071 additional pupils in the city and £8.2m is as a result of the 1.84% increase in the amount of the grant allocated on a per pupil basis.
- 3.22 The part of the grant supporting high needs has increased by £11.994m in 2020/21. £11.309m of the £11.994 increase relates to an uplift in the grant nationally. £0.685m of the increase relates to the additional numbers of high need pupils and level of need in the city. This is a significant uplift however around £0.3m less than estimated in the last report. This will still enable the Council to avoid any reduction in funding to schools to fund pressure on high needs budgets as other authorities have done and Manchester considered and consulted on for 2019/20.
- 3.23 The high needs block includes the funding for special school places and independent specialist placements, special services such as the Sensory Service, resourced provision in mainstream schools and top up funding for mainstream schools and colleges linked to statements/Education, Health and Care Plans (EHCPs). These children are often found to require specialist health and social care provision and are reflected in the tripartite funding protocol described above.

- 3.24 The increase in funding will be allocated in full to meet the existing and new pressures on the budget. There will be a significant carry forward deficit from 2019/20 projected to be £3.7m and a similar underlying deficit for 2021/22. Provision in the independent sector is commissioned on a more costly place by place basis and not using block contracts. Currently a large part of the provision used is provided by one Trust that has just announced a 5% uplift on all provision. Work has been initiated to work with this Trust to ensure that our arrangements for commissioning provision is more cost effective.
- 3.25 In the medium term there is a planned programme of capital investment to significantly increase the number of special school places provided by the Council. This will reduce spending on specialist placements in independent provision which is currently being used to meet increased need. On average a place in specialist independent day provision is £35k compared to an average of £19k in a Manchester special school. Increasing the number of places available in areas of high need such as north Manchester, will also reduce costs of providing home to school transport.
- 3.26 The capital programme includes £4.8m of investment in additional provision for young people with SEND who are post 16. Once completed, there will be the option to register this provision so it can meet the needs of young people up to the age of 25. This will also reduce pressure on this element of the high needs budget.
- 3.27 The launch of a strategy for the Council to reduce exclusion and promote inclusion will also impact on children who wherever possible should be educated in mainstream schools. This strategy aims to reduce the number of children in Manchester excluded from school, will reduce the requirement for places and the pupil referral unit (PRU) which is creating a pressure within the high needs block and contributes to the pressures within Children's Services. Consequently the strategy is multi-agency/disciplinary and will include a 'deep dive' to better understand the increases in numbers of pupils in Manchester with social, emotional, mental health needs and how this could be reduced.

4. Revenue Budget 2020/21

Introduction

- 4.1 The Children and Education Services net annual budget for 2019/20 is £120.432m with 1,316 full time equivalent staff summarised in the table below:

Table: 2019/20 Base budget

| Service Area | 2019/20 Net Budget (Original) £000's | 2019/20 Gross (Revised) Budget £000's | 2019/20 Net (Revised) Budget £000's | 2019/20 Budgeted Posts (FTE) |
|-------------------------|--------------------------------------|---------------------------------------|-------------------------------------|------------------------------|
| Children's Safeguarding | 98,631 | 114,649 | 99,589 | 885 |

| | | | | |
|--|---------|---------|---------|-------|
| Education* | 17,446 | 334,998 | 16,383 | 314 |
| Directorate Core and Back Office | 4,357 | 4,564 | 4,460 | 117 |
| Total | 120,434 | 454,211 | 120,432 | 1,316 |

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

- 4.2 The Children's and Education Services net budget has reduced by £2k between the original net budget approved by the Executive in February 2019 of £120.434m and the current budget of £120.432m. The reductions relate to transfer of Youth Services to Neighbourhood Services, a cross cutting saving and centralisation of building running costs to Corporate Facilities Management Service. There have been budget increases relating to inflation funding from the Corporate inflation budget for home to school transport contracts, looked after children and care leaver placements.
- 4.3 In 2019/20 the additional investment from the social care reserve of £10.674m of has been applied to the Children's Services Safeguarding budget to provide sufficient funding to respond and meet the needs of children in need of help, support or protection. The majority of the investment has been applied to meet the costs of children and young people placements in foster-care, residential and supported accommodation. The main factors that drive numbers and costs of care for children are:
- Market 'saturation' attributed to local, regional and national needs of children becoming and/or looked after and attributed to a complex interaction between demographics, socio-economic trends and new contextual challenges.
 - Cost of placements affected by the market and effectiveness of the approach and contract and commissioning strategy.
 - Placement types and the ratios of different types of care provided which has a significant impact on the overall cost of care to Council.
- 4.4 In 2020/21 the continued investment of £10.674m will be required to ensure the Directorate is able to meet levels of need of children in 2019/20; supported by the application of £6m Social Care Support Grant to reflect existing and future potential pressures from predicted increasing need.
- 4.5 The existing and new investment will be applied to stabilise the service and meet the cost of children looked after placements. This will enable the Directorate to maintain capacity for early help services and social work which will impact the effectiveness of the service and outcomes for children and young people from improved standards of practice and earlier prevention to reduce reliance on expensive specialist services. There is a small amount of the investment proposed to be used to improve commissioning and market management to increase impact and reduce costs and making efficiencies.

- 4.6 It is proposed that the use of Social Care Support Grant is phased over 2020/21 and 2021/22 to smooth the impact of budget strategy and efficiencies from the investment that are projected for 2021/22 and 2022/23. It is estimated that £4.2m of the grant will be used in 2020/21 and the remaining £1.8m transferred to the social care reserve for use in 2021/22. The following paragraphs set out proposed use of the Social Care Support Grant in 2020/21:

Children looked after placements

- 4.7 Over the last five years the number of children looked after per 10,000 aged under 18 years old in Manchester has reduced compared to other similarly deprived authorities and most Greater Manchester local authorities. The trend over recent years has been for children looked after numbers to be c1% of the under 18 population. A continuation of this trend would lead to an increase of 82 in 2020/21 from the 2019 baseline of 1,281 (on which the 2019/20 budget is based). This would be an additional budget requirement of £0.692m.
- 4.8 Following an external review considering the potential future impact on admissions to care from factors such as domestic violence, substance misuse, mental health and other social determinants, a more prudent forecast is recommended. This reflects the impact of admissions to care increasing by 3% per annum (para 3.16) which would increase children looked after numbers to 1386 in 2020/21, an increase of 105 against the April 2019 baseline. Current children looked after numbers in October 2019 are 1,335, which suggests there is an increase in looked after children that already exceeds the growth anticipated at 1% of the child population. To allow for a more prudent increase would require a further investment of £1.186m.
- 4.9 This would be an additional budget requirement for an increase in children looked after numbers in 2020/21 of £1.878m which has been reflected in the proposed budget.
- 4.10 In the January 2020 report to the Children and Young People Scrutiny Committee the full year cost impact in 2020/21 of increases to children looked after during 2019/20 at end of October was estimated to be £0.964m. Resources of £500k currently committed to Child and Adolescent Mental Health Services in 2019/20 were proposed to be redirected in 2020/21 to reduce the pressure on the complex placements budget. It is proposed that the balance £464k is committed from the Social Care Support Grant to meet the full year effect cost of current placements in 2020/21.
- 4.11 By the end of December 2019 there had been a significant increase in the number of children looked after as well as costs of leaving care. The Fostering Service had an increase of 60 additional foster care placements, with 43 relating to internal carers. Special Guardianship Orders, Child Arrangement Orders and Adoption Allowances numbers have also increased overall by 23 since October 2019. Leaving Care placements have increased by 16 with a 20% increase in the average unit cost. External and internal residential placements have remained unchanged. External and internal residential placements have remained unchanged. The ongoing impact is estimated as

c£3.5m. This will be funded from the Social Care Support Grant (£1.8m) with the remaining £1.7m being met from increase to the Children's Services cash limit budget.

Leaving Care

- 4.12 Despite placements being more cost effective and of better quality, the number of placements has continued to increase during 2019/20. Leaving Care Allowances have also increased by 35% last year following change to extend support up to the age of 25 for all care leavers through the Children and Social Work Act 2017.
- 4.13 Work continues with Strategic Housing to increase the range and choice of provision for care leavers that is both suitable and achieves value for money; whilst enabling young people to successfully live independently. This includes investment in Supported Accommodation provision at Seymour Road and adoption of the National House Project; providing supported tenancies for care leavers in the spring 2020 onwards. In addition, there is ongoing work with Homelessness in order to review the response and offer to young people (16/17 year olds) presenting as homeless and the associated costs. For 2020/21 investment of £1.183m is proposed to provide sufficient budget to meet the current and presenting need.

Support for Families

- 4.14 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 under s17 if so identified. The Council's budget for this support is currently forecast to overspend by £390k, with a risk this may increase due to the impact of welfare reform and the uncertainty with Brexit.
- 4.15 People who remain in the UK unlawfully or are refused asylum seekers and have 'No Recourse to Public Funds' (NRPF) may still be entitled to support to avoid a breach of the family's human rights and to support a child directly. The Council supports families in this position through the NRPF team which supports people with their application to the Home Office and has a separate budget. At this stage this budget has an underspend of £200k which provides some capacity for the pressure in this area increasing further.

Workforce

- 4.16 Social Work Recruitment and Retention - Manchester's City Council's Children's Services have continued to improve the experiences and outcomes of children and their families in receipt of services. This has been supported by

an increase in the stability of the workforce and reduced social worker turnover, which has also shown a reduction in the use of interim/agency staff resulting in a saving of £1.7m since 2017. However, in recent months the turnover and vacancy rates for children and family social workers has increased. An analysis of exit interviews, 'leavers' and a terms and conditions benchmarking exercise indicates a pattern of social workers leaving the employment of the council after two years and a significant difference in the salary paid by Manchester and neighbouring local authorities for 'experienced' social workers. A series of measures are being considered, to be in place by March 2020, that seek to build on the strengths in the service to recognise the commitment and loyalty of our staff, slow the increase in social work turnover, increase the social work experience in the service and remove the reliance on agency staff. An overarching 5 year recruitment and retention strategy has been developed to incorporate the aforementioned measures in addition to investments into workforce development, flexible working, health and wellbeing and quality of social work practice to ensure Children's Services is well positioned to attract and retain talent, and secure improved outcome for children and families. The estimated cost of these proposals is £500k in 2020/21, reducing in 2021/22 and 2022/23.

- 4.17 Social Work service realignment. Since 2016 the Directorate has initiated and completed a number of service reviews and redesigns including the Complex Safeguarding Hub and Children's Services 'Front Door' arrangements. The impact has been in accordance with strategic intent and resulted in a reduction in the number of social work referrals and assessments. Subsequently as part of the Children's Services Locality Programme Board it is planned to realign the social work capacity to better respond to and meet the needs of Manchester's children and deliver safe, effective and efficient service. It is anticipated along with the proposals alluded to in paragraph 4.11 will support our approach to recruitment, retention and driving standards of practice. The realignment is progressing towards the implementation phase and should be in operation by April 2020.
- 4.18 Families First Service delivers an intensive short-term family support intervention to children who are considered to be on the 'edge of care'. A review of the service has been completed to evaluate the impact of the service, value for money and alignment with strategic and practice priorities. The findings from the review concluded that whilst there are benefits the service can be more efficient, better aligned to the developing locality delivery model and support wider Directorate priorities. These changes are anticipated to result in the workforce capacity, skills and knowledge being reinvested to support the proposals set out within this report; creating alternative opportunities for the affected staff.
- 4.19 Commissioning - 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. The delivery of the commissioning strategy described above needs to be supported by sufficient strategic commissioning capacity

with skills, knowledge and expertise to implement and deliver the aforementioned commissioning and placement sufficiency plan; against which financial costs and benefits could then be determined for future years. It is estimated that an additional investment of £145k for workforce capacity will be required. This capacity is expected to achieve the following:

- Work in partnership with Council, Manchester Health and Care Commission (MHCC) and Manchester Local Care Organisation (MLCO) to contribute to wider strategies and develop a Commissioning Strategy for Children and Education Services
- Oversee and deliver strategic commissioning and contract management priorities for the Directorate
- Engage with and develop the private and public sector market to be more responsive to the presenting needs of Manchester's children; ensuring there is 'sufficient' range and choice of placements for 'our' children and are value for money.

4.20 Placement Stability Service - Children's Services is reliant upon universal and edge of care services to address the identified needs. There is no specific service to support carers at times when they are experiencing difficulties and all too often has resulted in instability of and/or breakdown of fostering arrangements; which has at times led to the use of expensive external provision. Children's Services is seeking to establish a Placement Stability Service with the aim of providing a targeted and specialist intervention to prevent the breakdown of fostering arrangements, high cost external placements and improves the wellbeing and outcomes for our children and young people. Additional investment of £200k for workforce capacity is required to support this.

Children's Legal Services

- 4.21 The cost of legal support for Children's Services has continued to increase significantly this year. The Strategic Director of Children's and Education Services and the City Solicitor having considered the cost drivers are working together to manage need, reduce the use of experts, streamline decision making/legal advice processes to create solicitor capacity. Children's Services and the Corporate Legal Service are working to address this position. For 2020/21 the Corporate Legal Service requires investment of £300k to reduce the use of external legal services by improving the recruitment and retention of solicitors within the Council and to increase capacity to deal with more complex cases. Children's Services require investment of £0.9m to address the need for legal services and to meet the requirements of the courts, of which £300k is funded from a transfer of budget from Corporate Core.
- 4.22 Nationally, the number of children being referred to Children's Social Care Services and who require statutory intervention that has resulted in legal care and/or supervision proceedings has risen by 25% since 2016. The President of the Family Division for the Judiciary has reported more needs to be done to strengthen the pre-proceedings work/assessments prior to making a legal application; this in turn would at times avoid expensive and protracted legal

proceedings. This highlights the importance of having sufficient children legal and social work capacity to manage the volume of activity and complexity of children and their family needs.

Regional Adoption Agency

- 4.23 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 are responsible for recruiting adopters, family finding for children and providing support to adoptive families.
- 4.24 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. In 2019/20 the interagency fees have increased due to using placements from other agencies to meet assessed needs. In the longer term recruitment of prospective adopters should provide greater capacity for meeting diversity of need. It is proposed that the RAA budget is increased by £95k in 2020/21 to meet the cost of interagency fees and the position is reviewed for 2021/22 to reflect progress by the RAA to manage the overall cost of the service.

Education Psychology

- 4.25 The Education Psychology budget is currently forecast to overspend by £349k in 2019/20. EHCPs for children and young people aged up to 25 were introduced on 1 September 2014 as part of the Special Educational Needs and Disability provisions in the Children and Families Act 2014. In Manchester schools, there are a total of 4531 EHCPs which is a 23% increase over three years. Subsequently, Education Psychologists assessments have had to increase beyond the current available budget. In 2018/19 the Special Education Needs reform grant was used to manage this pressure, this grant is no longer available.
- 4.26 There is a further risk that costs may increase in 2020/21 because the commission for Educational Psychology is being tendered for the first time since it transferred to One Education and became a traded service. Nationally, the demand for Educational Psychology exceeds supply and this could influence the response to the tender and increase costs. This service is not permitted to be funded from the Dedicated Schools Grant consequently pressures on this budget will need to be offset through other Education budgets.
- 4.27 In order to manage further increases in need the Directorate is appraising whether delegating funding to special schools and PRUs for Educational Psychology and commissioning some Educational Psychology time to provide support and advice to school clusters will reduce the need for re-assessments

and reduce the pressure on this budget. For 2020/21 investment of £350k is required to provide sufficient budget to meet current need.

Home to School Transport

- 4.28 The budget is currently forecast to overspend by £134k, which is a significant reduction on the 2018/19 pressure of £0.7m. In the medium term, options to reduce the spend for home to school travel include:
- Procurement of an ICT programme which is more efficient at modelling routes for transport;
 - A complete service redesign which will allow more capacity for home to school travel assessments and more creative solutions;
 - Continuing to review arrangements where transport is provided but is not a statutory requirement;
 - Working with special schools on arrangements whereby they support transport arrangements for the most complex young people.
 - Working with the Placement Commissioning Team to ensure that providers and foster carers provide home to school transport as part of commissioning arrangements; removing duplication.

Early Years Children's Centres

- 4.29 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 Council entered into leases of 37 vacant properties with day care operators across Manchester. All leases included a full repair and maintenance responsibility. A number of leases have now reached expiry point or a rent review. This has led to day care providers requesting a renegotiation of their lease terms as the current leases are no longer financially viable or providers have chosen to withdraw their services. The condition of the Council's 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. With lease income being lower than expected and running costs of maintained tendered day care site being higher than budgeted for there is a recurring pressure on the budget; with a risk this may increase should 'provider income' reduce.
- 4.30 In light of these challenges the procurement process for tendered sites, maintenance and repair of the day care estate, management of the estate and the process of recharges is being considered. Condition surveys of properties will take place over the next few months to inform the review of leases and to ensure young people in Manchester get the opportunity to attend a good or better childcare provider that is situated in a fit for purpose education environment. Additional investment of £250k is required reflect the ongoing costs for maintaining the properties.

Short breaks for disabled children and their families

- 4.31 Local authorities are required to provide for families short breaks from caring for disabled children to support them to sustain their caring role. The types of short breaks include: day care, overnight stays, weekend stays, occasional longer stays, befriending, and leisure and social activities. In 2019/20 there is an overspend due to a 15% increase being made to carers and young people. For 2020/21 investment of £80k is required to provide sufficient budget to meet current and presenting needs.

Summary

- 4.32 The proposals above would lead an increased budget of £9.888m. This is a total Children's and Education Services budget of £130.320m broken down as follows:

| Service Area | 2020/21 Gross Budget £'000 | 2020/21 Net Budget £'000 |
|----------------------------------|-------------------------------|-----------------------------|
| Children's Safeguarding | 124,537 | 109,477 |
| Education* | 334,998 | 16,383 |
| Directorate Core and Back Office | 4,564 | 4,460 |
| Total | 464,099 | 130,320 |

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

5. Capital Strategy / Programme

- 5.1 The capital programme for Children's and Education Services totals £127.8m over the period 2019/20 - 2023/24. This includes basic need grant funding for the creation of new school places, maintenance grant for the upkeep of school buildings, and other schemes including the use of grant funding on schools providing provision for students with SEND.
- 5.2 A summary of the current forecast budget is shown in the table below, and details of the individual projects will be found in the Capital Strategy and Budget report for Executive in February:

Capital Programme from 2019/20

| | 2019/20 £m's | 2020/21 £m's | 2021/22 £m's | 2022/23 £m's | Future Years £m's | Total £m's |
|--------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|---------------|
| Basic Need | 3.9 | 20.8 | 26.7 | 43.4 | 0.0 | 94.8 |
| School Maintenance | 4.5 | 3.6 | 3.0 | 0.0 | 0.0 | 11.1 |
| Other | 16.8 | 5.1 | 0.0 | 0.0 | 0.0 | 21.9 |
| Total | 25.2 | 29.5 | 29.7 | 43.4 | 0.0 | 127.8 |

- 5.3 During the 2019/20 financial year work has continued in providing school places to meet the demand within Manchester. The programme to increase provision for students with SEND has progressed with a construction partner appointed for works at four sites across Manchester. The maintenance programme of work that was planned for summer 2019 is nearing completion, with the 2020/21 programme being drafted.
- 5.4 The Capital Strategy and Budget represents a continuation of the existing approved capital budget. The report to Executive will provide information on the expected future investment requirements for the Council, including the challenge of providing sufficient school places across primary and secondary education alongside the Government's Free School Programme, and undertaking condition surveys across the entire educational estate, including children's centres, to strengthen decision making around the focus of maintenance works.

6. Impact on Workforce

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. This is currently being updated and the revised version will form part of the suite of budget reports. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year. The proposals in this report include: investments into front line social work services by remodelling the operating model to ensure there is sufficient capacity to meet demands, a recruitment and retention strategy aimed at recruiting and retaining experienced and highly skilled social workers, and to provide additional capacity for commissioning and market management; all of which are important to successfully delivering the Children and Education Services Directorate budget strategy.
- 6.2 The Our Manchester strategy and approach is underpinned by strengths based working, building trusting relationship and innovative working; which is embedded across Children's and Education Services through an asset based approach to engaging with children and families; the approach starts from the point of "what matters to you" instead of "what is the matter with you" which truly embraces the Our Manchester way of working. This way of working has been embedded into early help assessments, education health and care plans and is a key part of the sign of safety social work model used across locality social work.
- 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, skilled and confident workforce through a culture of success, strengths-based approach and strong and effective leadership 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
- Ensuring professionals that work with children and young people have manageable workloads
- Continue to reduce the reliance on interim and agency workers
- Recruitment and retention strategy

7. Impact on Residents, Communities and Customers

- 7.1 Children's and Education Services deliver core business in line with the Council's strategic equality objectives in particular improving Life Chances; where there are specific needs identified these are informed by an individual assessment that gives due regard to their race, culture, gender, sexual orientation and disability.
- 7.2 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. Conclusion

- 8.1 The budget strategy provides information on the work ongoing within the Directorate to achieve longer term financial sustainability in the longer term by investing in early help and prevention, working with partners to deliver interventions that deliver longer term achieve better outcomes.
- 8.2 The proposed revenue budget for 2020/21 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 Services budget is under significant pressure due to increased complexity and need.
- 8.3 Final budget proposals will be made to the Executive in February 2020.

Appendix 1

1. Revenue Financial Plan

Table showing an overall summary of financial position

| Subjective Heading | 2019-2020 Budget £'000 | 2020-2021 Indicative Budget £'000 |
|---|------------------------------|--|
| Expenditure: | | |
| Employees | 61,160 | 61,160 |
| Running Expenses | 392,999 | 402,887 |
| Capital Financing Costs | 0 | 0 |
| Contribution to reserves | 52 | 52 |
| Total Subjective Expenditure | 454,211 | 464,099 |
| Less: | | |
| Other Internal sales | 0 | 0 |
| Gross Expenditure | 454,211 | 464,099 |
| Income: | | |
| Government Grants | 326,195 | 326,195 |
| Contributions from Reserves | 1,594 | 1,594 |
| Other Grants Reimbursements and Contributions | 4,763 | 4,763 |
| Customer and Client Receipts | 1,175 | 1,175 |
| Other Income | 52 | 52 |
| Total Net Budget | 120,432 | 130,320 |

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**Manchester City Council
Report for Information**

Report to: Health Scrutiny Committee – 4 February 2020
Executive – 12 February 2020

Subject: Adult Social Care and Population Health Budget 2020/21

Report of: Executive Director of Adult Social Care

Summary

The proposed 2020/21 budget for Adult Social Care and Population Health (ASC & PH) as part of the Manchester Health and Care Commissioning (MHCC) pooled budget was reported to Health Scrutiny in January 2020. This report provides the final budget proposals following the contents of the provisional Local Government Settlement received late December 2019 and feedback from public consultation and scrutiny committees during January 2020.

A change to the proposed budget is an increase to the ASC & PH cashlimit budget of £0.550m to reflect the increase to the national living wage from 1st April 2020 from the estimated £8.66 per hour to a confirmed rate of £8.72 per hour.

The MHCC health and care provisional budget for 2020/21 was provided to January Health Scrutiny as Annex 1 of the 2020/21 Adult Social Care and Population Health budget report. The budget will be finalised during February to reflect funding for the NHS Long Term Plan targeted and fair share allocations to Clinical Commissioning Groups to be announced as part of the operational plan guidance in late January 2020. A final Pooled budget report will be provided to Health Scrutiny in line with the final NHS planning guidance.

The approach to developing the Manchester Local Care Organisation (MLCO) Operational Plan was provided to January Health Scrutiny as Annex 2 of the 2020/21 Adult Social Care and Population Health budget report.

The Operational Plan is currently being developed across the service teams in MLCO and with key partners across the system. It will outline the key priorities and programmes that MLCO will deliver, how that will be measured and reported during 2020/21. The final MLCO Operational plan will be published in March 2020 following agreement through the MLCO Partnership Board and it will take account of any changes as a result of the publication of the health allocations for 2020/21, which at the time of writing have not been published. Therefore, the MLCO Operational Plan Annex has been removed.

This report summarises the final budget proposals made to determine the Council's contribution to the MHCC pooled budget for 2020/21 for approval by the Executive in February 2020 ahead of the Council's budget meeting in March 2020. This includes continuation of the Better Care Fund grants which include the £2.667m ASC Winter Pressures grant and the £4.555m Social Care grant announced in December 2018.

The additional Social Care grant funding (£1billion nationally), proposed 2% ASC Council Tax Precept and additional funding for Public Health in 2020/21

In aggregate the proposals reflect additional investment for Adult Social Care and Population Health of £23.3m to sustain services at the same levels as 2019/20, support the statutory functions of the Council, deliver the Corporate priorities and to continue to support the integration of health and social care to improve outcomes for citizens. This would bring the total 2020/21 budget for ASC and Population Health to £221.3m and the contribution to the MHCC Pooled Budget from the City Council to £216.9m.

Recommendations

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

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 | Supporting the City in driving forward the growth agenda with a particular focus on integrated commissioning and delivery which will focus on utilising available resources effectively and developing a diversity of providers including entrepreneurs and social enterprises. This will provide opportunities for local jobs |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Integrated commissioning will focus on utilising available resources to connect local people to education and employment opportunities, promoting independence and reducing worklessness. Working with schools to engage and support our communities. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | The focus is on changing behaviours to promote independence, early intervention and prevention, the development of evidence-based interventions to inform new delivery models integration with partners where appropriate. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Development of integrated health and social care models and local commissioning arrangements that connect services and evidence-based interventions to local people and enable families and their workers to influence commissioning decisions aligned to locally identified needs. Schools as community hubs playing an essential role in reaching out to communities and leading early intervention and prevention approaches at a local level |

| | |
|---|--|
| A connected city: world class infrastructure and connectivity to drive growth | Aligns to inclusive growth priority by supporting more residents to become independent and resilient, and better connected to the assets and networks in places and communities. |
|---|--|

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2020/21 and revenue contribution to the Manchester Health and Care Commissioning Pooled Budget for Adult Social Care for approval by the Executive in February 2020.

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Background documents (available for public inspection):

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

Manchester Health and Care Commissioning - Adult Social Care Business Plan 2019/20, Executive 13th February 2019

Adult Social Care and Population Health Budget 2020/21, Health Scrutiny 7th January 2020

1. Introduction and background

- 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.
- 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 Health and Care Commissioning (MHCC), a partnership between Manchester City Council and Manchester Clinical Commissioning Group, was formed as the single commissioner for health, public health and adult social care in April 2017. MHCC has operated a single pooled budget, planning, delivery and assurance process since April 2018. This has overseen all of MHCC's commissioning responsibilities and includes single pooled budget arrangements.
- 1.4 It is now moving into the second phase of its development, focusing on its role as a strategic commissioner, working with key system delivery partners: MLCO as an integrated provider of out of hospital care; MFT; federated models of primary care and more latterly Primary Care Networks; and Greater Manchester Mental Health Foundation Trust (GMMH) as the mental health provider for the City.
- 1.5 For 2020/21 the business and budget plan for Adult Social Care and Population Health will be part of the MHCC Plan which reflects the refreshed Manchester Locality Plan and is supported by the Manchester Local Care Organisation (MLCO) Operational Plan for 2020/21. Summary draft reports are provided for Health Scrutiny Committee for information and comment. Whilst the Council determines the scale of its contribution into the pooled budget, to reflect the partnership arrangements in place with partners, this has been developed with the Chief Finance Officer MHCC and the Director of Finance MLCO.
- 1.6 This paper describes the arrangements that are in place to deliver on these ambitions and improve outcomes for our residents. This includes the proposed resources that are required to ensure that the work to improve adult social care services can continue, as part of the delivery of new models of care and the development of the Integrated Neighbourhood Teams.
- 1.7 Ultimately, the proposed investment and the plans associated with that investment will ensure continuation of the important work to support our most vulnerable residents. From the perspective of Adult Social Care in particular

this will be both through delivering our statutory duties safely and effectively, and through working effectively with the wider care market to ensure a sustainable local offer is in place.

- 1.8 The proposed 2020/21 budget for Adult Social Care and Population Health (ASC & PH) as part of the Manchester Health and Care Commissioning (MHCC) pooled budget was reported to Health Scrutiny in January 2020. This report provides the final budget proposals following the contents of the provisional Local Government Settlement received late December 2019 and feedback from public consultation and scrutiny committees during January 2020.
- 1.10 A change to the proposed budget is an increase to the ASC & PH cashlimit budget of £0.550m to reflect the increase to the national living wage from 1st April 2020 from the estimated £8.66 per hour and confirmed rate of £8.72 per hour. Further detail is provided at para 3.10.
- 1.11 The MHCC health and care provisional budget for 2020/21 was provided to January Health Scrutiny as Annex 1 of the 2020/21 Adult Social Care and Population Health budget report. The budget will be finalised during February to reflect funding for the NHS Long Term Plan targeted and fair share allocations to Clinical Commissioning Groups to be announced as part of the operational plan guidance in late January 2020. Annex 1 details a provisional pooled budget for 2020/21 totalling £1.230 billion. A final Pooled budget report will be provided to Health Scrutiny in line with the final NHS planning guidance.
- 1.12 The approach to developing the Manchester Local Care Organisation (MLCO) Operational Plan was provided to January Health Scrutiny as Annex 2 of the 2020/21 Adult Social Care and Population Health budget report. The Operational plan is currently being developed across the service teams in MLCO and with key partners across the system. It will outline the key priorities and programmes that MLCO will deliver, how that will be measured and reported during 2020/21. The final MLCO Operational plan will be published in March 2020 following agreement through the MLCO Partnership Board and it will take account of any changes as a result of the publication of the health allocations for 2020/21, which at the time of writing have not been published. Therefore, the MLCO Operational Plan Annex has been removed.
- 1.13 The proposals in this report will seek approval from Council's Executive in February 2020 to:
- Continue the permanent improvement plan and system resilience funding agreed by the Executive in February 2019 which includes further £1.366m for 2020/21 (para 3.5);
 - Make permanent further £1.210m resilience funding for ASC following confirmation of the ASC Winter Pressures grant for 10.3582020/21 (para 3.8);
 - Allocate further investment for pay and prices, National Living Wage and increased need of £10.358m (paras 3.10 / 3.11);

- Approve further funding proposals following the Spending Round to sustain services at the same levels as 2019/20 and new investment for Extra Care schemes and Population Health priorities in 2020/21 (paras 3.13 - 3.26):
 - Additional social care grant allocation of £7m
 - Estimated additional Public Health grant funding of £1.363m
 - Consultation on 2% Adult Social Care precept estimated to generate additional £3.259m of resources
- Contribute a non-recurrent £1m towards MLCO overheads from Adult Social Care reserve in 2020/21.

1.14 For 2020/21 the majority of the ASC and PH budget within the remit of the MHCC Pooled Budget will be managed by MLCO and will form part of its integrated budget and business plan. MLCO will work closely with MHCC to ensure continued alignment to delivery of the Manchester Locality Plan and MHCC Operational Plan priorities

1.15 This report is supplemented by Annex 1 – Draft MHCC Budget Report 2020/21 for the MHCC Pooled Budget including MHCC Operational Plan on Page and Refreshed Manchester Locality Plan

2. Budget priorities

2.1 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 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

2.2 The Council's work to ensure our people are healthy and cared for is primarily delivered through MHCC and MLCO. Population Health services form part of MHCC, whilst the delivery and commissioning of adult social care services is managed by MLCO. Adult social care services play a key role in Integrated Neighbourhood Teams (INTs) and are part of the delivery of new models of care (NCMs).

2.3 Manchester's Adult Social Care Improvement Programme is driving significant change and longer term sustainability through investment in workforce, a shift of focus to 'our people in place' via the mobilisation of 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.

- 2.4 The programme will also transform how services are delivered at our 'Front Door' by supporting integrated responses, access to a wider range of system informatics and linking our people to innovation in care and support through a mainstreamed Technology Enabled Care offer.
- 2.5 The Homecare market has been re-procured and is being mobilised to integrate at place level with INTs and to better collaborate in care and support to enable better outcomes. Investment has been made in new and existing care models for example, the expansion of the Reablement Service to reach more people and to better support timely hospital discharge pressures alongside the development of a new Complex Reablement Service to support people who require a specialised, longer term approach to enablement. Plans around housing support options continue to mature with new capacity of Extra Care accommodation from 2020/21. These housing options create longer term sustainable responses to care and support, reduce pressures and cost in the system and improve personal choice and independence.
- 2.6 The Care Market is a vital component of the Adult Social Care system supporting Manchester to meet statutory responsibilities and supporting manunians to live as independently as possible. Focussed work during 2020/21 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.
- 2.7 The 2020/21 budget plan reflects that 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 and reductions in demand for acute or long term care. The budget proposals reflect the need for investment to stabilise and sustain the service and continue the investment to support the integration of health and care.
- 2.8 The framework for how the Council supports its workforce is set out in the People Strategy. This is currently being updated and the revised version will form part of the suite of budget reports. Building on the budget plan for 2019/20, the proposals in this report have put in place further funding to enable greater permanent capacity to support system resilience and integration as a result of the improvement plan, new models of care and the number of additional posts being created.

3. 2020/21 Budget Proposals

3.1 The Adult Social Care net budget in 2019/20 is £197.907m of which £193.6m is in the scope of the MHCC Pooled Budget. Table 1 below provides a breakdown of how the budget is allocated both within and outside of the Pooled Budget.

Table 1: 2019/20 Base budget

| Adult Social Care and Population Health | 2019/20 Net (Original) Budget £'000 | 2019/20 Gross (Revised) Budget £'000 | 2019/20 Net (Revised) Budget £'000 | 2019/20 Budgeted Posts (FTE) £'000 |
|--|--|---|---|---|
| Service Area | | | | |
| Localities including social work | 6,343 | 10,938 | 7,979 | 313.1 |
| Reablement | 4,688 | 8,742 | 4,820 | 269.2 |
| Learning Disability including social work | 51,994 | 62,696 | 56,551 | 530.8 |
| Mental Health including social work | 23,463 | 25,853 | 23,650 | 7.0 |
| Other Care – Homecare, Res & Nursing | 41,176 | 66,470 | 42,737 | 101.5 |
| Public Health | 37,400 | 39,633 | 37,452 | 47.4 |
| Commissioning | 9,421 | 10,405 | 9,808 | 39.2 |
| Back Office | 10,609 | 10,515 | 5,078 | 106.5 |
| Inflation & National Living Wage | 8,514 | 8,172 | 5,172 | 0.0 |
| Demography | 0 | 356 | 356 | 0.0 |
| MHCC Pooled Budget | 193,608 | 243,780 | 193,604 | 1,414.7 |
| Asylum | 57 | 2,911 | 57 | 6.0 |
| Voluntary & Community Sector (Adults) | 2,261 | 2,080 | 2,080 | 0.0 |
| Safeguarding | 2,337 | 2,166 | 2,166 | 46.5 |
| ASC Services Out of Scope | 4,655 | 7,157 | 4,303 | 52.5 |
| Total | 198,263 | 250,937 | 197,907 | 1,467.2 |

3.2 The Adult Social Care net budget has reduced by £356k between the original net budget approved by the Executive in February 2019 of £198.263m and the current budget of £197.907m. This relates mainly to two budget transfers out of ASC totalling £335k as follows:

- £279k winter pressures allocation to Homelessness; and
- £56k in relation to transfer of a post from ASC

- 3.3 There has also been changes to individual budget lines in relation to in-year allocations of funding from within the approved budget. This includes Winter Pressures grant funding of £3.2m and demographic growth funding of £2.4m which were held within the Back Office budget line in the original budget. The use of the Winter Pressures grant was agreed with partners during 2019/20 and reported to the Health and Wellbeing Board on 31st October as part of the report on the use of the Better Care Fund. The application of demographic growth funding is reported as part of the Global Revenue Monitoring reports to the Executive. Funding for the National Living Wage and inflation was also held on separate budget line in the original budget and has been allocated in year in line with the fee uplifts to care providers. There remains £3.8m inflation which will be allocated and where appropriate back-dated to care providers before the end of 2019/20.
- 3.4 The 2020/21 proposed ASC budget, the majority of which will be the contribution to the MHCC pooled budget, reflects a continuation of the 2019/20 net budget of **£197.907m**. This includes continuation of existing Social Care Grants of £35m, including improved Better Care Fund (iBCF), additional iBCF, ASC Winter Pressures grant and share of 2019/20 Social Care grant.

Adult Social Care Improvement Plan

- 3.5 The 2020/21 proposed pooled budget contribution includes continuation of the investment for the ASC Improvement Programme agreed by the Executive in February 2019. This has enabled the recruitment to c50 FTE additional posts. For 2020/21 the ASC improvement investment has increased by an additional **£1.366m** to reflect the full year effect of the programme. This also included funding of £490k for nine social work managers for the INTs funded from GMTF in 2019/20 and 2020/21 with future funding to be reflected within the new INT structures.
- 3.6 The key deliverables for the ASC Improvement Programme in 2020/21 include:
- Full recruitment of social work and other workforce capacity provided as part of the investment;
 - Assessment and support planning standards embedded with a significant reduction in waiting lists and return to business as usual;
 - Liquid Logic phase one fully implemented;
 - Full implementation of Strengths-Based Development Programme and quality assurance framework;
 - Full mobilisation of Integrated Neighbourhood Teams including realisation of benefits of integration;
 - Roll-out of all new Homecare contracts;
 - Full mobilisation of all new care models with assessment of scope for further expansion for schemes such as technology enabled care and extra care accommodation;
 - Progressing a detailed programme on the integration of Learning Disability Services;
 - Procurement completed for priority contracts;

- Market demand and capacity assessment to support the development of a sufficiency and stabilisation plan.

System resilience to support transfers of care

- 3.7 The 2020/21 budget reflects continuation of the £2.667m ASC Winter Pressures grant. For 2019/20 the Executive approved £1.456m of funding from the grant on a permanent basis which provided funding for 35 fte additional posts. In addition, funding of £0.7m was provided by the CCG to make permanent 18 fte social workers posts specifically for social work capacity in hospitals. The £1.456m was part of a wider permanent investment of £4.225m for adult social care to support improvement and resilience.
- 3.8 In 2019/20 the balance of the ASC Winter Pressures grant of £1.210m was made available for non-recurrent workforce and other schemes, the use of which was reported to Health and Wellbeing Board in October 2019. The budget proposals for 2020/21 includes permanent commitment to the £1.210m which will be used to:
- Continue with the expansion of the Complex Reablement service (14 ftes);
 - Provide additional capacity for assessments of people leaving the Reablement service (6 ftes);
 - Provide greater capacity in Manchester Supported Independent Living service for supporting people with complex needs (5 ftes) and
 - Provide winter planning and urgent care capacity for mental health (8.6 ftes).
- 3.9 The Executive Director of Adult Social Care is the MLCO executive lead for the safe and effective discharge of people from hospital. The CCG, Manchester Foundation Trust and MCC have each agreed £0.5m towards the cost of an Integrated Discharge Team to relieve system pressures resulting from delayed transfers of care. For MCC this is being funded from an increase in 2019/20 of the CCG contribution to the Better Care Fund for ASC of £896k, with £396k being applied to support the expansion of Extra Care schemes in 2020/21.

Demographic and inflationary increases

- 3.10 The ASC proposed cashlimit budget includes an allocation for pay and price inflation of **£8.343m**. To allocate as part of the upfront budget is a different approach to the other Directorate cashlimit budgets, which reflects the pooled budget arrangements with Health. This allocation is made up of:
- £1.530m - pay award for ASC staff employed by MCC of just over 3%. This reflects Council budget assumptions to be in line with potential increase to £10.50 by 2024/25 using Local Government pay scale, subject to confirmation on timing by Government.
 - £4.400m increase to reflect National Living Wage assumptions for ASC for external providers, this has increased by £550k since the report in January to reflect the confirmation of the living wage being £8.72 per hour from 1st

April 2020. To uplift NLW to reflect a move to £10.50 by 2024/25 would be a further cost of £275k in 2020/21.

- £2.413m price inflation uplift to support contract uplifts including the capacity to support a move towards the Real Living Wage in the care market in the longer term.

- 3.11 In order to set a sustainable budget for Adult Social Care resources are required to meet an assessment of prediction of future increase in needs based on population modelling. There is **£2.015m** projected for increased need during 2020/21 which will be included in the pooled budget to be allocated during the year.
- 3.12 It is proposed that for 2020/21 there will no longer be a requirement by MLCO to revert back to MCC for decisions on draw down of pay and price inflation and demographic growth shown. The additional funding must be used as intended to reflect a change to the budget baselines for unit prices and activity levels (to be provided separately). Proposed changes to the planned use of this funding will need to be reported to MLCO Partnership Board, which has representation from all key partners, to be agreed along with identifying whether any more formal approvals are required in line with the Council's key decision thresholds.

Outcome of Spending Round

- 3.13 Following the Spending Round the 2020/21 budget reflects further proposals to increase the ASC budget by **£11.6m** which includes:
- Share of the additional social care grant announced as part of the Spending Round of £7m
 - Additional 2% Adult Social Care precept estimated to generate additional £3.259m of resources
 - Estimated additional Public Health funding of £1.363m
- 3.14 The following paragraphs set out the proposed use of the additional resources of which £8.8m is to sustain services at the same levels as 2019/20 and £2.8m is new investment for Extra Care schemes and Population Health priorities.

New Care Models

- 3.15 MLCO has developed a number of new care models (NCMs) focused on preventing admission to acute settings, improving support for hospital discharge, providing improved community based support and supporting prevention and independence. Time limited investment funding has been made available from the Greater Manchester Transformation Fund (GMTF), adult social care grants and MHCC investment resources. NCMs are fundamental to the system based approach to enable the benefits to be realised and shared across the wider health and care system.
- 3.16 There is emerging evidence of reduced demand in high cost services, evaluations to date have shown:

- Manchester Case Management (previously known as High Impact Primary Care) has shown, through a quantitative analysis of hospital activity, a statistically significant reduction in Accident and Emergency attendances post service start
 - Reablement has shown that for the cohort of people who have had Reablement service during 2018/19 financial year and went on to have a home care package after leaving Reablement had, on average, 26% fewer homecare visits and 22% fewer homecare hours during the 6 months post reablement
 - ExtraCare has shown that neighbourhood apartments have likely necessitated upto 1,200 fewer days of residential / nursing care to the wider health and care system
- 3.17 For 2020/21 the schemes remain as planned but the delivery of benefits have changed to reflect phasing and mobilisation of models during 2019/20. This has resulted in original planned savings from new care models reducing by **£1.925m** (42%). This would result in savings being delivered in 2020/21 of £500k in respect of Reablement.
- 3.18 Investment is required for the ongoing costs of neighbourhood apartments and to expand the Extra Care programme to deliver an additional four schemes in 2020/21. This is £132k for 20 neighbourhood apartments and £1.232m for the care costs for 223 new Extra Care apartments. Of this £396k will be funded from 2019/20 additional BCF (para 3.9), £200k from GMTF and **£767k** required as new investment.
- 3.19 Non-recurrent resource ends in 2020/21 for the ongoing costs of Core and Complex Reablement of £0.8m. It is proposed this will be funded from the estimated Additional Better Care Fund contribution towards from the CCG for 2020/21. The budget also includes continued funding for the Council to meet ongoing cost of existing new care models Discharge to Assess of £0.706m and Crisis Response of £88k which the CCG have committed to fund in 2020/21.
- 3.20 Funding for NHS long term planning priorities and commitments for 2020 - 2025 have not yet been allocated by NHS England to Greater Manchester or CCGs. Once this is confirmed there is a need to review impact and evidence from evaluation of all NCMs and determine longer term costs and benefits. This will need to be reflected in the medium term financial planning assumptions for the Manchester Locality Plan and risk share arrangements between partners for 2020-2025.

Integration of Learning Disability Services

- 3.21 Adults with Learning Disabilities (LD) are now more likely to enjoy longer, better quality lives. This is positive progress but the pressure on local authority and health services has increased in terms of support based on a combination of increasing demand, a growing and ageing population with greater complexity of conditions and the cost implications of national living wage. In order to meet increased need and complexity of citizens with LD, additional

budget of £5.034m is needed in the following areas of ASC LD services. Of this **£4.545m** from Council and estimated £489k from CCG for additional Continuing Healthcare needs:

- The most significant area of increased need is for the in-house Learning Disability Supported Accommodation (LDSA) budget in relation to the workforce requirements to meet the needs of people being supported by the service. Whilst the c140 people supported by the service is relatively static, their needs are increasing with age and it has been determined that there is an additional resource requirement of £3,450m. The service has taken action to put in place a dedicated team of social workers to assess needs and develop improved rota management practice. The CCG has committed to assess the impact of people meeting the continuing health care eligibility, where it is estimated that £0.5m of the rising costs are care relate to this which would reduce the additional resource requirement to **£2.950m**.
- The transitional costs of moving residents from LDSA to new build accommodation between October 2019 and July 2020 will be met from the Adult Social Care reserve with any ongoing additional costs to be met from within the service budget.
- Care for people with Learning Disabilities which is externally commissioned has increased by 41 people (3.5%) during this year for which 2019/20 demographic growth funding has been applied of £1.416m. Further increases in the cost of care have also arisen from greater complexity of need of **£685k**.
- The Shared Lives service has expanded in 2019/20 following recruitment of additional adult carers. This service delivers better outcomes and is more cost effective than external placements. Whilst it was expected that the cost of this could be met from a reduction in demand for other LD services, this has not been possible due to rising numbers of people requiring support and **£360k** of funding is required for the Shared Lives service.
- The in-house service which provides short breaks support for people with LD and their families is also experiencing increased need with additional resource requirements of **£550k**.

3.22 One of the key priorities for MLCO in 2020/21 will be the integration of Learning Disabilities. To inform the medium term financial plan this will include:

- Understanding need and provision requirements over a medium term period and reflecting this in a system based commissioning strategy with a much stronger approach to market management at a Locality and GM level;
- Fully implementing a strength based approach into LD arrangements;
- Integration arrangements between health and social care including the locality arrangements in respect of citizens under the arrangements for the NHS Transforming Care Programme;

- Striking the right balance between in-house provision within MLCO and commissioned provision; and
- Ensuring successful schemes within Shared Lives continue to grow.

Population Health

- 3.23 The Spending Round in September indicated a real terms increase to the Public Health Grant to ensure local authorities can continue to provide prevention and public health interventions. It has been estimated that the public health grant will be 'flat real' increase of £1.363m in line with inflation. It is expected that the cost of the Agenda for Change uplift met by Department of Health in 2019/20 (funded directly to NHS providers) and new burdens for drug costs relating to Pre-exposure prophylaxis (PrEP) HIV trial will be met separately by the NHS.
- 3.24 The Population Health services were all redesigned and recommissioned in 2014/15. The redesigned services have delivered better outcomes and real value for money and Manchester is no longer an outlier in relation to spend per head on these services. The Population Health budget has not overspent in any of the past five years and for 2019/20 is projected to breakeven. However during 2019/20 providers have highlighted pressures in delivering the services contracted within the current contract price. The proposed budget for 2020/21 includes additional budget of **£2.005m** as follows:
- Sexual Health services increased capacity for tests, screening and appointments;
 - Drug and Alcohol services relating to homelessness outreach, Youth Justice service engagement, dispensing costs and detox capacity;
 - Children's Population Health increased capacity for school nursing and child weight management programme to reflect increase in number of schools. The funding for a further ten funding trainee Health Visitor places in addition to the places provided by Health Education England;
 - Continuation of the Population Health partial contribution towards the Adverse Childhood Experience programme;
 - Inflationary uplift on NHS and non-NHS contracts.

Other budget requirements

- 3.25 There are other budget proposals to provide a sustainable budget relating to the following areas of the ASC service within the pooled budget which total **£1.830m**:
- The number of people requiring mental health services remains fairly consistent but it has not been possible to achieve expected reductions following a recent focus on reviews of care packages. This is due to new demand for care and the need for available suitable provision for changes in care. As such there is a requirement for additional budget of **£330k**.
 - Homecare savings of **£377k** (50%) are not yet delivered due to the revised timescales to implement the move to the new homecare contracts, including recommissioning of some contracts which means savings for 2020/21 are at risk.

- Shortfall on a savings target of **£500k** relating to expected contract related efficiencies which it has not been possible to realise following re-commissioning.
- Strengths based support planning for other Adult Social Care savings of **£198k** (40%) are not yet delivered. The changes to practice and training are now being rolled out but there is likely delay in full implementation in 2020/21.
- The cost of the community alarms service is £950k. When people are unable to contribute towards the cost of the monitoring and response service, the cost to the Council cannot be reduced to reflect this. There is a shortfall of income to cover the cost of the service by **£150k**
- To provide an uplift for NLW for external providers to reflect a move to £10.50 by 2024/25 would be a further cost of **£275k** in 2020/21.

Manchester Local Care Organisation

- 3.26 Continuation in 2020/21 of programme management transformation capacity to support MLCO of **£0.550m**. It is also proposed that continued non-recurrent funding will be made available in 2020/21 of up to £1m towards the overhead costs of MLCO from the remaining balance within Adult Social Care reserve

Summary

- 3.27 The proposals above would lead to an increased ASC budget requirement of £11.6m which together with pay and price inflation of £8.343m, demographic funding of £2.015m and full year effect of ASC Improvement investment of £1.366m would bring the proposed increase to the ASC and Population Budget in 2020/21 to £23.3m. This is a total ASC and Population Health budget of £221.3m of which £216.9m is part of the MHCC Pooled Budget broken down as follows:

Table 2: 2020/21 proposed changes and revised budget

| Service Area | 2019/20 Net Budget £'000 | Investment and other changes £'000 | 2020/21 Net Budget £'000 |
|---------------------|--------------------------------|---|--------------------------------|
| Localities | 7,979 | 1,585 | 9,564 |
| Reablement | 4,820 | 480 | 5,299 |
| Learning Disability | 56,551 | 4,060 | 60,611 |
| Mental Health | 23,650 | 677 | 24,327 |
| Other Care | 42,737 | 3,535 | 46,271 |
| Public Health | 37,452 | 2,205 | 39,656 |
| Commissioning | 9,808 | 1,499 | 11,307 |
| Back Office | 5,078 | -1,325 | 3,753 |

| | | | |
|---------------------------------------|----------------|---------------|----------------|
| Inflation & National Living Wage | 5,172 | 8,530 | 13,702 |
| Demography | 356 | 2,015 | 2,371 |
| Pooled Budget | 193,604 | 23,261 | 216,864 |
| Asylum | 57 | 0 | 57 |
| Voluntary & Community Sector (Adults) | 2,080 | 42 | 2,122 |
| Safeguarding | 2,166 | 43 | 2,209 |
| Other ASC | 4,303 | 85 | 4,389 |
| Total | 197,907 | 23,346 | 221,253 |

4. Governance of the MHCC Pooled Budget

- 4.1 The partnership agreement between the CCG and the Council is supported through a section 75 partnership arrangement (S75), an established Integrated Care Budget (ICB) including the pooled budget and with an underpinning financial framework to support the financial governance arrangements. Manchester CCG host the ICB and the MHCC Chief Finance Officer is the pooled fund manager with specific responsibilities as set down in the Financial Framework including: monitoring of expenditure; audit of accounts; maintaining a risk register; submitting appropriate reports to MHCC Board and in relation to the Better Care Fund and Greater Manchester Transformation Fund.
- 4.2 There are responsibilities under the Partnership Agreement and Financial Framework for the MHCC Board to monitor the budget and deliver a balanced position. The MHCC Finance Committee provides an assurance role on behalf of the MHCC Board and City Council. This allows Lay Members for the CCG and Council Executive Members to review the overall financial position, delivery of savings plans as well as systems of internal control. However, both the CCG and Council are still responsible for their own financial position within the pool, the arrangements are designed to give flexibility for partners to ensure total resources are available to support priorities.
- 4.3 Whilst the statutory duties of the Council's Deputy Chief Executive & City Treasurer, under Section 151 of the Local Government Act 1972, remain, as do the decision making responsibilities for Council statutory functions and financial delegation that are with the Executive Director of Adult Social Services and DASS, these will be exercised via line of accountability from the pooled fund manager. Arrangements are intended to allow as much flexibility as possible to support partnership decision making and maximise use of resources across the pool. As such, the Deputy City Treasurer has a key Council assurance role on MHCC Finance Committee, the Deputy Chief Executive & City Treasurer on MLCO Board and through the DASS role on both MLCO and MHCC Boards. Key decisions which are not in the delegated authority of Council officers, will continue to require the approval of the Council's Executive.

- 4.4 For 2020/21 the majority of the ASC and PH budget within the remit of the MHCC Pooled Budget will be managed by MLCO and will form part of its integrated budget and business plan. The MLCO Executive and in particular, the Director of Finance therefore has an enhanced responsibility for the overall budget and requirement to provide significant additional support to the Executive Director of Adult Social Services and Director of Population Health and Wellbeing.

5. Conclusion

- 5.1 This report provides the proposed Council contribution to the MHCC Pooled Budget in respect of Adult Social Care and Population Health for 2020/21 of £221.3m, of which £216.9m is within the MHCC Pooled Budget. This provides additional investment of £23.3m to sustain services at the same levels as 2019/20 to support the statutory functions of the Council, deliver the Corporate priorities and to continue to support the integration of health and social to improve outcomes for citizens.
- 5.2 The proposals reflect that 2020/21 is a one year budget reflecting the commitments made in the Spending Round, reflecting that the Fair Funding review and Business Rates reform and reset has been delayed to 2021/22. Whilst the Council is publishing a one year budget in line with the one year Spending Review there is a need to plan for a three year position. The indicative planning assumptions for 2021/22 and 2022/23 are contained within the single health and care budget reports.

6. Recommendations

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

Annex 1 Manchester Health and Care Commissioning Budget Report 2020/21

1.0 Introduction

- 1.1 This paper is presented to update on the draft joint financial plan for the pooled budget of MHCC, comprising both Health and Adult Social Care and Population Health (PH) budgets. The proposed Council contribution to the MHCC pooled budget for ASC and PH budget in 2020/21 is £216.9m, which includes proposed additional resources of £23.3m to sustain services at current levels and provide investment for four new Extra Care Population Health scheme priorities.
- 1.2 The paper includes respective organisational assumptions and provides an over-view of the pooled budget.
- 1.3 The numbers represent draft planning assumptions at this stage as the total allocations / funding settlements for both organisations are outstanding at the time of writing this paper. Further information and more detailed health planning guidance is expected during December 2019, the impact of which will be assessed and incorporated into final budgets and contracts during January to March 2020.
- 1.4 The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees. The figures may be subject to change following the contents of the provisional Local Government Finance Settlement.
- 1.5 It was agreed that MHCC would take a refreshed joint budget position to the Health Scrutiny Committee in January and February 2020, to incrementally take account of Members' feedback and ongoing contract negotiations to inform the normal suite of Council budget papers in March.
- 1.6 The health planning assumptions for health budgets originate from the month 5 financial position, with ASC based on the month 7 position.
- 1.7 This paper reflects the agreements made in the Manchester Partnership agreement and the Manchester Investment Agreement and supports the delivery of the Manchester Locality Agreement.
- 1.8 The paper reflects the significant additional financial contributions made by Manchester City Council and the Health System to Adult Social Care which mean that a solid foundation of services is being delivered which enable

transformation and integration of care and health services in the City for the future.

- 1.9 These suite of papers have been produced by planning and finance staff working across the Partnership in collaboration, and to tight timetables given the lack of national guidance and their significant contribution is recognised.

2.0 MHCC Plan On a Page

- 2.1 Both the Plan on a Page (attached in Appendix A) and the full Operational Plan are being revised within 2020/21 to reflect the shift of MHCC into a strategic commissioner, exemplified by the time span moving from one to five years. The strategic aims and priorities are consistent with the Locality Plan (attached in Appendix B) and the MHCC Operational Plan, with a change in emphasis to describe the impacts on our population over the next five years.
- 2.2 The MHCC programmes through which delivery will be focused in 2020/21 are shown, including the 'catalyst' programmes, which will significantly transform the relevant part of the health and care system in the long term.
- 2.3 The operational planning process is currently in progress, with the final plan to take account of the planning guidance for 2020/21 and subject to the funding associated with the NHS Long Term Plan. The guidance from NHS England is due to be published in late December / early January.
- 2.4 Work has been ongoing over the past months with the Director of Adult Social Care, Chief Finance Officer MHCC and the Director of Finance MLCO with regard to the development of the operational plan for ASC and the associated budget. This has taken regard of the budget setting principles issued by the MCC Treasurer. An update on the development of the MLCO Operational Plan 2020/21 and a summary financial plan for the MLCO in 2020/21 is attached as Appendix C. This document provides context for the MLCO, describes the overarching priorities for the organisation in 2020/21, the process to develop and a proposed structure for the Operating Plan, along with a summary financial plan for the MLCO.

3.0 Health - High Level Assumptions

- 3.1 High level health five year financial plans were submitted to the Greater Manchester (GM) Health & Social Care Partnership (GMHSCP) in November 2019. All health bodies will be unable to formally publish any financial plans pending receipt of further national and GM guidance, expected from December 2019. The five year plans will likely require a refresh, and will eventually form part of the revised Manchester Locality Plan to 2023/24.
- 3.2 Health allocations reflect the five year allocations published in January 2019. Within these, three years are confirmed allocations, with the last two years (2022/23 and 2023/24) indicative.

- 3.3 The allocations exclude the financial impact of the Long Term Plan Implementation guidance, which will be funded through Targeted and Fair Shares funding; the values of which have been shared nationally, but not at an individual CCG level.
- 3.4 Table 1 highlights the level of recurrent allocation growth between 2019/20 and 2020/21.

Table 1: Allocation Growth

| Allocation | 2019/20 £000s | 2020/21 £000s | Recurrent Increase £000s |
|----------------------|------------------|------------------|--------------------------------|
| Programme | 863,762 | 904,555 | 40,793 |
| Primary Medical | 94,150 | 98,655 | 4,505 |
| Running Costs | 12,275 | 10,829 | (1,446) |
| Recurrent Allocation | 970,187 | 1,014,039 | 43,852 |
| Non Recurrent | 30,257 | | |
| Total Allocations | 1,000,444 | 1,014,039 | 43,852 |

*** 2019/20 allocation is the total allocation at Month 5 included for completeness*

- 3.5 In terms of expenditure, the health budgets use forecast expenditure as reported to NHSE at Month Five (31 August), which is adjusted for non-recurrent allocations, expenditure and benefits. This gives a recurrent opening budgetary position for 2020/21.
- 3.6 A number of growth assumptions have been applied to the recurrent 2019/20 expenditure position in line with national guidance and local knowledge. Some specific examples are outlined below for illustrative purposes :
- national price increases (inflation);
 - national requirement i.e. Clinical Negligence Scheme (insurance contributions); and
 - recurrent local pressures i.e. primary care list size growth, activity growth, prescribing

The detailed expenditure growth assumptions applied per each key budget area is included in Appendix D.

- 3.7 Table 2 summarises the application of the additional allocation based on planning assumptions either defined nationally within the planning guidance or agreed with local providers as part of the five year plan submission to NHS England. These include the ring-fenced allocation growth for mental health services (Mental Health Investment Standard) and primary care etc.

Table 2: Application of Growth

| | 2020/21 £000s |
|-----------------------|--------------------------|
| Allocation Growth | 43,852 |
| Utilised on: | |
| Planning Assumptions | |
| Gross Provider | |
| Efficiency | (6,623) |
| Inflation | 22,032 |
| Net Tariff | 15,409 |
| Cost Pressures | |
| Acute | 5,060 |
| Mental Health | 4,372 |
| Community | 2,216 |
| Primary Care | 4,505 |
| Reserves | 12,290 |
| Total Funding | 43,852 |

- 3.8 The required 'NHS Business Rules' have been reflected in the plan, which are to:
- Maintain a 1% historic surplus (i.e. 1% of allocations remain unspent in each of the five years);
 - Maintain a 0.5% contingency; and
 - Ensure that investment in mental health services is equivalent to investment in physical health, which means that expenditure increases in line with or above allocation growth (i.e. 6.1% for 2020/21 and reducing over the 5 year period).
- 3.9 In order to deliver a balanced financial plan, Health will need to deliver £15m of Financial Sustainability Plans in 2020/21. These plans are currently in development but include prescribing savings and transformational savings from the new care models.

4.0 High Level Adult Social Care Assumptions

- 4.1 The Council budget proposals will be reported to the Council's Executive Committee for approval in February 2020, in order to set a budget by early March, on which the Council Tax will be based. The Council's budget proposals for 2020/21 will be subject to further refinement following feedback from public consultation and scrutiny committees. The figures may be subject to change following the contents of the provisional Local Government Financial Settlement, which has been delayed from 5th December as a result of the decision to call a General Election.
- 4.2 The proposals reflect that 2020/21 is a one year budget reflecting the commitments made in the Spending Round, reflecting that the Fair Funding review and Business Rates reform and reset has been delayed to 2021/22.

Whilst it is a one year budget, there is a need to plan for a three year position and planning assumptions for 2021/22 and 2022/23 are contained within the MLCO Operational Plan (Annex C).

- 4.3 The plan for ASC is to sustain current services with a focus on stabilisation and improvement, ensuring a strong foundation for the service moving forward, which will enable wider integration and transformation. The ASC pooled budget reflects the following proposals to the Council' Executive to:
- Continue the permanent improvement plan and system resilience funding agreed by the Executive in February 2019, which includes £1.366m for 2020/21;
 - Make permanent a further £1.210m resilience funding for ASC following confirmation of the ASC Winter Pressures grant for 2020/21;
 - Allocate further investment for pay and prices, National Living Wage and increased need of £10.272m;
 - Approve further funding proposals following the Spending Round to sustain services at the same levels as 2019/20 and the new investment for Extra Care schemes and Population Health priorities in 2020/21
 - Additional social care grant allocation of £7m
 - Estimated additional Public Health grant funding of £1.363m
 - Consultation on 2% Adult Social Care precept, estimated to generate additional £3.259m of resources
 - Contribute a non-recurrent £1m towards MLCO overheads from Adult Social Care reserve in 2020/21
- 4.4 The proposed Council pooled budget contribution for ASC and PH is £216.9m, of which £204.9m will be aligned to the MLCO Community Health and Care budget. The source and applications for the ASC and PH element of the pooled budget is included in Table 3, which provides information on proposed additional resources into the pool.

Table 3: Adult Social Care and Population Health Source & Application of Funds 2020/21.

| | MLCO Aligned Budget | MHCC Retained Budget | 2020/21 Proposed Pool Budget |
|--|---------------------------|----------------------------|------------------------------------|
| | £000 | £000 | £000 |
| Source of Funds | | | |
| Base Budget | 178,507 | 15,097 | 193,603 |
| Inflation (Pay, Price, National Living Wage) | 8,108 | 149 | 8,257 |
| Demography | 2,015 | | 2,015 |
| ASC Improvement Plan | 1,366 | | 1,366 |
| Share of additional social care grant | 6,300 | 700 | 7,000 |
| Estimated additional Public Health Funding | 1,363 | | 1,363 |
| 2% Adult Social Care Precept (subject to consultation) | 3,259 | | 3,259 |
| Total Cash limit Funds | 200,918 | 15,946 | 216,863 |
| ASC Reserve: MLCO Corporate Costs | 1,000 | | 1,000 |
| MCCG: Better Care Fund - ASC Contribution | 1,696 | | 1,696 |
| MCCG: funding for New Care Models | 794 | | 794 |
| MCCG: Additional CHC Contribution | 489 | | 489 |
| Total Funds | 204,897 | 15,946 | 220,842 |
| Application of Funds | | | |
| Base Budget 2019/20 | 178,507 | 15,097 | 193,603 |
| Inflation (Pay, Price, National Living Wage) 2020/21 | 8,108 | 149 | 8,257 |
| Demography 2020/21 | 2,015 | | 2,015 |
| ASC Improvement Plan increase for 2020/21 | 1,366 | | 1,366 |
| System Resilience | 500 | | 500 |
| MLCO corporate costs contribution | 1,000 | | 1,000 |
| New Care Models : Reduction in savings | 1,925 | | 1,925 |
| New Care Models : Crisis, Reablement & D2A | 1,594 | | 1,594 |
| Extra Care Expansion | 1,163 | | 1,163 |
| Learning Disabilities | 5,034 | | 5,034 |
| Population Health | 2,004 | | 2,005 |
| Other Budget Requirements | 1,681 | 700 | 2,380 |
| Total Application | 204,897 | 15,946 | 220,842 |

4.6 The MHCC plan for ASC and PH, as part of the pooled budget proposed, includes the following:

- Inflationary increase of **£8.257m** relating to pay award, price inflation and national living wage assumptions;
- Estimated **£2.015m** for increased need during 2020/21;
- **£1.366m** Full year effect of the ASC improvement plan;
- New investment to sustain services at current levels, including:
 - ASC one third share of System Resilience capacity agreed in 2019/20 of **£0.5m**;
 - New Care Models:
 - Reablement schemes of **£0.8m**;
 - Crisis and Discharge to Assess **£0.794m**; and
 - Rephased New Care Model savings **£1.925m**.
- Continued non-recurrent funding will be made available in 2020/21 of up to **£1m** towards the overhead costs of MLCO from the remaining balance within Adult Social Care reserve.

- Neighbourhood apartments and expansion of the Extra Care programme to deliver an additional four schemes in 2020/21. This provides 20 neighbourhood apartments and 223 new Extra Care apartments, with a cost of **£1.163m**. This will be funded by £0.4m from 2019/20 additional BCF funding and £0.8m required as new investment.
- Learning disabilities of **£5.034m**, which relate to:
 - In house supported accommodation budget in relation to the workforce requirement to meet the needs of people being supported of £2.95m plus £0.5m, which is estimated to be continuing healthcare;
 - £0.7m for care for people which is externally commissioned due to a greater complexity of need;
 - £0.4m shared lives service; and
 - £0.55m for increased need for short breaks support for people and families.
- Population Health priorities of **£2.005m** for inflation and activity increases across the services provided, including sexual health services, drug and alcohol services, increased capacity for school nursing and children's weight management, contributions to adverse childhood experience programme and inflationary uplift;
- There are other budget proposals totalling **£1.830m** to provide a sustainable budget relating to the following areas of the ASC service within the pooled budget:
 - £0.3m mental health care package changes;
 - £0.4m homecare savings are at risk of delivery due to revised timescales to implement new homecare contracts;
 - £0.5m savings target shortfall on expected contract related efficiencies;
 - £0.2m strengths based support planning for ASC savings delay in implementation;
 - £0.1m community alarms income shortfall due to individuals who are unable to contribute;
 - £0.3m to provide an uplift for National Living Wage for external providers to reflect a move to £10.50 by 2024/25.
- Continuation in 2020/21 of programme management transformation capacity to support the MCLO of **£0.550m**

5.0 Draft MHCC Income and Expenditure Summary

- 5.1 A high level draft 2020/21 income and expenditure summary for the pooled budget is shown below in table four. This summary excludes the other ASC services not included within the pool (Asylum, Voluntary & Community Sector – adults and Safeguarding).

Table Four: MHCC Draft Income and Expenditure Summary

| | Health £000s | ASC £000s | Total £000s |
|---|-------------------------|----------------------|------------------------|
| Programme | 904,555 | | 904,555 |
| Delegated Primary Care | 98,655 | | 98,655 |
| Running Costs | 10,829 | | 10,829 |
| Pooled Budget | | 216,863 | 216,313 |
| Total Income | 1,014,039 | 216,314 | 1,230,353 |
| | | | |
| Expenditure | £000s | £000s | £000s |
| Acute | 485,609 | | 485,609 |
| Adult Social Care | 23,902 | 46,270 | 70,172 |
| Commissioning (homelessness commissioned services, extra care, sheltered housing and other commissioning) | | 11,307 | 11,307 |
| Localities inc social work | | 9,564 | 9,564 |
| Reablement | | 5,299 | 5,299 |
| Mental Health | 130,146 | 24,327 | 154,473 |
| Community | 77,926 | | 77,926 |
| Learning Disabilities | 6,716 | 60,611 | 67,327 |
| Continuing Health care | 37,206 | | 37,206 |
| Primary Care | 205,715 | | 205,715 |
| Other Programme | 25,001 | | 25,001 |
| Public Health | | 39,656 | 39,656 |
| Running Costs / Back Office | 10,829 | 3,753 | 14,582 |
| Reserves ** | 10,989 | 16,076 | 26,515 |
| Total Pooled Expenditure Budget | 1,014,039 | 216,863 | 1,230,353 |
| In Year Position | 0 | 0 | 0 |

** The reserves number includes business rules for Health (0.5% contingency, GM Strategic Levy and Payment by Results Risk Reserve. ASC reserves include demography, inflation and national living wage

6.0 Risks and Issues

- 6.1 The financial plan is draft and does not include allocations associated with the Long Term Plan guidance. It also applies a set of agreed planning assumptions to areas of expenditure i.e. Acute, which have been agreed with providers. These have been based on projected activity levels which need to be reviewed in light of the delivery of New Care Models, winter growth and in year pressures. It has been highlighted that these are planning assumptions and do not set a precedent for the contracting round, which will no doubt produce a different set of numbers than the ones referenced within this report.
- 6.2 Although work has been undertaken with partners to align income / expenditure assumptions, there is still a financial risk that plans may not be aligned. These will be agreed as the planning round progresses, with final agreements being reflected in subsequent financial updates.
- 6.3 The MHCC financial plan is balanced as it assumes that the precept funding of £3.2m is agreed, if this is not the case, then plans will need to be revised to reflect any reduced funding envelope.
- 6.4 The financial impact of GM led 5 Year Forward View and Long Term plan schemes needs to be understood and the impact on the financial position of MHCC assessed i.e. Children's and Young People service investments etc.
- 6.5 The development of the MLCO is seen as one of the major drivers for MHCC to achieve financial sustainability over the planning timeframe, with the longer term strategy to move funding into primary and community services and keep patients out of hospital based services.
- 6.6 Beyond 2020/21 the local authority still faces considerable risks, particularly with the funding formula and business rate reforms. Therefore, whilst the published budget will only be for one year the local authority will have a draft three year strategy, which will include all parts of the Council having to identify areas for potential savings.
- 6.7 NHS England requires all health systems to prepare five year plans, and a draft plan was submitted in November. Until further guidance is produced in December / January with regard to allocations, MHCC are unable to produce longer term plans.
- 6.8 In order to close the financial gap over the planning timeframe, there are a number of work programmes / financial sustainability programmes in development which include:
- Continue to build foundations of 'getting the basics' right through the ASC improvement plan and managing demand effectively;
 - Look to continue mobilisation, 'right size' and optimise care models;
 - Develop MLCO integrated commissioning programme – phase 2 services;

- Building strong relationships with primary care networks through working in neighbourhoods;
- A clear focus on prevention with a strong focus on population health and asset based approaches; and
- Ensure system resilience through a strong interface with acute services and enhanced community provision.

7.0 Conclusion

- 7.1 Although the MHCC plan is a balanced financial plan, it is a challenging plan.
- 7.2 Currently the plan is based on assumptions, with operational guidance for health and local authorities due to be published in December / January. The contracting round will take place from January to March, which although assumptions were agreed with providers for the 5 year planning submission, it has been confirmed that these assumptions do not set a precedent for final contract negotiations for 2020/21.
- 7.3 There are significant work programmes underway based on new care models, and savings programmes / financial sustainability programmes to ensure a robust financial plan for 2020/21 and beyond.
- 7.4 MLCO has significant operational challenges which need to be addressed during 2020/21 and the support of all partners will be critical to this.
- 7.5 The Manchester Agreement describes the approach the system will take to identifying, managing and delivering the performance, benefits and evaluation aspects of the transformational system change.

Appendix A: MHCC Plan on a Page



MHCC Plan on a Page: 2020-2025



Our Strategic Aims:

1. Improve the health & wellbeing of people in Manchester
2. Strengthen social determinants of health & promote healthy lifestyles
3. Ensure services are safe, equitable & of a high standard with less variation
4. Enable people & communities to be active partners in their health & wellbeing
5. Achieve a Sustainable system

| | | | | |
|---------------------------------|---|--|---|--|
| Our strategic priorities are... | Preventing & tackling health inequalities | <p>Reduce the gap in health and wellbeing outcomes for people across the city.</p> <p>Improve children’s outcomes in their first 1000 days of life.</p> <p>Support people with health problems to be in work.</p> <p>Enable people to be confident in managing their own health and care.</p> <p>Enable people in mid to later life to live longer in good health.</p> <p>Reduce the number of people dying from preventable causes.</p> | The programmes through which our priorities will be delivered in 2020/21 are... | Adult Social Care Improvement |
| | Transforming Community-based care | <p>Have better co-ordinated services for people in their neighbourhoods that are responsive to their needs.</p> <p>Support people to live independently with a strengths-based approach across health and social care.</p> <p>Have safe and effective community-based care that supports people with the right care, in the right place at the right time to have a better quality life.</p> <p>Enable people to have more choice and control in how they interact with health and care professionals through the use of new technologies.</p> <p>Have consistently high quality health and care services across the city.</p> | | Cancer Children’s Community-based care * Digital Access* Learning Disability & Autism * Long Term Conditions Mental Health Outpatients Primary Care Population Health |
| | Transforming Hospital-based care | <p>Have consistently high standards in hospital based care.</p> <p>Have shorter waiting times for outpatients, diagnostics and treatment.</p> <p>Have co-ordinated acute services that meet both the physical and mental health needs of people.</p> | | System Leadership (North Manchester regeneration)* |
| | Transforming the health and care system | <p>Have a redeveloped North Manchester General Hospital site, improving health services for the population it serves and regenerating the area.</p> <p>Improve outcomes for people through integrated Primary Care, Community Care and Mental Health services in neighbourhoods.</p> <p>Have developed and improved our services for children and young people to maximise their life chances.</p> <p>Have a financially sustainable health and care system, which targets resources on the basis of population need.</p> | | Urgent Care |

*our catalyst programmes for 2020-2021

MANCHESTER LOCALITY PLAN

“Our Healthier Manchester”

www.healthiermanchester.org

2019/20 REFRESH
[v2.1]



| | |
|---|---|
| <p>CONTEXT SETTING</p> <ul style="list-style-type: none"> • Strategic Summary • Vision for Population Health • Delivering the Locality Plan – System Overview | <p>Page 3 Page 4 Page 5</p> |
| <p>SYSTEM TRANSFORMATION</p> <ul style="list-style-type: none"> • Achievements • Campaign Summary | <p>Page 6 Page 7</p> |
| <p>MANCHESTER’S SYSTEM ARCHITECTURE</p> <ul style="list-style-type: none"> • Manchester Local Care Organisation (MLCO) • Manchester University NHS Foundation Trust (MFT) • Manchester Health & Care Commissioning (MHCC) | <p>Page 8 Page 9 Page 10</p> |
| <p>INTEGRATED NEIGHBOURHOOD WORKING</p> | <p>Pages 11-13</p> |
| <p>A FOCUS ON WORKFORCE</p> | <p>Page 14</p> |
| <p>RESPONDING TO THE NHS LONG TERM PLAN</p> <ul style="list-style-type: none"> • Planned Care and Urgent & Emergency Care • Mental Health and Children’s Services • Cancer • Financial Sustainability • Adult Social Care | <p>Page 15 Page 16 Page 17 Page 18 Page 19</p> |
| <p>REFERENCE DOCUMENTS</p> | <p>Page 20</p> |

The original Locality Plan: Our Healthier Manchester, produced in 2016, set out the ambition to improve health and care outcomes for the people of Manchester within a financially sustainable health and social care system. The initial focus led to a rationalisation of the Manchester system, through the creation of a single commissioning function (SCF), a single hospital service (SHS), and a local care organisation (LCO).

The updated Locality Plan (April 2018), set within the context of the city's Our Manchester strategy, shifted the emphasis away from structural change to a focus on Our People, Our Services and Our Outcomes.

This Locality Plan Refresh (November 2019) has been produced within the context of a maturing health and social care system, and in response to both the Greater Manchester Health and Social Care Partnership's (GMHSCP) Prospectus (March 2019) and the requirements of the NHS Long Term Plan. The GMHSCP Prospectus takes stock of the first three years of Taking Charge Together and sets out the future direction for the Partnership. It does so in the context of the development of key Greater Manchester strategies, including the Greater Manchester Unified Model of Public Services and the Local Industrial Strategy – underpinned by the Greater Manchester Independent Prosperity Review.

We recognise, however, that there is still much to do. Manchester continues to face significant challenges in respect of the health and wellbeing outcomes experienced by its residents. It was ranked as the 6th most deprived Local Authority in England in the 2019 Index of Multiple Deprivation¹, which takes into account factors such as income, housing, education and employment, all of which contribute to people's health and wellbeing. Our Healthier Manchester aims to improve health outcomes for the people of Manchester by delivering new models of care and working with people and communities in a more integrated and strengths-based way, reducing health inequalities, supporting people to stay well and enabling them to better manage health conditions. In time, this will reduce the demand for urgent and unplanned care; but our system is not yet experiencing the impact of these changes and the pressure on urgent care remains high. Furthermore, we are operating in the context of a growing and changing population in Manchester. The population is forecast to grow by approximately 16% over the next decade, which is the equivalent of 94,240 people. This presents opportunities for the city, but also some challenges in how we plan for the health and care needs of this expanding population.

In addition, our ability to deliver this place based, person-centred approach is being compromised by significant recruitment challenges related to national skills shortages for key roles such as nurses, therapists, GPs, social workers and hospital-based medical staff. This is a key priority for our Locality Workforce Transformation Group, ensuring that we can attract and retain health and social care staff to Manchester and enable them to move around our system easily so that we have people with the right skills in the right place at the right time.

We are making progress despite these challenges and this refreshed Locality Plan will showcase what has been achieved over the last three years. This includes restructuring the organisational landscape to provide a more cohesive platform for change and the implementation of new care models that are improving people's lives and their health and care outcomes.

This Plan reaffirms our ambition to create a population health system that puts health at the heart of every policy, across the full spectrum of public services, improving health and care outcomes for the people of Manchester, whilst ensuring financial sustainability.

¹ To allow comparison between the 317 English local authorities, the deprivation scores of each small area (LSOA) in a district are averaged and then the districts are ranked based on these averages. Manchester ranks as the 6th most deprived local authority on the index of multiple deprivation.



The Manchester Population Health Plan (2018 – 2027) reflects the Marmot principles, with a place based approach to tackling health inequalities. The five priorities in the plan cover the whole life course and address the social determinants of health:

- Improving outcomes in the first 1,000 days of a child's life
- Strengthening the positive impact of work on health
- Supporting people, households, and communities to be socially connected and make changes that matter to them
- Creating an age-friendly city that promotes good health and wellbeing for people in mid and later life
- Taking action on preventable early deaths.

Whilst our population health challenges remain considerable, we have demonstrated improvements in outcomes for health related behaviours, with smoking prevalence down from 22% to 17.8%, alcohol related hospital admissions falling steadily over the past five years and more residents physically active than ever before. These improvements will contribute to fewer deaths from the big killers such as heart disease and stroke, cancer and lung disease. What is also encouraging is the progress we are making on key wider determinants such as educational attainment, with significant improvements in GCSE and A level results in 2019 and the success of our anchor institutions in recruiting more local residents to entry level jobs.

Our population health system for Manchester will be redesigned in line with the Bringing Services Together for People in Places Programme, which is part of the delivery architecture for the city's Our Manchester strategy. The Local Care Organisation will coordinate delivery at the neighbourhood level.

Infant mortality rates, childhood obesity levels and premature deaths from preventable conditions remain stubbornly high in some of our neighbourhoods and a new approach is needed. We have shown how place based population health can succeed with our long term programme on Teenage Pregnancy (62% reduction in the under 18 conception rate over the past twenty years) and more recently our work on Adverse Childhood Experiences in Harpurhey, which will be rolled out to other areas in 2020.

Manchester has recognised the direct relationship between climate change and health outcomes, with carbon-based activities in Manchester contributing to poor air quality, which in turn exacerbates respiratory problems. Given the poor health of many Manchester residents, there is a real risk that failure to tackle climate change will widen health inequalities and limit the progress of prevention programmes in the city. Consequently, on 10th July 2019 Manchester City Council declared a climate emergency. In response, all public sector partners represented on the Manchester Health and Wellbeing Board have agreed to develop Sustainable Development Management Plans (SDMPs) and Climate Change Action Plans by March 2020. These plans will be informed by the latest thinking and analysis contained in Manchester's Zero Carbon Framework (2020-2038) and the Manchester Public Health Annual Report 2018 on Air Quality.

We know that benefits of the economic success of the city have not been felt equally by all residents. However, we are determined that variations in health and variations in income between different parts of Manchester and between Manchester and the rest of the country are reduced. This accords with the aims of our Family Poverty Strategy.

Finally, we want the people of the city to have more control of their health and wellbeing and build on their strengths. We want to maximise the opportunities for our public services, the voluntary sector, and communities to come together to transform our population health outcomes through the Our Manchester approach.

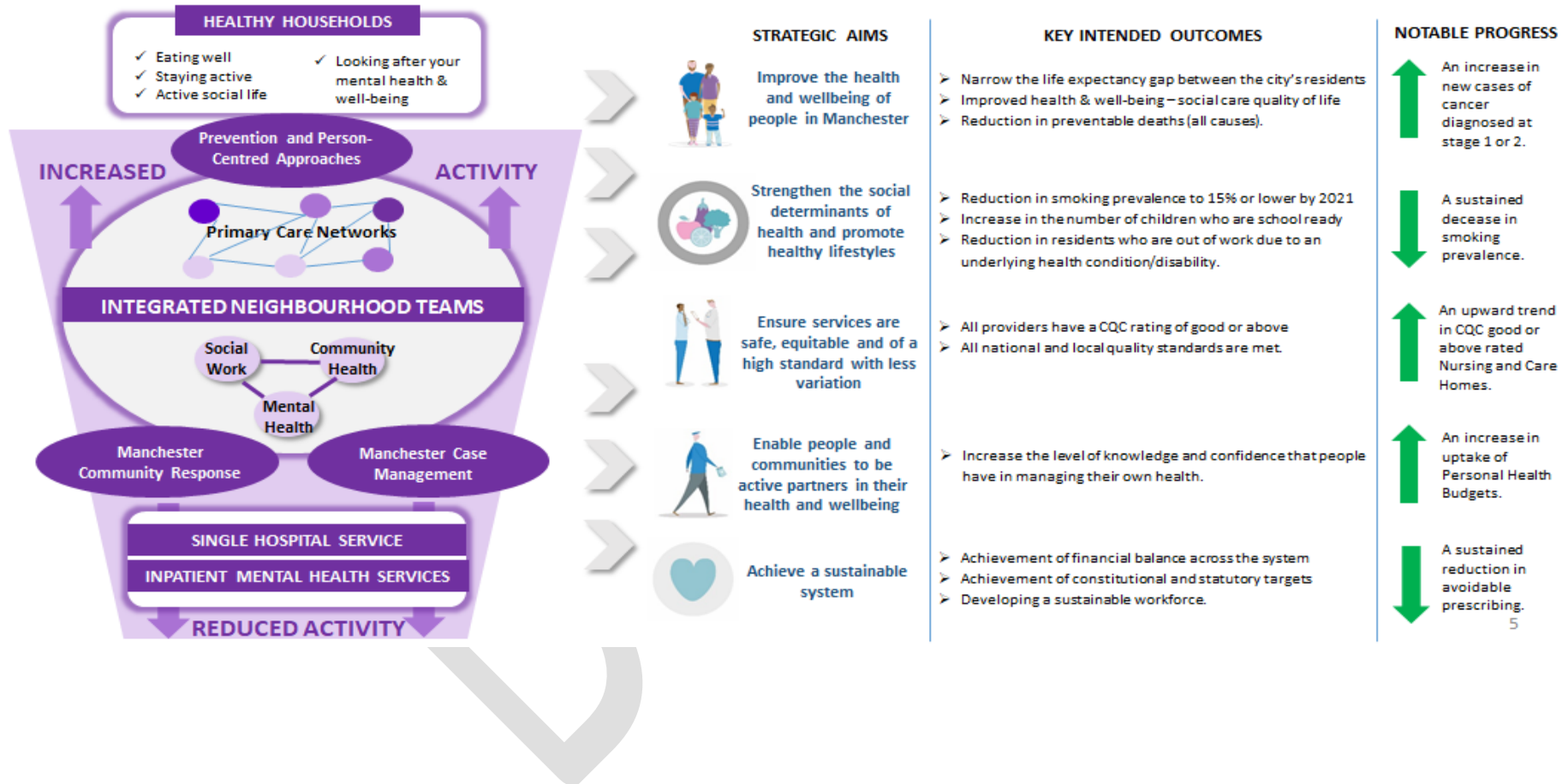
4



DELIVERING THE LOCALITY PLAN - SYSTEM OVERVIEW

OUR HEALTHIER MANCHESTER

Manchester has developed an integrated model of neighbourhood working that interfaces with a single hospital service, strategically led by a single commissioner. This new system architecture is contributing to the achievement of the five strategic aims of the Locality Plan. Manchester tracks progress on a larger set of indicators than those identified below in its Locality Plan Outcomes Framework.



SYSTEM TRANSFORMATION - ACHIEVEMENTS

OUR HEALTHIER MANCHESTER

The 2018 update to the Locality Plan identified three new priority themes (Our Services, Our People, Our Outcomes), with the intention of shifting the focus on from institutional change ('the three pillars') to encompass a wider ambition for systemic change. Three development phases were identified: Foundation (2017/18), Performing (2019/20) and Mature (2021/22) with a view to achieving the visions outlined in the three boxes below by 2026/27. This page identifies a selection of achievements to date against the three priority themes.

OUR SERVICES

10 year vision: Establishment of an integrated health and social care system

- ✓ **12 Integrated Neighbourhood Teams (INTs)** established, integrating the delivery of health and social care.
- ✓ **Manchester Community Response** (crisis response and discharge to assess) services mobilised to support system resilience and flow.
- ✓ **Manchester Case Management Service** (GP intensivist model) mobilised to better support community-based care.
- ✓ Alignment of the newly formed **Community Mental Health Teams** to the 12 neighbourhoods, and introduction of 24/7 Home Based Treatment options as an alternative to hospital.
- ✓ **Mental Health Liaison in Acute Hospitals** - Implemented Phase 1 of the GM Transformation Programme establishing Core 24 compliant Liaison Mental Health Service at MRI.
- ✓ **Primary Care leadership** across the MLCO service delivery mobilised and strategy emerging to align the Primary Care Networks (PCN) to neighbourhood and locality service delivery.
- ✓ **MLCO has developed a range of strategic partnerships** with key stakeholders including Housing, MCRActive and Health Innovation Manchester, and has signed an MOU with the VCSE.
- ✓ **Lithotripsy treatment** is now offered to patients **3 days per week** (up from 0.5 days) and patients are treated within **4 weeks**.
- ✓ **Orthopaedic Services** – Improving Neck of Femur services through a dedicated seven day hip fracture unit.
- ✓ **Cardiac Services** – a seven day pacemaker service has been introduced across the Trust meaning patients can be provided with an implant within 24 hours of admission.
- ✓ **Seven day working for Cardiac** physiologists at both Wythenshawe and MRI.
- ✓ **Gynaecology Waiting Times** – Patient waits for urgent gynaecology surgery have been reduced from 4 to 2.5 days.

OUR PEOPLE

10 year vision: Gap closed in preventable mortality between the most and least deprived areas of the city

- ✓ **Our Healthier Manchester** campaign saw 1,107 conversations take place with residents (*see next slide for more information*).
- ✓ A £1.5m investment agreed to improve and extend a **carers' advice & support service**, working in collaboration with the Manchester Carers' Network.
- ✓ **Population health driven service model** development and delivery in MLCO; neighbourhood building blocks mobilised.
- ✓ **MHCC is improving access to health and care for marginalised groups** through the development of locally commissioned services for asylum seekers and refugees in half of GP practices, alongside activity designed to improve the health of homeless people.
- ✓ **VCSE investments:** £2.1m grant fund to support the delivery of the Population Health Plan.
- ✓ **Community Engagement:** GMMH launched the Manchester Wellbeing Fund in 2017 investing £1.5m over three years to support community projects across the 12 neighbourhoods in Manchester. 194 projects supported, with a focus on creative arts, mental health awareness, social connectivity, peer support, horticulture and healthy eating, and physical activity.
- ✓ A **new Homecare specification** has been developed, focusing on wider community support and helping people to stay independent and living at home for longer.
- ✓ **Research and Innovation** – Over 19,000 patients took part in clinical research in 2018/19.
- ✓ **Employee Assistance Programme** introduced across all hospital sites and now available to over **20,000** staff.
- ✓ **Education** – Over **20,000** MFT staff and students now have extended access to books, online journals and study areas through cross site library and education services.

OUR OUTCOMES

10 year vision: Achievement of the health & social care system contribution the city's Our Manchester strategy.

- ✓ Manchester's **evaluation programme** has identified statistically significant reductions in A&E attendance, homecare use and residential and nursing care use in target cohorts following the introduction of new care models.
- ✓ MHCC has established a partnership with the Manchester Growth Company, resulting in **54 positions being offered** to people who had been classed as long-term unemployed.
- ✓ **Improving Access to Psychological Therapies (IAPT)** - referral rates increased by over 25% with significant improvement in the timeliness of access for clients entering services.
- ✓ **Provision of a dedicated Section 136 suite** - Opened a purpose built Section 136 suite which has since delivered 354 mental health assessments, diverting service users from A&E and saving 2090 hours of police time in the first twelve months of operation.
- ✓ **Reducing Out of Area Placements** for Adult Acute Patients – more people treated closer to home, over achieving the target of 33% reduction for 2018/19
- ✓ **Refurbished community sites** delivered to support integrated working at a neighbourhood level, with supporting IT and networks installed.
- ✓ Full business case developed with six partner organisations to build a new purpose built, **health and care hub in Gorton**.
- ✓ **The Manchester Digital Board** has been established to better coordinate investment into, and the delivery of technology enabled care.
- ✓ Contribution to **system financial sustainability** through mobilisation of transformation-funded new care models and cost improvement and savings plans; demonstrated by the over delivery on crisis response business case measures and metrics.

Overview

In late 2018, Manchester delivered a citywide campaign to promote the Locality Plan – 'Our Healthier Manchester'.

The aim of the campaign was to listen to people and understand what matters most to them in terms of their health and wellbeing.



We concentrated on:

- A child's first 1,000 days
- Helping people overcome ill health to return to work
- Improving wellbeing in local communities
- A more age-friendly city
- Preventable early deaths.

How we did it:

- Created an updatable communications toolkit
- Produced a range of films and case studies to highlight real examples of improvements
- Launched a public summary of the Locality Plan.

Our Healthier Manchester: Campaign Summary

Top comms results:

- Local, national and international media coverage for five of our case studies
- Local pick-up for all materials through our networks of health, GP and community channels
- The Local Government Communications Conference used our materials as an example of good practice.



Aimed at all audiences

Engagement

What we did:

- Held over 1,107 face-to-face conversations with residents
- Organised larger community engagement sessions and ran an online survey.



What people told us:

- Feedback showed that public awareness of the following things was low:
 - GP extended access
 - NHS screening programmes
 - Advice and support for carers
 - Advice and support on social care services
 - Accessing help for mental health and wellbeing
 - Which services to use at the right time
 - How to give feedback on health and care services.

How did we use this feedback?

We used it to:

- Develop a public information campaign
- Carry out a dedicated lung-screening campaign
- Engage with black and minority ethnic communities around NHS 111 and self-care
- Develop a dementia-awareness project with South Asian communities
- Inform the development of a mental health safe haven for Manchester
- Develop communications for extended access to healthcare services
- Inform the development of a shared care record and a digital strategy for primary care.





Manchester's Local Care Organisation (MLCO) delivers integrated community services to all residents of Manchester of all ages. The model ensures full population coverage through:

- **Risk stratification:** our model identifies those residents who are in the key priority cohorts and we are working as part of a system-wide group to develop a consistent approach to risk stratification.
- **Aligned data and intelligence:** partners across the city are working together to ensure we share our data and intelligence to support our service planning and delivery.
- **Neighbourhood Partnerships and plans:** enabled the development of 12 integrated health & social care neighbourhood plans documenting the consistent actions in all neighbourhoods and the key actions in each place to address specific inequalities, through the alignment of the data and intelligence across Manchester. In 2020/21 they will be aligned to council wards and Primary Care Network plans and support the understanding of our joined up approach in the place.
- **Locality (North, Central, South) Partnerships and Ops Boards:** support coordination of activity across neighbourhoods to ensure full population coverage and those communities that would identify wider than neighbourhoods.

The overarching MLCO priorities for 2019-2022 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.
- **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.
- **Increasing the scope of MLCO** as an integrated health and care organisation; delivering public service reform in the place.

OBJECTIVE
Creation of a single hospital service

Manchester University NHS Foundation Trust (MFT) INTEGRATION PROGRAMME

- Following the creation of Manchester University NHS Foundation Trust in October 2017, the new Trust embarked on a programme to develop a Clinical Services Strategy. This programme took approximately 15 months and commenced in April 2018. Over a series of around 40 workshops the process engaged over 700 clinicians from a number of different specialties. The Strategy was developed at two levels, firstly a Group or Trust level framework and secondly at specialty or combined specialty level.
- Working within the parameters of the agreed organisational vision, the intention is to generate alignment between three key areas of our activities – clinical service delivery, research and innovation and workforce development. The five pillars set out in the Trust level clinical service strategy (below) are intended to set the overall direction of travel for our services whilst recognising the importance of aligning with our research and workforce development aspirations



- The Strategy also identified four key areas of focus as the organisation moves forward;
 - Cancer surgical services
 - Cardiac services
 - Lung services
 - Genomics.
- Having developed this overarching framework a programme was initiated to develop individual clinical service strategies. This covered all aspects of the current service portfolio and was undertaken in a series of 'waves'. As a result a number of clinical strategies have been developed which are intended to set an overall direction of travel for a particular clinical area. MFT is actively working with local and regional commissioners on this next stage of the programme.

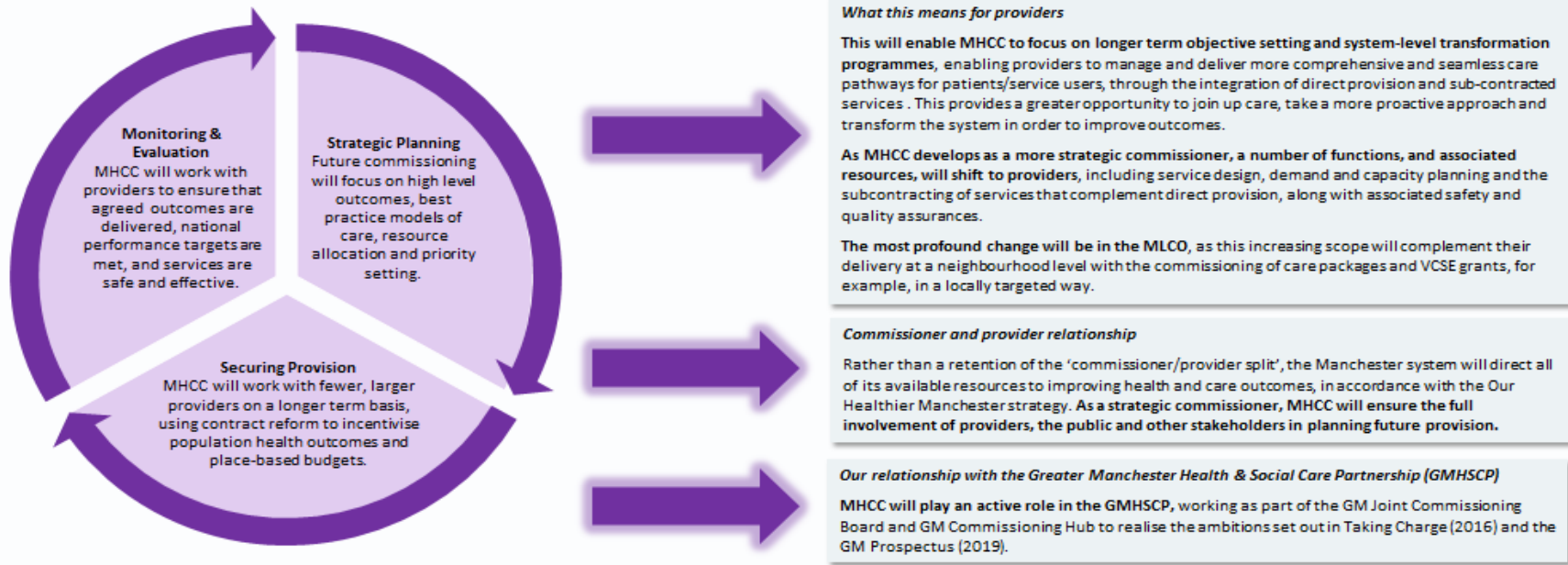
North Manchester General Hospital (NMGH) SITE DEVELOPMENT

- The Strategic Case for the acquisition of NMGH was submitted in March 2019. Due Diligence processes have identified that there is a very significant investment requirement, and negotiations continue between NHSE/I, MFT and Salford Royal Foundation Trust (SRFT).
- Over summer 2019, a variety of partner organisations in Manchester worked together to develop a more ambitious vision of what could be achieved if the NMGH site could be redeveloped. Proposals are set out in the NMGH Proposition document, *The Future of the North Manchester General Hospital site: a healthcare-led approach to civic regeneration*. This seeks to improve the provision of health and care services on the site and to develop a broader integrated care offer which brings together acute, mental health, primary, community services, and education and training facilities with wider public services and community activities.
- The proposition identifies the need to optimise the impact of NMGH as an anchor institution in its local community and aims to deliver a health-led infrastructure project on the site which will act as a catalyst for wider regeneration. The strategy will contribute to improvements in wider determinants of health and wellbeing, such as employment and housing, and create a focal point for the community which goes beyond health and care services. This work forms part of a broader public sector reform and regeneration agenda for the north of the city and will link with existing developments and those planned for the future such as the Northern Gateway.
- Delivering the NMGH strategy will rely on significant capital investment. Securing this is a priority. £72m funding for the rebuild of Park House (Mental Health services) has been announced and the delivery of the rebuild forms part of the whole-site strategy. The NMGH site more broadly has been included in the national Health Infrastructure Plan, with seed funding to be made available to work up more detailed plans for the site redevelopment. The site proposition includes a hospital rebuild and the development of a health and wellbeing centre and education and learning centre. Partners will work at pace to develop the detailed proposals which will be required to draw down the capital investment, alongside undertaking further work on the plans for regeneration, public sector reform and service transformation.

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Commissioning in Manchester – An Evolving Approach

Manchester Health & Care Commissioning (MHCC), a partnership between Manchester City Council and Manchester Clinical Commissioning Group, was formed as the single commissioner for health, public health and adult social care in April 2017. It is now moving into the second phase of its development, focusing on its role as a strategic commissioner, working with key system delivery partners: MLCO as an integrated provider of out of hospital care; MFT; federated models of primary care and more latterly Primary Care Networks; and Greater Manchester Mental Health FT (GMMH) as the mental health provider for the City.



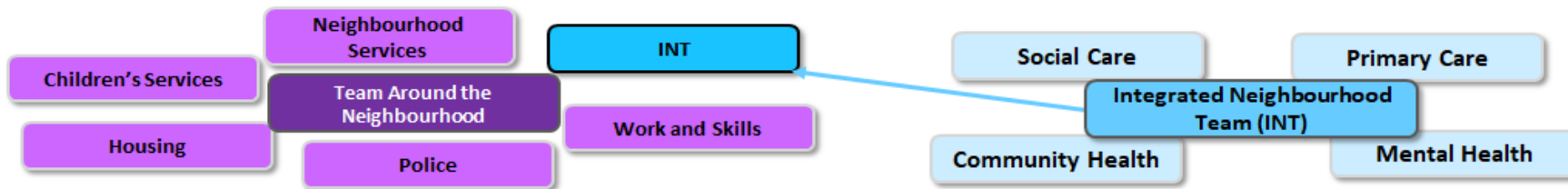
10

INTEGRATED NEIGHBOURHOOD WORKING

OUR HEALTHIER MANCHESTER

Bringing Services Together for People in Places is Manchester’s approach to developing a model of integrated neighbourhood working that meets the requirements of the GM Public Service Model. This model represents the next level of integration for the health and social care system, following the achievements outlined earlier in the plan in integrating community, hospital and commissioning organisations. Health and social care will connect with wider services and assets in neighbourhoods in order to deliver joint priorities, and help people with more complex needs.

Manchester has developed shared neighbourhood footprints, largely based on populations of between 50,000 and 60,000 (plus the City Centre which is 28,000)



Public services delivering together

- A 'Team Around the Neighbourhood' - consists of 6 'link lead' operational managers across Health and Social Care, GMP, Children's, Registered Housing Providers, Work and Skills and Neighbourhood Services. Connected to VCSE organisations in the neighbourhood.
- The INT Lead within the MLCO is the connection between health and social care and wider public sector agencies.
- Each 'Team Around the Neighbourhood' will work together on a shared set of joint priorities for the place.
- The ambition is to integrate teams working across neighbourhoods to remove system duplication and start to look and feel like one public service team.

Health and social care connects into wider neighbourhood services

- Integration of health and social care at the neighbourhood level in Manchester is through Integrated Neighbourhood Teams (INTs), comprised of health and social care staff (district nurses, therapists, reablement, social care and mental health staff), and connected to Primary Care Networks (PCNs).
- Each INT has a single leadership team with staff co-located in community hubs working to a shared delivery plan.
- INTs connect to the 'Team Around the Neighbourhood' via the INT Lead and develop joint priorities for the neighbourhood with other partners.

Individuals and families with complex health, care and wider needs will be supported by a multi-agency meeting that mobilises integrated frontline support from different services. These will build on existing multi-disciplinary teams (MDTs) for health and social care in each neighbourhood, and will connect to wider services.



INTEGRATED NEIGHBOURHOOD WORKING

OUR HEALTHIER MANCHESTER

Manchester's Neighbourhood approach will deliver the six key features of the GM Public Service Model, as set out below.

| | | | |
|---|--|--|--|
| 1 | | Geographic alignment | Thirteen neighbourhood footprints (including the City Centre) have been agreed between Health and Social Care (H&SC), Registered Housing Providers, Police and Children's Services. These are largely co-terminous. There is more work to do to align the frontline on these footprints. There is a clear plan of how these footprints connect to INTs and PCNs. Most neighbourhoods are towards or slightly larger than 50k population size given Manchester population. Each neighbourhood will include focused activity on small geographical areas within it, informed by relevant data. |
| 2 | | Leadership and accountability | The 'Team around the Neighbourhood' (TatN) will be the integrated leadership team for services in each neighbourhood. It will connect to other H&SC services, the MLCO Leadership Team, and H&SC locality governance through the INT Lead. The TatN will make decisions about joint priorities for each neighbourhood. At the city wide level, the Our Manchester Investment Board (OMIB) is the key forum of Chief Executives from different services to work together on public service reform for Manchester. Progress from the Neighbourhood will be fed directly in to the OMIB. |
| 3 | | One workforce | The TatN will lead on the development of 'one workforce' at the neighbourhood level. This will be enabled by a joint workforce development programme including strengths-based development and systems leadership. Each TatN will identify one or more practical projects to join up frontline teams on. Case navigation forums will integrate frontline delivery. Evaluation will measure the extent that the TatN look and feel like one team, including workforce and resident engagement. |
| 4 | | Shared financial resources | MHCC is the single commissioning function for H&SC in the city that has an agreed set of shared strategic aims. Pooled budget arrangements already exist for health and social care in Manchester between MCC and MHCC. Voluntary and community sector funding streams have also been combined between MCC and MHCC. An integrated H&SC neighbourhood budget is in development to support 2020/21 service planning. |
| 5 | | Programmes, projects and delivery | The common goal of public services in Manchester is to deliver the strategic aims for the city described in the Our Manchester Strategy 2016-25. These aim to improve lives for Manchester residents, improve outcomes, connect more people to economic growth, and reduce demand for services. The Our Manchester approach identifies how these will be delivered through new ways of working. Neighbourhood working will include some consistent elements across the city – in a single neighbourhood delivery model - and some flexibility to deliver priorities and work differently in each neighbourhood. Joint workstreams will be developed to improve shared knowledge of the strengths and issues in the place, including joined up resident engagement, population insight and risk stratification. |
| 6 | | Tackling barriers and devolution | OMIB is the overarching governance group for public service Chief Executives across Manchester, which is responsible for driving delivery of this approach. Barriers that can be tackled at the neighbourhood level are escalated to OMIB for action for the Chief Executives. Manchester is well represented on all key GM governance groups and provides significant input to GM work with Government on devolution. |

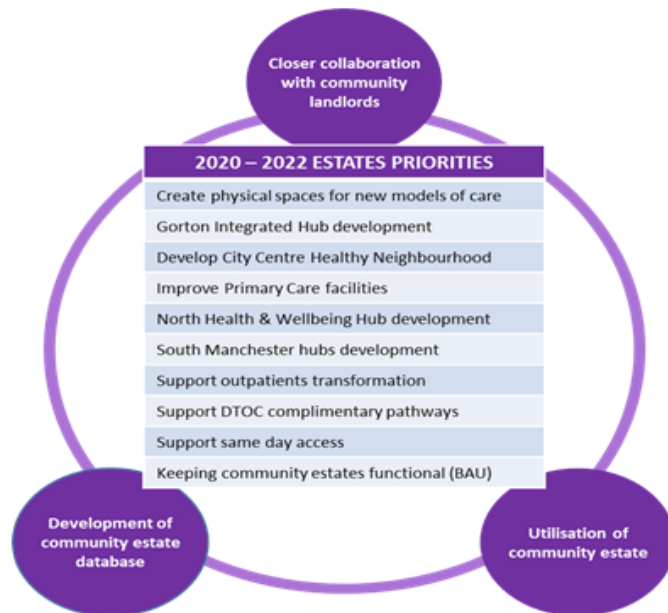


INTEGRATED NEIGHBOURHOOD WORKING

OUR HEALTHIER MANCHESTER

The Manchester Neighbourhood Model will seek to enable change through the optimisation of the public estate, and the use of digital technology, building on success to date. Estates and IM&T enabling programmes have worked together over three years to design 12 new hubs for INTs to co-locate in each neighbourhood. This has involved building refurbishment in most existing community sites, with supporting IT and networks installed. The challenge now is to integrate further across the health & care system, and beyond, to enable the delivery of the Locality Plan's five strategic aims.

The **Manchester Executive Strategic Estates Group** is working with partners across the city to deliver its priorities up to 2022, outlined below.



The **Manchester Digital Board** is developing a new digital strategy and delivery roadmap, working closely with Health Innovation Manchester (HiM) and GMHSCP. The Board will focus on five areas, all underpinned by effective information governance and data sharing agreements:

Digital Architecture (Networks, Security, Support)

The ways in which Manchester develops a more integrated system network architecture

Core Systems Implementation & Optimisation

How core organisational systems are developed with system objectives in mind.

Shared Care Records

Collaborative development of shared care records for both staff and citizens.

Care closer to home

Including self-care technology and patient consultation technology, supporting care closer to home.

Knowledge & Insight

The development of a knowledge system for Manchester that harnesses the wealth of data and evidence to drive better decision making.

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The **Manchester Locality Workforce Transformation Group (LWTG)** is a collaborative of system partners leading on the integration of workforce transformation activity to meet the five strategic aims of the Locality Plan. LWTG's aim is 'To make Health and Care in Manchester the best place to work'. An integrated system approach is being developed in five priority areas to address the following challenges:

- Health and social care increasingly operates in an emergent, uncertain and ambiguous context with a focus on place-based and person-centred care working across organisational boundaries.
- Changing needs, higher expectations and increasing demand for limited resources places pressure on traditional models of service delivery and ways of working.
- Delivering safe, high quality and compassionate care is compromised by gaps, vacancies and hard to fill roles across Manchester, and the lack of a common workforce operating model across the system.
- Recruiting, retaining and supporting health and social care staff to deliver their best at work.
- Skills shortages both local and national for key roles such as Nurses, Social Workers, Therapists, GP's and hospital based medical staff cause significant financial and service delivery challenges, with reliance on expensive agency workers.
- To make better use of technology and enhance digital skills.
- Developing leadership behaviours across the system to operate in matrix structures and systems.
- Changing attitudes to work by the different generations will need to be responded to by employers – e.g. greater demand work flexibly. Workforce demographics are changing e.g. people working until an older age, by 2030 millennials will make up 75% of the workforce.

FIVE PRIORITIES

Recruitment, Retention and Progression

2020

- Design and application of a bespoke attraction strategy
- Developing integrated apprenticeships/ maximising use of the apprenticeship levy.

2021-23

- System recruitment strategies that position Manchester's health and care partners as employers of choice for people from diverse backgrounds; and for future generations, who may have different expectations around what they want from their careers and places of work.

Workforce Operating Model

2020

- Options appraisal and implementation of potential employment framework to enable cross-organisational movement of staff within the Manchester locality.

2021-23

- Aligning policies and processes across the system
- Review potential alignment of staff benefits across the system.

Inclusion, Social Value and Wellbeing

2020

- Bring together workforce race equality strategies and plans into a locality approach to improve BAME representation across the system
- Our locality approach will be used to inform and support system leaders to be clear on our drive to address and remove unnecessary and harmful disparities in employment
- Develop a single clear brand or message on our commitments to address inequalities in employment and promote inclusion.

2021-23

- Health and wellbeing baseline assessment indicators in place across all partner organisations
- Mental Health awareness campaign across the system
- Shared information about health and well-being resources
- Enabling recruitment, training and support for disabled staff
- Commitment to work towards Disability Confident level 3.

Workforce Planning

2020

- Develop and expand the scope of the Virtual Workforce Intelligence System (VWIS) to enable Manchester to undertake strategic workforce planning at a system level.

2021-23

- Improved approach to workforce planning – aligned to population growth, new roles and skills mix, shortages, cross sector and integrated career pathways.

Workforce Development

2020

- Review approaches to talent management
- Integrated approaches to leadership and development where it supports the system
- Review opportunities to collaborate on education, training and development.

2021-23

- Further development of person centred and strengths based approaches
- Implementation of the Primary Care workforce strategy.

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RESPONDING TO THE NHS LONG TERM PLAN

OUR HEALTHIER MANCHESTER

Building a sustainable health and care system through the delivery of national and local policy drivers and requirements will be critical to successful implementation of the Locality Plan. Such drivers include the Local Industrial Strategy, the Greater Manchester Model of Public Service Reform, the Health and Social Care Prospectus, and the NHS Long Term Plan (LTP).

A readiness assessment has been completed against the NHS LTP to assess the preparedness of the city to deliver on the LTP, and to understand any areas which will require additional focus. This assessment will be used to support both planning and assurance across the system. Taking account of these policy drivers, Manchester will focus on seven key areas, explained in more detail over the next four pages.

PLANNED CARE

Delivering shorter waits for planned care and ensuring that patients are able to choose where and how they receive their care remains a priority. Through the **Joint Planned Care Board** involving providers and commissioners, reform will be targeted in the right areas by using Getting It Right First Time (GIRFT) and NHS Right Care. This will ensure any unwarranted variation is identified and addressed and will support the delivery of shorter waits for planned care. MHCC continues to work closely with its main provider to manage waiting times in line with national guidance. Speciality level delivery trajectories are in place to reduce waits and there are systems in place to ensure no patients wait over 52 weeks for treatment including review of all patients at 46 weeks. Oversight continues through weekly taskforce meetings between the MFT and MHCC.

The volume of planned care surgery required to deliver the elective standards will be considered annually as part of the NHS planning round and contract negotiations. MHCC will work with providers to undertake a capacity and demand exercise. As part of this, any new guidance (NICE, NHS LTP, choice at 26 weeks) will be considered, along with affordability and deliverability. The Elective Care Board will oversee the implementation of the **Elective Care Reform Programme**. This programme will focus on delivering reform through the use of new technologies with a view to reducing outpatient attendances. Priority areas have been agreed with stakeholders.

URGENT & EMERGENCY CARE

A comprehensive **System Wide Improvement Plan** is in place across Manchester and Trafford through which the delivery of urgent and emergency care priorities will be managed. The plan highlights key transformational workstreams and aligns to national priorities, regional priorities and operational priorities. This includes the overall requirements of the NHS LTP and will incorporate the outcomes of the **Clinical Standards Review**. The Clinical Standards Review is exploring whether an average (mean) time in A&E could be implemented safely, and will provide clinicians with a useful measure of activity and patient experience. The review is also collecting data to examine the feasibility of measuring how fast critically ill or injured patients arriving at A&E receive a package of tests and care (developed with clinical experts) for conditions such as stroke, major trauma, heart attacks and sepsis. Field testing of these standards are currently underway at a small number of hospital sites across England.

Improving performance against key system indicators such as A&E waiting times, Delayed Transfers of Care, and Length of Stay is central to the plans in Manchester. Examples of how improvement will be delivered include developing a single multidisciplinary Clinical Assessment Service (CAS) integrated with NHS 111, implementation of Urgent Treatment Centres (UTC) in each locality and embedding discharge standards to ensure every patient has a plan in place for discharge.

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MENTAL HEALTH

MHCC is committed to ensuring that everyone who needs mental health care has timely and equitable access to high quality, evidenced based provision, as close to home as possible, that has been developed in partnership with all of our providers and people with lived experience. This will be done by ensuring that our system plans for delivering the LTP and Mental Health Implementation Plan are clearly aligned to other work areas such as ageing well, maternity, primary care, personalisation and learning disabilities. Examples include:

- Commissioning **specialist perinatal community services** and supporting partners of women who are using these services.
- Securing **more access for children and young people (CYP) to NHS funded care** including school and/or college based mental health teams.
- Working with providers who deliver 0-25 services to **smooth the transition** from CYP to adult services.
- Securing **better outcomes for people accessing crisis services** by improving adults and CYP crisis pathways.
- Working with our local care organisation to fully align and embed **Improving Access the Psychological Therapies (IAPT) services** within neighbourhood level structures and support closer working with primary care services.
- Improving **primary care mental health support** available in the community, ensuring that people move between the different levels of mental health care with ease.
- Supporting the delivery and provision of mental health rehabilitation services within community settings to **enable people to recover whilst firmly rooted within their communities and lives.**

CHILDREN'S SERVICES

Our vision is for a **safe, healthy, happy and successful future** for all children and young people in the city; a city passionate about children and young people living in stable, safe and nurturing homes; safely reducing the number of looked after children; having the best start in the first years of life; and fulfilling their potential. This will be delivered working in partnership across the system to promote a strengths-based way of working, focused around the child and young person (CYP) and the outcomes that matter to them. Areas of focus will include:

- **Improving health outcomes of CYP with SEND** by ensuring that they receive an integrated response to their health, educational and social needs.
- Implementing M-Thrive to enable **access to emotional health and wellbeing support.**
- Preventing avoidable admissions to hospital through **building community capacity and confidence within local populations to manage minor illness.**
- Having a **robust, local offer in Manchester to those CYP who require longer term care outside of their family home**, which will include Special Guardianship Orders, Foster care, respite and residential offers.
- **Providing pathways of support across education, health and care** for Looked After Children up to the age of 25, both within and outside of the city ensuring they have the right care and support at the right time in the right way.
- **Successfully transitioning young people to adult services**, with full involvement from the young person in a gradual, planned way to ensure that young people have a better experience of moving between support settings, be they in health, care or education.
- Working with the GMHSCP to implement **Better Births.**
- **Taking a 'whole system approach' to reducing childhood obesity**, engaging with partners beyond the field of health and challenging the obesogenic environment in the city. Specifically in health we will be expanding the Infant Feeding Strategy to increase breastfeeding rates, and develop a neighbourhood 'social prescribing' model of Tier Two and Three weight management provision.

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CANCER

An overall Cancer strategy has been developed which covers how partners across Manchester will drive the improvement of cancer outcomes, and achieve the requirements of the NHS Long term Plan. Area of focus will be:

- **Improvement of the one-year survival rates** of people in Manchester through earlier diagnosis by working across primary networks, neighbourhoods, and with the VCSE to increase the uptake of the screening for national and local cancer screening.
- Consistently **achieving the cancer waiting time standards** through the implementation of **Faster Diagnosis Pathways** initially for Colorectal, Lung and Prostate, to be followed by OG, Head and Neck, Gynaecology and Hepatobiliary. This may include the development of one stop clinics, straight to test pathways, and multi-diagnostic/rapid diagnostic clinics.
- **Improving access to high-quality treatment services**, including through roll out of Radiotherapy Networks, strengthening of Children and Young People's Cancer Networks, and reform of Multi-Disciplinary Team meetings
- **Roll-out of personalised care interventions**, including stratified follow-up pathways, to improve quality of life.
- Working with GM to support **the roll out of Prehab 4 Cancer**, to improve people's fitness before cancer treatment and therefore improves recovery and reduce post-treatment complications. Initial focus will be on services for colorectal, upper gastrointestinal (GI), lung and hepato-pancreatic-biliary (HPB) patients.
- MFT is one of the seven **genomics hubs** across England. We will engage with the genomics hub to understand how genomics can be used for screening and personalising cancer treatment for second cancers, and how affected relatives can have regular surveillance to ensure early detection of any cancers.



FINANCIAL SUSTAINABILITY

Financial sustainability remains a key priority for Manchester’s health and care system and partners throughout the planning period 2019/20 to 2023/24, embodied in the strategic aim to ‘Achieve a sustainable system’ within both the Locality Plan and ‘Manchester Agreement’:

- **Transform the health and care system, moving our focus from hospital to the community.**
- **Reinvest the savings we make into better care.**
- **Balance our finances now and in future years.**
- **Develop our workforce so we have committed, healthy, skilled, people where and when they are needed.**

The Locality Plan sets the ambition to radically improve people’s health in the city. Manchester has already commenced an unprecedented set of complex, interdependent reforms to the way services are commissioned and provided, encompassing structural, contractual and service delivery transformation.

Large scale investment was secured to 2021 to support health and care transformation through the ‘GM Transformation Fund’, additional Government funding for Adult Social Care (ASC), and a range of other sources. The GM Investment Agreement included high-level information about what needs to be delivered in return for the investment from the GM Transformation Fund. The Manchester Agreement sits alongside the GM Investment Agreement to provide additional assurance about how investment and reform will reduce demand in the city, including how partners will collaborate to better understand how the investments being made in new models of care will reduce demand for acute health services, and, through decommissioning, release cashable savings for reinvestment.

The next planning period represents a crucial phase in embedding and realising the full benefits of the changes to date, whilst responding to emerging policies within the NHS Long Term Plan. This includes a priority to invest funding growth within primary, community and care services.

The forward five year health and care financial plan is currently being refreshed but it is anticipated that substantial financial challenges will need to be addressed across the health and care system. This will critically depend upon the continued strength of the city’s excellent partnerships and working relationships and in particular, the city’s executive financial leaders in the context of financial sustainability.

All partners will have a role to play in ensuring that recent transformational investment delivers improvements in health and care outcomes for Manchester’s people, as well as long term financial sustainability for Manchester’s health and care partners. This will be enabled via a system-wide focus upon achieving the best possible value from Manchester’s scarce resources, including, where appropriate, designing and delivering further system-wide efficiency programmes.

Within this context, partners are currently considering alternative future funding models and strategies - for example, affordability (rather than National Tariff based acute contracts); reliant upon a key principle of intra-organisational trust and transparency and ongoing reciprocal understanding of the partners’ dynamic organisational financial contexts.



Although not covered explicitly in the NHS Long Term Plan, improvements to adult social care services are necessary to both help stabilise an NHS under increasing demand pressures, and to expand and improve community based health and care services.

ADULT SOCIAL CARE

Manchester's Adult Social Care Improvement Programme is driving significant 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 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 programme will also transform how services are delivered at our 'Front Door' by supporting integrated responses, access to a wider range of system informatics and linking our people to innovation in care and support through a mainstreamed Technology Enabled Care offer. Our Homecare market has been re-procured and is being mobilised to integrate at place level with INTs and to better collaborate in care and support to enable better outcomes. Investment has been made in new and existing care models for example, the expansion of the Reablement Service to reach more people and to better support timely hospital discharge pressures alongside the development of a new Complex Reablement Service to support people who require a specialised, longer term approach to enablement. Plans around housing support options continue to mature with significant capacity (1000 units) of Extra Care coming on stream through 20/21 in addition to 70 new build properties for Learning Disabilities. 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.

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REFERENCE DOCUMENTS

OUR HEALTHIER MANCHESTER

| Document | Web location |
|---|--|
| Our Manchester: The Manchester Strategy | www.manchester.gov.uk/info/500313/the_manchester_strategy |
| Our Healthier Manchester | https://healthiermanchester.org/ |
| Greater Manchester Plan - Taking Charge of our Health and Social Care in Greater Manchester | www.gmhsc.org.uk/the-plan/ |
| Greater Manchester Transformation Agreement | www.greatermanchester-ca.gov.uk/homepage/59/devolution |
| Population Health Plan | www.manchester.gov.uk/downloads/download/6898/manchester_population_health_plan_2018-2027 |
| NHS Long Term Plan | www.longtermplan.nhs.uk/ |

Further information can also be found at:

| Organisation | Web location |
|--|--|
| Manchester Joint Strategic Needs Assessment (JSNA) | www.manchester.gov.uk/jsna |
| Greater Manchester Health and Social Care Partnership (GMHSCP) | www.gmhsc.org.uk/ |
| Greater Manchester Combined Authority (GMCA) – for key regional strategies: Greater Manchester Strategy; Local Industrial Strategy; Greater Manchester Independent Prosperity Review | www.greatermanchester-ca.gov.uk/ |
| Organisational Websites: MFT, MHCC, MLCO, MCC and GMMH | www.mft.nhs.uk www.mhcc.nhs.uk www.manchesterlco.org www.gmmh.nhs.uk www.manchester.gov.uk |
| The Health and Wellbeing Board (HWB) and Health Scrutiny Committee – past papers are publicly available | http://www.manchester.gov.uk/meetings |

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Appendix C: MLCO Financial Plan 2020/21

DRAFT

Appendix D: Health Growth Assumptions

| Board Heading | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-----------------------------------|---------|---------|---------|---------|
| Acute | 1.55% | 1.55% | 1.15% | 1.15% |
| MFT Acute | 2.65% | 2.65% | 2.25% | 2.25% |
| Pennine Acute | 2.65% | 2.65% | 2.25% | 2.25% |
| Acute Non NHS | 1.55% | 1.55% | 1.15% | 1.15% |
| NCA's | 1.55% | 1.55% | 1.15% | 1.15% |
| Mental Health | 6.01% | 4.20% | 3.90% | 4.34% |
| Learning Disabilities | 6.01% | 4.20% | 3.90% | 4.34% |
| Continuing Healthcare | 3.00% | 3.00% | 3.90% | 4.34% |
| Community NHS | 4.36% | 4.17% | 3.89% | 3.64% |
| Community Non NHS | 4.36% | 4.17% | 3.89% | 3.64% |
| Prescribing | 3.00% | 3.00% | 5.00% | 5.00% |
| Primary - local enhanced services | 1.00% | 1.00% | 2.00% | 2.00% |
| primary - out of hours | 1.00% | 1.00% | 2.00% | 2.00% |
| Primary - Other | 1.00% | 1.00% | 2.00% | 2.00% |
| Primary care medical services | | | | |
| Other Programme Spend | 0.70% | 0.70% | 0.70% | 0.70% |
| Propco | 0.70% | 0.70% | 0.70% | 0.70% |
| Overheads programme | 0.70% | 0.70% | 0.70% | 0.70% |
| Admin | -0.08% | -0.12% | -0.12% | -0.12% |
| Reserves | 0.00% | 0.00% | 0.00% | 0.00% |

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**Manchester City Council
Report for Information**

Report to: Neighbourhoods and Environment Scrutiny Committee - 5 February 2020
Executive – 12 February 2020

Subject: Homelessness Budget 2020/21

Report of: Executive Director for Adult Social Service and Director of Homelessness

Summary

This report is an update to the report provided to Neighbourhoods and Environment Scrutiny Committee on 8 January 2020 to reflect feedback from Scrutiny, the outcome of the provisional Local Government Finance Settlement and other government funding notifications. It sets out the Directorate's budget proposals and strategy for 2020/21. The report should be read in conjunction with the Council's Business Plan report.

For 2020/21 the City Council will publish a one-year budget plan only and this reflects the Government's Spending Round for local government which was also for 2020/21 only. The Spending Round 2019 announced in September 2019 included £54m of new funding to reduce homelessness and rough sleeping, taking it to a national funding level of £422m for 2020/21. The detailed funding announcements for homelessness and rough sleeping were released on 23 December 2019 and confirmed for 2020/21:

- Manchester City Council has the same funding as in 2019/20 for the core Flexible Housing Support Grant of £2.1m, the national total remains at £200m.
- The Homelessness Reduction Act Grant (HRA) was introduced as New Burdens funding to allow authorities to fulfil their duties under the Homelessness Reduction Act 2017, which required authorities to intervene at earlier stages to prevent homelessness in their areas. In 2020/21 £62.9m has been allocated, a £38m increase on the 2019/20 grant. Manchester's allocation is £461k for 2020/21, compared to £194k in 2019/20 (part of £0.509m awarded over three years 2017-2020). This is an increase of £267k.

The City Council also currently receives government funding for Prevention of £202k and additional Flexible Housing Support Grant of £0.803m in 2019/20. This is being used to prioritise prevention work, carry out homelessness activities in line with the principles of the Homelessness Reduction Act and reduce or eliminate the use of emergency Bed and Breakfast accommodation. Continuation of this funding has not yet been confirmed. The possible loss of funding of £1.005m, partly offset by increased homelessness reduction act grant of £267k means there is a risk of an overall funding reduction of £0.738m, compared to current assumptions. However, it is noted that the Spending Round 2019 referenced £422m resource funding to reduce homelessness and rough sleeping, and with the detailed allocations to date

totalling only £263m, additional announcements are considered likely. Until such funding is confirmed the potential reduction in funding from last year will remain as a possible risk.

As previously reported the budget proposals plan for additional investment of £2.352m to meet the estimated cost of rising need for temporary accommodation, making permanent the temporary grant funded workforce capacity that is having the greatest impact and providing sustainable funding for the Longford Centre. Whilst the budget makes provision for continued increase in the need for temporary accommodation, there are spending reductions of £1m estimated from piloting a new approach to effectively access housing benefit for temporary accommodation working with Registered Providers.

Recommendation

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

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 | 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 |
|---|--|

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2020/21 to be reported to the Executive for approval in February 2020.

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Background documents (available for public inspection):

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

Homelessness Business Planning 2019/20 - Neighbourhoods and Environment Committee 6th February 2019 and Executive 13th February 2019

Homelessness Budget 2019/20 - Neighbourhoods and Environment Committee 8th January 2020

1. Introduction

- 1.1 The purpose of this report is to provide the budget strategy for the Council's Homelessness Service and revenue budget proposals for 2020/21. The budget proposals for 2020/21 reflect the anticipated outcome of the Spending Round as set out in the Council's Business Plan as part of the overall financial strategy for the directorate.
- 1.2 The proposed budget reflects funding announcements for homelessness and rough sleeping which were released on 23 December of £2.1m for the Flexible Housing Support Grant and £461k for new burdens from the Homelessness Reduction Act.
- 1.3 Final budget proposals will be made to Executive in February 2020.

2. Background and Context

- 2.1 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
- 2.2 Since August 2019, the Directorate has adopted 4 key aims to focus on these will be embedded into service plans in the future and will form the core of the activities for the service in 2020/21. The 4 key aims adopted are:
- Reduce rough sleeping
 - Reduce the use of temporary accommodation
 - Reduce the cost of temporary accommodation
 - Increase prevention
- 2.3 The 2019/20 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. More recently, new case law will also make the prevention of homelessness and the rehousing of homeless households in receipt of benefits more difficult.

- 2.4 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 presenting as homeless. Work is ongoing with Private Rented Sector landlords to investigate the extent of arrears and to inform landlords of support they and their tenants can access to prevent loss of tenancy.

3. Budget Strategy

- 3.1 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 and the uncertainty of short term funding meeting the cost of temporary staffing capacity. Primarily, key services designed to deliver homelessness prevention and rapid rehousing, under-pinned 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 key teams at significant risk are the Section 21 team and the Private Rented Sector Team. where there are currently 33 staff employed in these teams, with funding ultimately due to end on 31 March 2020. The budget makes proposals for investment to provide permanent capacity where it will have the maximum benefit in improving outcomes for people and supporting service priorities.
- 3.3 The number of people and families in temporary accommodation has continued to rise during 2019/20 from 1,491 in March 2019 to 1,628 in December 2019. 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 (known as Bed and Breakfast) during December averaged 166 single people and 105 families per night, a total of 271. Presentations for April to December 2019 were 7,306, 25% higher than 2018/19.
- 3.4 Successful management of pressures and risks must be addressed in the context of increasing demand and footfall, with over 10,000 households likely to approach the service in 2019/20. The Council invested £0.8m in 2019/20 which is being used to put in place a Service Transformation Programme which puts prevention at the forefront of the service.
- 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. A key element is the development of a city-wide 'Prevention Compact'. This will be informed by two locality based prevention pilots in Moss Side and Clayton & Openshaw. Scoping work on existing community assets is being undertaken and additional recruitment is underway. Other 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 re-house 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 multi-agency/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.
- 3.7 A new team has also been implemented at the front door for Section 21 presentations (no fault evictions). The team provides support to prevent or delay the use of temporary accommodation and move people in a managed way. They have worked with 859 cases since mid January 2019, preventing 522 cases, 450 of which had an invalid Section 21 notice and a further 72 were prevented following contact with the landlord. This delay allows more time to work with the family or individual to avoid eviction. The plan is also to put social workers into this team. Where there is a need for temporary accommodation the aim is to move people directly from their current property into dispersed accommodation, avoiding the use of Bed and Breakfast.
- 3.8 The 2019/20 budget included £0.5m of investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. This ensures there is sufficient capacity to make certain that properties are up to standard, with 1,110 properties inspected between July and December. The Welfare Contact Officers will ensure oversight and service safeguarding is maintained of all households whilst unallocated to a specific Support Worker, in addition to this, the role will oversee escalation of property issues, chasing progress on repairs and supporting residents with move on.
- 3.9 Adult Social Care Winter pressures grant of £279k was allocated and approved as part of the 2019/20 budget setting process to support Homelessness. This is funding eight posts on a permanent basis to enable successful recruitment and retention of staff linking a Homelessness Support Worker to each of the three hospitals as well as Mental Health provision. In addition the funding has provided additional Private Rented Sector staffing to ensure that people are discharged from hospital with a permanent accommodation offer.

- 3.10 The spend on current dispersed temporary accommodation for 2019/20 is projected at £14.373m, of which it is estimated £9.860m can be claimed through housing benefit. The Council incurs a shortfall of c£88 per week for each unit of temporary accommodation because Local Authorities are not able to access funding from the Department of Work and Pensions for the full cost of accommodation and are limited to 2011 housing benefit rates. As the Council is unable to claim full housing benefit to cover the cost of temporary accommodation this will result in an estimated net cost to the Council of £4.513m. This cost is being met from Flexible Housing Support Grant of £2.1m with the balance being funded by the Council.
- 3.11 The Homelessness Business Plan for 2019/20 included proposals to procure the management of the dispersed temporary accommodation contract from a registered provider. Whilst action was taken to progress this, there wasn't a suitable bid to enable the whole contract to transfer. As such an approach is being piloted with individual Registered Providers to maximise eligible housing benefit which should reduce the subsidy loss for the Council. The specification for this includes enhanced quality and safety requirements and also a strengthened regime of penalties for non-compliance, to be enforced by the Inspections Team, in partnership with the Private Sector Housing team. This is expected to be in place towards the end of 2019/20 and will start to impact from 2020/21.

4. Revenue Strategy

- 4.1 The 2019/20 Homelessness budget is £13.933m net and £34.480m gross with 253 full time equivalent staff, this is summarised in the table below:

Table: 2019/20 Budget

| Service Area | 2019/20 Net Budget Original £'000 | 2019/20 Gross Budget Revised £'000 | 2019/20 Net Budget Revised £'000 | 2019/20 Budgeted Posts (FTE) |
|--|--|---|---|---|
| Singles Accommodation | 1,106 | 4,078 | 1,215 | 100 |
| B&B's Room Only | 3,242 | 4,042 | 3,242 | 11 |
| Families Specialist Accommodation | 248 | 746 | 274 | 15 |
| Dispersed Temporary Accommodation | 13,600 | 19,464 | 13,681 | 54 |
| Housing Benefit Income (Dispersed Accommodation) | (9,860) | 0 | (9,860) | 0 |
| Homelessness Management | 646 | 662 | 662 | 9 |
| Homelessness Assessment & Caseworkers | 1,804 | 2,083 | 2,083 | 42 |
| Homelessness PRS & Move On | 798 | 1,593 | 824 | 7 |
| Rough Sleepers Outreach | 387 | 401 | 401 | 9 |
| Tenancy Compliance | 194 | 201 | 201 | 6 |

| | | | | |
|-----------------------|---------------|---------------|---------------|------------|
| Commissioned Services | 1,210 | 1,210 | 1,210 | 0 |
| Total | 13,375 | 34,480 | 13,933 | 253 |

- 4.2 The increase from original net budget in 2019/20 to revised net budget in 2020/21 is due to the allocation of pay award held corporately and winter pressures funding approved as part of the 2019/20 budget setting process.
- 4.3 For 2020/21 it will be a one year budget plan to reflect the Government's Spending Round for local government. The September Spending Round announced £54m of new funding nationally to reduce homelessness and rough sleeping, taking it to a total funding of £422m in 2020/21. This would be a real-terms increase of 13% to tackle rough sleeping and homelessness, including improving the use of support services to address the significant needs of rough sleepers, many of whom have complex mental and physical health needs. Local allocations of existing and new government funding for Homelessness has not been confirmed for 2020/21.
- 4.4 The 2019/20 budget is supported by significant non-recurrent external funding streams. Funding announcements for homelessness and rough sleeping were released on 23 December, this confirmed for 2020/21:
- Manchester City Council has the same funding as in 2019/20 for the core Flexible Housing Support Grant of £2.1m, the national total remains at £200m.
 - The Homelessness Reduction Act Grant (HRA) was introduced as New Burdens funding to allow authorities to fulfil their duties under the Homelessness Reduction Act 2017, which required authorities to intervene at earlier stages to prevent homelessness in their areas. In 2020/21 £62.9m has been allocated, a £38m increase on the 2019/20 grant. Manchester's allocation is £461k for 2020/21, compared to £194k in 2019/20 (part of £0.509m awarded over three years 2017-2020).
 - Ministry of Housing, Communities and Local Government (MHCLG) Prevention and Flexible Homeless Support Grant of £1.005m to be utilised to prioritise prevention activity, carry out homelessness activities in line with the principles of the Homelessness Reduction Act and reduce or eliminate the use of emergency Bed and Breakfast accommodation, particularly for periods over 6 weeks. Continuation of this funding has not yet been confirmed.
 - Rough Sleeper Initiative (RSI) funding of £0.5m for 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. Continuation of this funding was confirmed 28 January.
 - MHCLG funding for Rapid Rehousing Pathway programme of £215k. Additional staff attached to the Council's Outreach Team will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation. Continuation of this funding was confirmed 28 January 2020.

- Private Rented Sector (PRS) Access Bid of £401k to increase the existing PRS offer to landlords including assistance for deposit and bonds. This funding is to be utilised over 18 months with the scheme starting in October 2019.
- 4.5 The possible loss of funding of £1.005m, partly offset by increased HRA grant of £267k means there is a risk of an overall funding reduction of £0.738m, compared to current assumptions. It is noted that the Spending Round 2019 referenced £422m resource funding to reduce homelessness and rough sleeping. The detailed allocations to date total £263m therefore additional announcements are considered likely. Until confirmed, however, the risk remains.
- 4.6 The scale of staffing funded through short-term funding streams represents a significant risk to the ability of the service to deliver priorities, improve outcomes for people and also meet statutory duties as described in paragraph 3.2 above. It is proposed that investment of c£1m is provided in 2020/21 to facilitate the permanent recruitment of staff in posts which support the prevention activity funded from a reduction in the spending on temporary accommodation in para 4.7 below. This will mitigate the impact of unconfirmed funding. This is predicated on continued success in securing central government funding from the Rough Sleeper Initiative of £0.5m in 2020/21 to continue the success in reducing the numbers of people sleeping rough on our streets.
- 4.7 Dispersed temporary accommodation placements have increased by 137 since March 2019 to 1,628 in December 2019. The number of homelessness presentations in Manchester continues to rise. Presentations for Quarter 2 were 2,525, the highest recorded in any quarter and 27% higher than at this stage in 2018/19. Funding for increased need of £0.979m has been applied to support the budget position based on estimated growth in demand since the start of the year. Whilst the City Council awaits the outcome of the allocation of the remainder of the Government grant funding referenced in paragraph 4.4 above, resources of up to £1.5m held within the Adult Social Care reserve will be set aside to underwrite the potential pressures in Homelessness.
- 4.8 An increase in income of £1m in 2020/21 relating to Housing Benefit for temporary accommodation which will be available from DWP based on a small scale transfer of existing properties being managed by Registered Providers (RPs) by end of March 2020 and increasing incrementally throughout 2020/21. Further discussions are being undertaken with housing providers, including an option to utilise the GM Ethical Lettings Agency (operated through GM Housing Providers). The option under consideration would target transfer of properties outside of the city boundaries, thereby further reducing the Council's reputational as well as financial risk. The approach with RPs has been agreed in principle and financial due diligence is being undertaken to achieve the first transfer of 100 properties by the end of March 2020.
- 4.9 Funding for pay awards and inflationary pressures are held corporately, to be allocated during the financial year.

- 4.10 Funding of £1.438m from Greater Manchester Combined Authority (GMCA) for 'A Bed Every Night' commitment for 2019/20 has been confirmed which will provide over 45,000 bed nights until March 2020. The ABEN programme in Manchester reflects Manchester specific standards for accommodation. Funding of £371k is committed by GMCA to extend provision to June 2020. In addition there is £373k in 2018/19 and 2019/20 from GMCA for the Longford Centre, a homelessness prevention centre which opened in March 2018. This is non-recurrent funding which is not available in 2020/21. The budget proposals include additional investment of £373k to meet the ongoing costs of the Longford Centre.
- 4.11 The proposed 2020/21 budget for the Homelessness services is a net budget of £15.285m as follows:

| Service Area | 2019/20 Revised Net Budget £'000 | Additional Income £'000 | Investment and other changes £'000 | 2020/21 Net Budget £'000 |
|--|----------------------------------|-------------------------|------------------------------------|--------------------------|
| Singles Accommodation | 1,215 | 0 | 373 | 1,588 |
| B&B's Room Only | 3,242 | 0 | 0 | 3,242 |
| Families Specialist Accommodation | 274 | 0 | 0 | 274 |
| Dispersed Temporary Accommodation | 13,681 | 0 | 979 | 14,660 |
| Housing Benefit Income (Dispersed Accommodation) | (9,860) | (1,000) | 0 | (10,860) |
| Homelessness Management | 662 | 0 | 0 | 662 |
| Homelessness Assessment & Caseworkers | 2,083 | 0 | 1,000 | 3,083 |
| Homelessness PRS & Move On | 824 | 0 | 0 | 824 |
| Rough Sleepers Outreach | 401 | 0 | 0 | 401 |
| Tenancy Compliance | 201 | 0 | 0 | 201 |
| Commissioned Services | 1,210 | 0 | 0 | 1,210 |
| Total | 13,933 | (1,000) | 2,352 | 15,285 |

5. Capital Strategy

- 5.1 A key investment to improve access to settled homes for people and families who are in temporary accommodation has been the buying of larger houses in order to accommodate those families who cannot be accommodated from existing social housing stock. To date 21 properties have been purchased with offers made on a further 16, with committed spend of £1.3m from the Council's approved capital allocation.

6. Impact on Workforce

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. This is currently being updated and the revised version will form part of the suite of budget reports. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year.
- 6.2 Key elements of improved and increased service delivery within Homelessness are currently reliant on time limited funding and therefore temporary posts. The proposals in this report have put in place funding to enable a permanent staffing structure to be implemented in April 2020, therefore avoiding the need for 33 time limited placements.
- 6.3 Working to move the service from a 'developing' to 'maturing' Our Manchester approach across all areas, managers will further build upon the development of Our Manchester behaviours across the workforce and strengths based ways of working. This will impact on all staff as they will be required to further develop their approach and behaviours to delivering services; supporting citizens to develop personal resilience and break the cycle of poverty and homelessness. This development of the Our Ways of Working approach will be supported through a programme of activity that includes building rapport, Our Manchester context, introduction to strengths, and the Our Manchester behaviours, practical tools and techniques for working in a strengths based way.

7. Impact on Residents, Communities and Customers

- 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 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. Conclusion

- 8.1 The budget strategy provides information on the financial position for the Homelessness Service. The proposed revenue budget for 2020/21 sets out the budget proposals as part of the preparation of the Council's budget.
- 8.2 Final budget proposals will be made to Scrutiny and Executive in February 2020.

9. Recommendations

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

Appendix 1

1. Revenue Financial Plan

Table showing an overall summary of financial position

| Subjective Heading | 2019-2020 Budget £'000 | 2021-2021 Indicative Budget £'000 |
|---|------------------------------|--|
| Expenditure: | | |
| Employees | 9,175 | 10,175 |
| Running Expenses | 25,305 | 26,284 |
| Capital Financing Costs | 0 | 0 |
| Contribution to reserves | 0 | 0 |
| Total Subjective Expenditure | 34,480 | 36,459 |
| Less: | | |
| Other Internal sales | 0 | 0 |
| Gross Expenditure | 34,480 | 36,459 |
| Income: | | |
| Government Grants | (616) | (616) |
| Contributions from Reserves | 0 | 0 |
| Other Grants Reimbursements and Contributions | (373) | 0 |
| Customer and Client Receipts | (19,558) | (20,558) |
| Other Income | 0 | 0 |
| Total Net Budget | 13,933 | 15,285 |

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**Manchester City Council
Report for Information**

Report to: Neighbourhoods and Environment Scrutiny Committee - 5 February 2020
Executive - 12 February 2020

Subject: Neighbourhoods Directorate Budget Report 2020/21

Report of: Strategic Director Neighbourhoods

Summary

This report provides a further updated Neighbourhoods medium term financial plan, and budget proposals for 2020/21. The report has been updated in order to reflect feedback from the January round of scrutiny meetings on the original draft proposals.

For this Committee it should be noted that Community Safety; Parks, Leisure, Youth and Events; and Libraries, Galleries and Culture are under the remit of the Communities and Equalities Scrutiny Committee and will be considered by that Committee. The report should be read in conjunction with 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.

Wards Affected: All

| Manchester Strategy Outcomes | Summary of the Contribution to the Strategy |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | Providing the leadership and focus for the sustainable growth and transformation of the City's neighbourhoods and highways |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Ensuring residents are connected to education and employment opportunities across the City. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Creating places where residents actively demonstrate the principles of Our Manchester through participation and take responsibility for themselves and their community whilst encouraging others to do the same, supported by strong and active community groups. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Creating places where people want to live with good quality housing of different tenures and effective use of the highways network; clean, |

| | |
|---|---|
| | green, safe, healthy and inclusive neighbourhoods; a good social, economic, cultural offer and environmental infrastructure. |
| A connected city: world class infrastructure and connectivity to drive growth | Ensuring residents, neighbourhoods, businesses and goods connect to local, national and international markets. Through working with partners both internally and externally maximise the impact of the provision of new and enhanced physical and digital infrastructure. |

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets.

The proposals set out in this report will be considered as part of the City Council preparation of the 2020/21 budget which will be submitted to the Executive on 12th February 2020.

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Background documents (available for public inspection):

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

Growth and Neighbourhoods Budget and Business Planning: 2018-2020 - Executive – 7 February 2018

Neighbourhoods Directorate Business Planning 2019/20 - Executive 13 February 2019

1. Introduction

- 1.1 This report sets out the proposed 2020/21 revenue and capital budget proposals for the Neighbourhood Directorate. As part of drafting the proposals a comprehensive review has been undertaken across all service areas in order to ensure that the existing budget is realistic and sufficient to ensure that the service area can deliver its objectives in supporting the Council Corporate plan priorities.
- 1.2 The report also includes those areas of service which are in the remit of Neighbourhood and Environmental Scrutiny Committee but not within the Neighbourhoods Directorate, namely Housing and Residential growth from within the Growth & Development Directorate and details of these areas is set out in section 8 of the report.
- 1.3 The current budget proposals are a one year budget plan to reflect the Government's Spending Round for local government, although this plan does form part of a longer term budget strategy that seeks to protect front line services. In order to provide this protection, the main areas of review for identification of efficiencies are through either growing the commercial opportunities to increase the levels of income, or improving internal processes to ensure functions are delivered more efficiently.

2. Background and Context

- 2.1 The Neighbourhood Directorate ("Directorate") has a pivotal role to play in delivering the Council priorities of working with Manchester's communities to create and maintain clean, safe and vibrant neighbourhoods that the citizens can be proud of. In addition to this, Highways service will ensure that there are good connections across the City through good quality roads and the ongoing traffic management.
- 2.2 The Directorate provides a key role in supporting the broader council priorities as set out in the Corporate Plan. Working collaboratively **with partners to enable people to be healthy, well and safe and reduce demand by integrating neighbourhood teams that are connected to other services and assets locally to deliver new models of care.** Within the city centre both the licensing and out of hours and anti-social behaviour teams are working very closely with the rough sleepers team on an outreach approach to **support better outcomes for those who may be homeless.**
- 2.3 Libraries, art galleries, leisure centres, parks, play areas, events and youth services all support our **children and young people, to be happy, healthy and successful; fulfilling their potential and contributing to their educational attainment.**
- 2.4 The Directorate is fully committed to **Zero Carbon Manchester** and to reducing carbon throughout all programmes of work and raise awareness of carbon usage and looking for 'greener' alternatives. Key initiatives include

driving forward the introduction of electric fueling infrastructure, plant and equipment for all Council services and ensure all fleet vehicles, including the waste fleet, meet the required emissions standards in preparation of the introduction of the Greater Manchester Clean Air Zone, delivering high quality green and blue infrastructure to reduce atmospheric CO2 concentration; developing highways improvements to ease congestion contributing to the GM Clean Air plan.

- 2.5 The Directorate strives to be **well managed, to balance our budgets and to provide additional savings and efficiencies** to support the overall Council budgets. Over recent years we have reviewed our approach to commissioning and contracts, looking for additional commercial opportunities **to increase income**. We are supporting our partners and the broader supply chain, delivering services on our behalf, to explore the added social value they can contribute to the city and ensuring **the growth of the city benefits our residents**. The Directorate also actively supports the Our Transformation programme and embeds the **Our Manchester behaviours** with our staff, partners and residents.

3. Measuring Impact

- 3.1 In order to facilitate and support the delivery of these priorities for the City and its residents, the Directorate will continue to address some key challenges. The quality of our highways, number of potholes and gully cleansing remains a priority for our residents and road resurfacing is now happening at a greater scale. We are currently on target to deliver year 3 of the 5 year highway investment programme. In the two and a half years of the investment programme, we have now treated over 1,200 roads and footways comprising over two million square metres. The highways service has gone through a service redesign in 2019/20 and in order to ensure ongoing delivery of the priorities additional staffing capacity has been agreed and the recruitment is currently underway. The years 4 and 5 carriageway and footway resurfacing investment programme are being developed and the sites have been identified and agreed. The additional capacity agreed as part of the service redesign will ensure that there is sufficient internal capacity and there are a number of frameworks available that are currently being re-tendered in order to ensure there is sufficient external capacity.
- 3.2 Waste and recycling is the largest budget area for the Directorate but we are pleased to have achieved our highest overall levels of recycling (40%) and lowest levels of residual waste over the last 10 years. However, as the City grows this is having an impact on the demand for these services which need to be managed. As part of the proposed 2020/21 budget there is an element of growth included to reflect the growth in the City. We are continuing to improve performance focusing on areas of lowest performance (i.e. recycling in properties with shared communal containers in high density terraced areas and apartments) whilst also working with developers and planning to ensure good recycling facilities are included in the initial design. The City aims to reduce incidents of litter and fly tipping: education, engagement and enforcement remains pivotal in our approach to working with residents and

communities. The partnership established with Keep Britain Tidy to deliver the 'Keep Manchester Tidy' commitment and a 'Litter Taskforce' made up of communities including young people, businesses and public bodies will continue to drive this activity with the Council continuing to take a robust approach to enforcement in order to underpin this approach.

- 3.3 As part of the 2019/20 budget there was growth of £0.5m approved in order to support activity around further tackling issues of flytipping and working with businesses across the City to improve business waste management practices. This activity is ongoing but the volume of flytipping reports reduced again in October 2019 and remains significantly down on the previous 12 months.
- 3.4 The Greater Manchester Combined Authority (GMCA) acts as the waste disposal authority and there is an agreed basis for the allocation of all the GMCA's costs for waste disposal. This is known as the levy allocation management agreement (LAMA) and this was agreed by all authorities in February 2017. The LAMA is used to allocate both the fixed and variable costs of waste collection and management. Following GMCA awarding the new waste contract to Suez in June 2019, it has been necessary to revise the LAMA to reflect the new agreed payment mechanism. A report was taken to December Executive to get City Council endorsement to the new proposed, and this will go to the February meeting of the GMCA for final sign off prior to being implemented from April 2020. There remain significant risks to the value of the levy for future years due to the potential contamination of recyclates streams, stability of recycling markets and potential waste strategy changes (Resources and Waste Strategy for England, 2018).
- 3.5 Adopting the new LAMA will have minimal impact on the waste disposal costs for Manchester City Council. However, it will bring more certainty to the levy due in a given financial year, with any adjustments for changes to tonnages being made in the following year. The overall financial implications to the levy are set out in section 7.
- 3.6 Working with our residents to enable them to do more for themselves, prevent problems and tackle complex issues together is a key priority for the Directorate. The Neighbourhood teams have been leading this work, with colleagues in Reform and Innovation, to develop a model: Bringing Services Together for People in Places. This model aims to bring together and better connect workforces from across Early Years, Early Help for children, young people and their families, Neighbourhood Teams, Neighbourhood Policing Teams, Housing Providers and the Local Care Organisation, in 13 neighbourhoods across the city. It aims to join up our resident engagement activity where we can better use our combined collective knowledge and insight and strengthen the role and capacity of our communities. Now the model has been established our priority is to manage the successful delivery, by putting people and places at the centre, to achieve better outcomes for Manchester residents. A review of the current capacity within our Neighbourhood teams will take place, utilising existing resources, to ensure alignment with the neighbourhood model and that sufficient capacity is provided to teams to support the work required for the future.

- 3.7 Visits to libraries (over 3.4m), galleries (c.624k), and sports and leisure centres (3.47m) over the period October 2018 to September 2019 are all performing above target. Work is continuing to widen participation to ensure that the users of our community services reflect the diverse communities of Manchester. Additionally, we recognise that our world class offer also contributes to the vibrancy of the City and our neighbourhoods. Measures have been put in place over the last 12 months to track progress on these important priorities and a report was provided to Communities and Equalities Scrutiny Committee in November 2019 setting out the progress made over the last year.
- 3.8 The Commercial Strategy for the Directorate continues to be developed with a focus on increasing income and making more effective use of existing assets. The primary objective has been to offset the costs of providing front line services, such as Parks, which provide essential services and contribute to the vibrancy of neighbourhoods. Work is also planned around developing the commercial strategy in line with the carbon reduction initiatives through the adoption of electric vehicles and associated infrastructure alongside the maximisation of opportunities, such as the Civic Quarter Heat Network, linked to carbon reduction measures.
- 3.9 There remain a number of challenges within Trading Services which incorporate Markets, Bereavement, Pest Control and School Catering. All of the services have reviewed the cost base and the opportunity to increase fees and charges to cover the annual increases in operating costs and contribute towards other core services. The School Catering Service has been repositioned as a social value proposition, prioritising nutritional standards. The service will continue to use the remaining reserves to minimise proposed meal price increases for 20/21. Pest Control and Bereavement Services have reviewed fees and charges to remove some subsidies and generate additional income. The Markets Service continues to deliver a budget surplus, however, the level of surplus that can be generated is in decline due to the current condition of New Smithfield wholesale market, the declining popularity of the Sunday car boot market and in terms of retail markets the continuing poor performance of Wythenshawe market.
- 3.10 The Community Safety Team in the Directorate has taken on the additional responsibility of the Channel Coordination Team for Greater Manchester. This function has been transferred to the Local Authority from Counter Terrorism Policing North West as a part of the national 'Dovetail' pilot and includes 6 posts to deliver the service across Greater Manchester. The team is funded by the Home Office and the funding is ongoing into 2020/21. A further one off £400k Home Office funding has also been received via Greater Manchester Combined Authority to deliver a violence reduction programme in 2019/20. The programme has been developed in conjunction with colleagues from Manchester Health and Care Commissioning and Children's services and is on track to deliver in line with the grant conditions.

3.11 The Directorate is on track to deliver the 2019/20 approved savings of £4.951m. As part of the budget preparation work all budgets have been reviewed in order to ensure that they are realistic. As part of this exercise pressures of £0.754m have been identified, and a combination of efficiencies and increased income generation of £2.324m have been identified to offset the pressures and also contribute £1.570m to support the overall Council budget position. The £2.324m will be achieved through a combination of furthering its work on maintaining and increasing income through making best use of our assets and trading services, in addition to finding efficiencies through contract management and looking to replace long term agency staff with permanent posts.

4. Revenue Strategy

4.1 The Neighbourhoods Directorate has a revised gross budget of £166m, and a revised net budget of £98m, with 1,442 full time equivalent employees. The net budget has increased by £2.6m, and this is mainly due to the following adjustments, £1.3m pay inflation to cover the costs of the current years pay award, non pay inflation £0.45m, £0.75m from the waste contingency and £100k other adjustments. The table below provides breakdown by service area, and also sets out both the original and revised budgets for each service area.

Table 1: 2019/20 Base budget

| Service Area | 2019/20 Original Gross Budget £'000 | 2019/20 Revised Gross Budget £'000 | 2019/20 Original Net Budget £'000 | 2019/20 Revised Net Budget £'000 | 2019/20 Budgeted Posts (FTE) £'000 |
|------------------------------------|--|---|--|---|---|
| Compliance and Community Safety | 15,467 | 15,800 | 10,475 | 10,763 | 290 |
| Highways | 28,224 | 28,717 | 15,825 | 16,006 | 208 |
| Libraries, Galleries and Culture | 12,097 | 12,767 | 8,999 | 9,260 | 270 |
| Management and Directorate Support | 964 | 1,118 | 964 | 1,118 | 19 |
| Neighbourhood Teams | 2,599 | 2,518 | 2,481 | 2,518 | 52 |
| Commercial and Operations | 81,076 | 82,233 | 49,119 | 50,900 | 527 |
| Other Neighbourhoods | 2,082 | 3,107 | 476 | 455 | 4 |
| Parks, Leisure, Youth and Events | 22,861 | 19,812 | 7,503 | 7,475 | 72 |
| Grand Total | 165,370 | 166,072 | 95,842 | 98,495 | 1,442 |

4.2 The revised 2019/20 cashlimit budget is £98.495m and this is net of the £4.951m savings that were approved as part of the 2019/20 budget process. The Directorate is on target to deliver the proposed savings and the directorate is currently forecasting an underspend of £1.586m in 2019/20. This

is primarily due to the overachievement of income of £1.257m in Highways and a net underspend on staffing of £329k across the Directorate.

- 4.3 As part of the 2019/20 budget process additional investment of £1.325m was approved, and work is progressing in ensuring that the investment priorities are achieved, a summary of the progress made during 2019/20 is set out below.
- The £0.5m to tackle and reduce fly tipping issues across the City has been used to provide a combination of target hardening at key hotspots and also increase the resources in order to work better with businesses around waste management.
 - £0.675m was approved in order to increase the staff resources within the directorate to provide additional food safety capacity and also increase resources within the Anti Social Behaviour team in order to address the increased number of anti social behaviour cases across the City. It is anticipated that the full benefits of this investment will be realised in 2020/21 once recruitment is fully complete and staff have undertaken all the necessary training.
 - £150k additional Youth funding to support the service following the transfer to Neighbourhood Services.
- 4.4 As part of the budget preparation work staff have been reviewing all budgets in order to ensure that they are realistic and that any pressures are identified. The key areas reviewed have included existing income targets, areas where either service reviews or demographic changes may have impacted upon the budgets.
- 4.5 As part of the 2019/20 budget process the advertising budgets were consolidated and transferred into Growth and Development Directorate as part of the investment estate. During 2019/20 the Director Commercial and Operations has taken on an increased level of work in terms of looking to manage both the existing contracts and the ongoing procurement exercise and it has been agreed that in order to ensure the Council advertising portfolio is managed effectively, and the maximum returns are achieved then the whole of the advertising portfolio will transfer to the Directorate from 2020/21.

5. Budget Pressures

- 5.1 As part of the budget preparation work and the review of all budgets **pressures of c£0.754m** have been identified that will need to be considered as part of the overall budget proposals, further detail on the pressures is set out in the paragraphs below.
- 5.2 **New Smithfield Market (NSM)** is the largest Wholesale Market in the North West and an important regional, sub-regional and local wholesale market. It is a key component of the secondary food supply chain. It currently employs c600 people and generates around £16.3m gross value added to the Manchester economy. A report has been commissioned around the potential redevelopment of the market which is expected to be brought forward for

consideration in 2020/21. This would ensure a modern, fit for purpose, facility that can further enhance the economic value of the site. The current wholesale market halls are in a state of disrepair which limits the income generating potential of the site and substantially increases the annual running costs. The forecast gross budget pressure is c£0.504m per annum, it is anticipated that c£87k of this can be mitigated through increased service charge income in 2020/21, this leaves a **net pressure of c£417k**.

- 5.3 The Sunday morning car boot sale has seen a steady decline in the annual customer footfall in recent years, and this has resulted in 240,000 less customers per year than five years ago. This decline which is reflective of wider societal changes has also seen a reduction in the number of traders, there are currently 160 to 180 market stall traders on any given operating day, although there are 546 trading spaces. The reduction in traders has been dropping consistently over recent years and this has left the market looking sparse in some areas which can result in further decline. Despite this decline the Sunday Car boot market continues to make an overall net surplus and in 2019/20 this is forecast to be c£190k, although this is **c£262k lower than the current approved** budget and it is proposed to mitigate this as part of the current budget proposals.
- 5.4 The overall performance of the retail markets is positive, with a budget contribution of £0.5m to the Neighbourhood Services net budget. However, this does include a subsidy of c£120k in relation to Wythenshawe market. An economic impact report has been completed in respect of the district retail markets which has identified a number of issues with Wythenshawe, particularly around the location of the current market. These considerations will be taken into account in any plans around the redevelopment of the Town Centre.
- 5.5 In addition to the pressures above there is a further £75k in relation to the increased costs of the additional canal barriers placed in the city centre to increase public safety and the ongoing costs of **managing and maintaining those barriers (£25k)**. During 2019/20 there has been an increased number of protests and marches within the City centre and there has been additional costs of managing the events including **traffic management and increased security (£50k)** it is proposed that both these budgets are made permanent from 2020/21 onwards.

6. Efficiency and Income Generation Proposals

- 6.1 As part of both the wider Council budget strategy of identifying efficiencies to support the Council budget, and looking to mitigate the identified budget pressures, all budgets have been reviewed in order that any efficiency savings or opportunities for increased income are identified and included for consideration by members. Overall the Neighbourhoods Directorate has identified **proposals amounting to £2.324m** and further details on these proposals are set out below, with table 2 providing an overall summary.

- 6.2 Compliance - **£105k through additional income** from a combination of proposals that include increasing the fixed penalty for littering and removing the early payment discounts from a range of fixed penalty notices for other environmental offences.
- 6.3 **Highways Services savings proposals total £1.610m**, and they are made up of: -
- The existing car parking joint venture (JV) which pays the City Council an annual rental for use of the car parks that are included within the JV arrangement. The total rental income received in 2019/20 was £3.8m and under the terms of the contract the annual rental receivable is subject to an annual uplift in line with RPI. Based on the latest estimates the forecast **RPI increase for 2020/21 will be c£300k.**
 - Highways service issue permits for a number of uses of the highway, this includes but not limited to the erection of scaffolding, placing of skips, temporary hoardings, it is proposed to increase the permit charges by c3.5% and this will realise **increased external income of c£35k.**
 - Capital programmes undertake the design and programme management function for the Highways capital programme and charge fees for the time that is spent on each programme. The fees are charged against the capital programme and it is proposed that as part of the annual review of the fees that increased fee income will increase by £75k 2020/21.
 - The Council lease arrangement for the Manchester arena car park expires in March 2020 and it is proposed to not renew the arrangement. The lease currently **costs a net c£1.2m per annum**, and this will be an efficiency saving to the Council in 2020/21.
- 6.4 **Libraries, Galleries and Culture - £97k** of planned savings this is made up of £40k savings from reducing the costs of putting on Gallery exhibitions. This will be achieved through exploring the establishment of a separate wholly owned company who will be able to claim galleries tax relief on the eligible costs. In addition, £57k increased income from printing, increased retail income through the shop, venue hire and donations.
- 6.5 **Parks, Leisure, Youth and Events - £50k increase** in income including £20k from increased pay and display revenue across the Sport and Leisure Estate and £30k additional income as a result of the commercial strategy at Heaton Park.
- 6.6 Grounds Maintenance are scheduled to review the existing machinery requirements and through better utilisation of machinery it is forecast that **£20k efficiency** can be achieved
- 6.7 **Specialist Markets - £86k** from the continuation of the revised operating model at Piccadilly Market which involved opening for an extra day per week for the first half of 2019/20 and then increasing this to an additional two days

for the remainder of the year continuing into 2020/21, an increase in pitch fees for 2020/21 and a negotiated reduction in storage costs for markets equipment.

- 6.8 **Trading Services/Business Units - £112k additional income** with £21k from Pest Control as a result of additional commercial fees and £91k from an overall increase in volume and fees for Bereavement Services.
- 6.9 Currently all staffing budgets are set based on the salary at the top of grade, with a 2.5% reduction then applied to allow for vacancies and staff turnover. However, underspend against budget may occur where natural turnover is higher than this percentage and/or staff have not yet reached the top of grade. As part of the work to realign budgets and set a realistic staffing budget to meet the likely costs of the approved structures, it is proposed that the approach to budgeting for posts is changed in a small number of discrete service areas. This will enable **£244k of resources to be realigned to offset pressures elsewhere within the service**; but it will not reduce the number of posts established for the service. The position will be retained under review throughout the year, and reviewed annually as part of the budget process.

7. Investment and Other Changes

- 7.1 Overall investment and other changes amounts to a budget reduction of £3.123m and these changes are shown in both table 3 below with further narrative provided on each of the adjustments in the following paragraphs.
- 7.2 As part of the 2019/20 approved budget, 3 year funding was approved for additional resources within the anti social behaviour team. 2020/21 will be year 2 of that investment and in order to reflect the full year budget requirements of the increased capacity an increase of £120k is included.
- 7.3 As part of the move to consolidate all advertising income under the Director of Commercial & Operations in order to maximise the commercial benefits to the Council, the existing approved income budget of £2.363m will be transferred from Growth and Development to the Neighbourhood Service budget. This will become effective from April 1st 2020.
- 7.4 The 2020/21 waste levy charge from GMCA is to reduce by £1.463m, this is a combination of lower costs of waste disposal following the move to the new arrangements and revised volumes as part of the LAMA arrangement.
- 7.5 A budget increase of £0.583m has been allowed for in respect of changes to the costs of waste collection and this is made up of £300k to allow for increased costs of collection arising from the growth in households across the City, and £283k to reflect the reduced income because of lower trade waste volumes.

8. Scrutiny Arrangements

- 8.1 Housing and Residential Growth is within the Growth and Development Directorate but for Scrutiny purposes it falls within the remit of the Neighbourhoods and Environment Scrutiny Committee. The following paragraphs detail the proposals.
- 8.2 **Housing & Residential Growth** -The service has a gross budget of £3.121m and a net budget of £1.524m, with 33 full time equivalent employees The service is responsible for supporting the development and implementation of the housing strategy across the City, in particular the overall supply including numbers, tenures, safe, secure and affordable housing and supported housing. The service also works with the Registered Housing providers to enable them to deliver the Council's housing and neighbourhood priorities.
- 8.3 A number of Council housing properties that are managed by Northwards on behalf of the Council have had solar panels installed. The initial investment in the panels was funded by a combination of Government grant and general fund capital resources. These installations provide benefits to the residents in terms of reduced energy bills, and an income stream to the Council in terms of the feed in tariff, providing an **additional £200k per annum income**. This saving is included in the Growth and Development Directorate proposals.

Table 2: Efficiency Proposals 2020/21

| Service Area | Description of Efficiency/Increased Income/Realignment | Amount £,000 | FTE Impact (Indicative) |
|----------------------------------|---|-----------------|-------------------------------|
| Compliance and Community Safety | Increase income generation through review of fees and charges across compliance | (105) | 0 |
| Highways | Apply the annual Inflationary increase for car parks Joint venture | (300) | 0 |
| Highways | Increase permit/license fees (skips, hoardings, scaffold etc) by 3.5% | (35) | 0 |
| Highways | Increase capital programme fees by revising fee model | (75) | 0 |
| Highways | Cease existing car park lease arrangement | (1,200) | 0 |
| Libraries, Galleries and Culture | Galleries exhibition tax relief | (40) | 0 |
| Libraries, Galleries and Culture | Increase income generation across libraries and galleries. | (57) | 0 |
| Parks, Leisure, Youth and Events | Increase pay and display car park income at Heaton Park | (20) | 0 |
| Parks, Leisure, Youth and | Increase income from Heaton Park | (30) | 0 |

| | | | |
|---------------------------|---|----------------|----------|
| Events | | | |
| Commercial and Operations | Grounds Maintenance - Rationalisation of machinery | (20) | 0 |
| Commercial and Operations | Revised operating model at Piccadilly Market | (86) | 0 |
| Commercial and Operations | Increase volume of external commercial income in pest control | (21) | 0 |
| Commercial and Operations | Increase volume and fees in Bereavement Services by 3.9% | (91) | 0 |
| Directorate Wide | Review of staffing budget below top of grade as appropriate | (244) | 0 |
| Total Efficiencies | | (2,324) | 0 |

Table 3: Proposed budget 2020/21

| Service Area | 2019/20 Revised Net Budget £'000 | Efficiency & Income Proposals £'000 | Budget Pressures £'000 | Investment and other changes £'000 | 2020/21 Net Budget £'000 |
|------------------------------------|----------------------------------|-------------------------------------|------------------------|------------------------------------|--------------------------|
| Compliance and Community Safety | 10,763 | (349) | | 120 | 10,534 |
| Highways | 16,006 | (1,610) | | 0 | 14,396 |
| Libraries, Galleries and Culture | 9,260 | (97) | | 0 | 9,163 |
| Management and Directorate Support | 1,118 | 0 | | 0 | 1,118 |
| Neighbourhood Teams | 2,518 | 0 | 25 | | 2,543 |
| Operations and Commissioning | 50,900 | (218) | 679 | (3,243) | 48,118 |
| Other Neighbourhoods | 455 | 0 | | 0 | 455 |
| Parks, Leisure, Youth and Events | 7,475 | (50) | 50 | | 7,475 |
| | | | | | |
| Grand Total | 98,495 | (2,324) | 754 | (3,123) | 93,802 |

9. Capital Strategy / Programme

9.1 The capital programme for the Directorate amounts to £188.8m, this includes the Highways Investment Programme, standalone Highways projects, and programmes for Environment, Leisure and Libraries. A summary of the current proposed capital budget is shown in the table below, and details of the individual projects will be found in the Capital Strategy and Budget report for Executive in February:

Table 4: Capital Programme 2019/20 Onwards

| | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Future Years £m | Total £m |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------------|---------------------|
| Highways | 55.4 | 58.8 | 24.6 | 0.0 | 0.0 | 138.8 |
| Environment | 2.6 | 5.0 | 0.0 | 0.0 | 0.0 | 7.6 |
| Leisure | 5.5 | 11.1 | 17.1 | 3.9 | 2.9 | 40.5 |
| Libraries | 0.5 | 0.6 | 0.8 | 0.0 | 0.0 | 1.9 |
| Total | 64.0 | 75.5 | 42.5 | 3.9 | 2.9 | 188.8 |

9.2 During the 2019/20 financial year to date, works on the Highways Investment programme have continued, with maintenance, drainage, resurfacing and gully works ongoing. A number of walking and cycling schemes are being brought forward, utilising external funding. Similarly, new proposals for works to the Aquatics Centre and the National Cycling Centre are currently being drafted.

9.3 The Capital Strategy and Budget represents a continuation of the existing approved capital budget. The report to Executive will provide information on the expected future investment requirements for the Council, for example in the leisure and library estate, and to support the drive to reducing the Council's carbon output.

10. Workforce

10.1 The framework for how the Council supports its workforce is set out in the People Strategy. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year.

10.2 Key workforce priorities for 2020/21 will include:

- The detailed staff survey (BHeard) results are due to be released in late January and once available, the Directorate will review the outcome in order to identify actions to be taken in order to help to build on the strong and positive relationship between staff and managers.
- The Directorate will continue to offer apprenticeship opportunities to internal staff and external applicants wherever suitable in order to facilitate skills development, succession planning and to maximise spend of the apprenticeship levy. Apprenticeships also provide greater accessibility to many local residents who may otherwise have barriers to accessing the employment market.

10.3 There are no further implications for the workforce arising from what is set out in this report.

11. Equalities

- 11.1 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.

12. Risk Management

- 12.1 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.

13. Legal

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

14. Conclusion

- 14.1 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.
- 14.2 The proposed revenue budget for 2020/21 is a one year budget which is aligned to both the Governments one year budget settlement and the Council one year budget proposals.
- 14.3 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 12th for approval.

Appendix 1 - Delivery Plans

1. Revenue Financial Plan

| Subjective Heading | 2019-2020 Budget £'000 | 2020-2021 Indicative Budget £'000 |
|---|-----------------------------------|--|
| Expenditure: | | |
| Employees | 50,497 | 50,635 |
| Running Expenses | 122,268 | 120,202 |
| Capital Financing Costs | 4,462 | 4,462 |
| Contribution to reserves | 3,946 | 3,946 |
| Total Subjective Expenditure | 181,173 | 179,245 |
| Less: | | |
| Other Internal sales | (14,903) | (15,041) |
| Gross Expenditure | 166,270 | 164,204 |
| Income: | | |
| Government Grants | (4,178) | (4,178) |
| Contributions from Reserves | (14,459) | (15,159) |
| Other Grants Reimbursements and contributions | (5,100) | (5,100) |
| Customer and Client Receipts | (44,035) | (45,962) |
| Other Income | (3) | (3) |
| Total Net Budget | 98,495 | 93,802 |

**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee - 6 February 2020
Executive – 12 February 2020

Subject: Growth and Development Budget Report 2020/21

Report of: Strategic Director, Growth and Development

Summary

This report provides a further updated Growth & Development medium term financial plan, and budget proposals for 2020/21. The report has been updated in order to reflect feedback from the January round of scrutiny meetings on the original draft proposals.

The report should be read in conjunction with 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.

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 leadership to support, promote and drive the role and continuing growth of the City centre as a major regional, national and international economic driver; as the main focus for employment growth through a strengthening and diversification of its economic base and through the efficient use of land. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Supporting the delivery of a Schools Capital Programme which will provide new and expanded high quality primary and secondary school facilities for a growing population through the identification of suitable sites which can support our wider transformation proposals for neighbourhoods in the City. Work and Skills are supporting the Manchester College to develop a City Centre campus to deliver higher level skills required by the City's growth sectors. Manchester Adult Education are raising skill |

| | |
|--|--|
| | levels of Manchester residents and ensuring they are connected to education and employment opportunities across the City. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Creating places where residents and partners actively demonstrate the principles of Our Manchester. Providing opportunities for our residents furthest from the labour market to access work, skills & progression opportunities. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Actively manage the impact of a growing population and economy to minimise the City's carbon emissions through planning and working with partners across the City to move towards becoming a zero carbon City by 2038. |
| A connected city: world class infrastructure and connectivity to drive growth | Contribution to population and economic growth by providing an expanded, diverse, high quality housing offer that is attractive, affordable and helps retain residents in the City, ensuring that the growth is in sustainable locations supported by local services, an attractive neighbourhood and the provision of new and enhanced physical and digital infrastructure. |

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets.

The proposals set out in this report will be considered as part of the City Council preparation of the 2020/21 budget which will be submitted to the Executive on 12th February 2020.

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Background documents (available for public inspection):

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

Strategic Development Budget and Business Planning: 2018-2020 - Executive – 7 February 2018

Strategic Development Business Planning 2019/20 - Executive 13 February 2019

1 Introduction

- 1.1 This report provides the proposed 2020/21 revenue and capital budget proposals for the Growth and Development Directorate. The majority of the Growth & Development budget will be considered by this Committee, but members should be aware that the Operational Property, Facilities management service and investment estate budgets are to be considered by Resources & Governance Committee.
- 1.2 This report also includes those areas of service which are within the remit of Economy Scrutiny Committee but not within the Growth and Development Directorate, namely business units from Neighbourhood Service and details of this area is set out in section 4 of this report.
- 1.3 As part of preparing the proposals a comprehensive review has been undertaken 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 in supporting the City Council Corporate plan priorities. Where pressures have been identified, work has been undertaken to identify mitigation from within existing budgets and details are included within the report.
- 1.4 The Growth and Development Directorate budget strategy is a continuation of the preceding three-year budget strategy, whereby officers will continue to seek to manage budget pressures whilst ensuring all income generation is maximised to support the wider Council budgets.
- 1.5 The current budget proposals are a one-year budget plan to reflect the Government's Spending Round for local government, although this plan does form part of a longer term budget strategy that seeks to protect front line services. In order to provide this protection, the main areas of review for identification of efficiencies are through either growing the commercial opportunities to increase the levels of income, or improving internal processes to ensure functions are delivered more efficiently.

2 Background and Context

- 2.1 The Growth and Development Directorate ("Directorate") has a pivotal role in driving the **sustainable economic growth of the city** by securing new commercial development, attracting inward investment and generating employment growth across the city. 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 safe, secure and affordable housing for Manchester residents to have a good choice of safe and secure homes: We will accelerate and sustain the delivery of more housing, including enough which is affordable for our residents on low and average incomes** and will intervene, where necessary, to speed up the delivery of housing across the city, including developing homes ourselves.
- 2.4 The Directorate recognises that we have a responsibility to support some of our most vulnerable residents, those at risk of, or **experiencing homelessness, and we are dedicated to enabling better housing options and better outcomes.** The recent review of the Housing Allocations Scheme was undertaken to ensure that the correct level of rehousing priority is given to vulnerable people.
- 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 As the Directorate with the key role for creating places where people will live or work our developments must consider the impact on **highways, public transport and digital connectivity.** Through working with partners both internally and externally we will seek to maximise the impact of the provision of new and enhanced physical and digital infrastructure such as good local, regional, national and international transport connections, bus reform, Metrolink expansion, and new walking and cycling infrastructure, within the framework of the refreshed City Centre Transport Strategy and emerging Clean Air Strategy.
- 2.7 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.

- 2.8 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.
- 2.9 The Directorate also actively supports the Our Transformation programme through the ongoing review and rationalisation of our operational estate from which the council delivers its services. We constantly review our operational estate to ensure the Directorates have the right building assets to deliver quality services and the Corporate Plan. We also actively encourage our teams to work differently, and in an agile and flexible way as part of demonstrating our commitment to Our Ways of Working.
- 2.10 The **Our Manchester behaviours** are at the heart of how we work. As a Directorate we are committed to put people at the centre of everything we do, recognising that people are more important than processes, procedures or organisational boundaries. We are committed to listening, then learning, then responding to the needs of our residents and creating the capacity, interest, enthusiasm and expertise for individuals and communities to do things for themselves. We are committed to working together more, by building long term relationships and having honest conversations which provides both those who need services and those who provide them with a say in the delivery of services and a role in delivering the services.

3 Revenue Strategy

- 3.1 The Directorate has a revised gross budget of £58.1m, and a revised net budget of £5.816m with 654 full time equivalent employees. The table below provides a breakdown by service area:

Table 1: 2019/20 Base budget

| Service Area | 2019/20 Gross Budget (Original) £'000 | 2019/20 Net Budget (Original) £'000 | 2019/20 Gross Budget (Revised) £'000 | 2019/20 Net Budget (Revised) £'000 | 2019/20 Budgeted Posts (FTE) |
|-----------------------------------|--|--|---|---|---|
| Operational Property | 12,081 | 7,076 | 12,460 | 7,209 | 34 |
| Facilities Management | 13,554 | 9,025 | 13,311 | 9,100 | 176 |
| Investment Estate | 7,551 | (13,990) | 7,631 | (13,830) | 28 |
| Growth & Development | 1,763 | 324 | 982 | 161 | 3 |
| City Centre Regeneration | 1,213 | 425 | 790 | 510 | 10 |
| Housing and Residential Growth | 3,474 | 1,577 | 3,421 | 1,524 | 33 |

| | | | | | |
|--|---------------|--------------|---------------|--------------|------------|
| Planning, Building Control and Licensing | 8,189 | (620) | 7,282 | (605) | 132 |
| Work and Skills and MAES | 14,918 | 1,723 | 12,305 | 1,747 | 235 |
| Grand Total | 62,743 | 5,540 | 58,182 | 5,816 | 651 |

- 3.2 The 2019/20 cash limit budget is £5.816m. This is net of the £1.020m increased income approved as part of the 2019/20 budget process. The Directorate is on target to deliver the increased income and the Directorate is forecasting a breakeven position in 2019/20.
- 3.3 The subjective breakdown of the Directorate budget is provided at Appendix 1, this includes c£10.5m of Government Grants and these are the Government Grants that fund Manchester Adult Education Service.
- 3.4 Following a review of all Growth and Development budgets, efficiency proposals (including additional income) of £1.695m have been identified over the next three years, of which c£0.990m is proposed for 2020/21. Against this, there are known pressures of c£455k for 2020/21 of which £300k is proposed to be mitigated from within the identified efficiencies, and £155k is to come from Corporate resources. This leaves a net £0.690m contribution towards supporting wider Council priorities. Further details on both the identified pressures and proposed 2020/21 efficiencies/additional income are set out in the paragraphs which follow.

Budget Pressures

- 3.5 Following a procurement exercise a new contractor (Engie) was appointed to undertake the repairs and maintenance contract for the Council's Corporate Estate. As part of the initial mobilisation arrangements there have been some additional transitional costs of c£300k, although the contractor is continuing to look for ways of reducing this cost it is expected that these costs will continue during 2020/21. It is proposed that the additional costs will be funded from within the existing facilities management budgets, and virements will be undertaken to ensure budgets are correctly aligned.
- 3.6 Lloyd St toilets are the City Council only owned public toilets within the City centre and in order to ensure there is 24/7 facilities available within the city centre and to support the homeless agenda it has been agreed that Lloyd St toilets will be opened. In order to facilitate the longer opening hours it was recognised that additional security would be required and the forecast cost of this is £155k per annum. The part year costs in 2019/20 have been met from within existing budgets, but as part of the budget proposals additional investment of £155k from Corporate resources is proposed to be used to fund the ongoing costs in future years.

Efficiency/Income Growth Proposals

- 3.7 Manchester Airport Group (MAG) approached the Council in 2018 with a proposal to re-gear part of the main Airport leases in respect of their non-core investment assets and any increase in lease income is shared with the Greater Manchester districts. In order to facilitate this, it is proposed that the Council grant a lease of these assets for a term of 275 years that will be on standard commercial terms capable of attracting investment to the assets. The grant of this lease has a significant value and the ground rent has been assessed at £0.603m per annum and agreed between the parties. **The additional income due to the Council will be £340k per annum.**
- 3.8 The Council has been in commercial negotiation around leasing a currently vacant Council asset to new occupiers, it is expected that the annual lease income for these premises will be around **£300k per annum**, but because it is anticipated that new occupier will only take up the space around September 2020 there is currently **only £150k assumed in 2020/21** with a further £150k to be realised in 2021/22.
- 3.9 A number of Council housing properties that are managed by Northwards on behalf of the Council have had solar panels installed. The initial investment in the panels was funded by a combination of Government grant and general fund capital resources. These installations provide benefits to the residents through reduced energy bills, and an income stream to the Council in terms of the feed in tariff, providing an **additional £200k per annum income**.
- 3.10 As referenced at 3.4 above in order to meet the additional £300k costs of the transitional facilities management staffing costs, budgets of £300k will be identified from within existing facilities management budgets.
- 3.11 As part of the move to consolidate all advertising in order to maximise the commercial benefits to the Council it is proposed to transfer the service from within the Investment estate to the Neighbourhood Service under the Director of Commercial & Operations. The existing approved income budget of £2.363m will be transferred from Growth and Development to the Neighbourhood Service budget and this will become effective from April 1st 2020.

Table 2: Proposed budget 2020/21

| Service Area | 2019/20 Revised Net Budget £'000 | Savings / Income Options £'000 | Investment and other changes £'000 | 2020/21 Net Budget £'000 |
|-----------------------|---|---------------------------------------|---|---------------------------------|
| Operational Property | 7,209 | | | 7,209 |
| Facilities Management | 9,100 | | 155 | 9,255 |

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Investment Estate | (13,830) | (490) | 2,363 | (11,957) |
| Growth and Development | 161 | | | 161 |
| City Centre Regeneration | 510 | | | 510 |
| Housing and Residential Growth | 1,524 | (200) | | 1,324 |
| Planning, Building Control and Licensing | (605) | | | (605) |
| Work and Skills and Manchester Adult Education Service (MAES) | 1,747 | | | 1,747 |
| Grand Total | 5,816 | (690) | 2,518 | 7,644 |

4 Scrutiny Arrangements

- 4.1 As part of looking to support scrutiny committee with their roles all service areas from across the Council under the remit of each scrutiny panel have been included in one overall report.
- 4.2 This section includes both the background and proposed budget changes for business units which do not sit within the Directorate but which form part of the remit for the Economy Scrutiny Committee. Budget changes arising from business units are not included in the Directorate summary in table 2 above, but will be included within the Neighbourhood Directorate tables.
- 4.3 **Business Units** has a revised gross budget of £23.677m and a net budgeted contribution of (£3.053m), and there are 414 ftes. Business Units includes the following trading services Bereavement, Markets, Fleet, Pest Control and Manchester Fayre. There are pressures of £0.679m identified within business units, these are mainly around lower than forecast income in Markets and efficiencies of £218k, arising through increased income. Further details are provided below in para 4.4 - 4.9 around both pressures and operational efficiencies and increased income from Business units.
- 4.4 **New Smithfield Market (NSM)** is the largest Wholesale Market in the North West and an important regional, sub-regional and local wholesale market. It is a key component of the secondary food supply chain. It currently employs c600 people and generates around £16.3m gross value added to the Manchester economy. A report has been commissioned around the potential redevelopment of the market which is expected to be brought forward for consideration in 2020/21. This would ensure a modern, fit for purpose, facility that can further enhance the economic value of the site. The current

wholesale market halls are in a state of disrepair which limits the income generating potential of the site and substantially increases the annual running costs. The forecast gross budget pressure is c£0.504m per annum, it is anticipated that c£87k of this can be mitigated through increased service charge income in 2020/21, this leaves a **net pressure of c£417k**.

- 4.5 The Sunday morning car boot sale has seen a steady decline in the annual customer footfall in recent years, and this has resulted in 240,000 less customers per year than five years ago. This decline which is reflective of wider societal changes has also seen a reduction in the number of traders, there are currently 160 to 180 market stall traders on any given operating day, although there are 546 trading spaces. The reduction in traders has been dropping consistently over recent years and this has left the market looking sparse in some areas which can result in further decline. Despite this decline the Sunday Car boot market continues to make an overall net surplus and in 2019/20 this is forecast to be c£190k, although this is **c£262k lower than the current approved budget** and it is proposed to mitigate this as part of the current budget proposals.
- 4.6 The overall performance of the retail markets is positive, with a budget contribution of £0.5m to the Neighbourhood Services net budget. However, this does include a subsidy of c£120k in relation to Wythenshawe market. An economic impact report has been completed in respect of the district retail markets which has identified a number of issues with Wythenshawe, particularly around the location of the current market. These considerations will be taken into account in any plans around the redevelopment of the Town Centre.
- 4.7 Grounds Maintenance are scheduled to review the existing machinery requirements and through better utilisation of machinery it is forecast that **£20k efficiency** can be achieved.
- 4.8 **Specialist Markets - £86k increased** income from the continuation of the revised operating model at Piccadilly Market which involved opening for an extra day per week for the first half of 2019/20 and then increasing this to an additional two days for the remainder of the year continuing into 2020/21, an increase in pitch fees for 2020/21 and a negotiated reduction in storage costs for markets equipment.
- 4.9 **Trading Services/Business Units - £112k additional income** with £21k from Pest Control as a result of additional commercial fees and £91k from an overall increase in volume and fees for Bereavement Services.

5 Capital Strategy / Programme

- 5.1 The capital programme for Strategic Development totals £630.1m over the period 2019/20 -2023/24, this includes the cultural programme, the Town Hall refurbishment, funding to support the Council's corporate property, regeneration/development funding, and private sector housing. A summary of the current capital budget is shown in the table below, and details of the

individual projects will be found in the Capital Strategy and Budget report for Executive in February:

Table 4: Capital Programme

| | 2019/20 £m' s | 2020/21 £m's | 2021/22 £m's | 2022/23 £m's | Future Years £m's | Total £m's |
|------------------------------|------------------|-----------------|-----------------|-----------------|-------------------------|---------------|
| Culture | 30.1 | 55.7 | 13.7 | - | - | 99.5 |
| Our Town Hall | 17.0 | 49.1 | 92.7 | 99.3 | 34.7 | 292.8 |
| Corporate Property | 18.2 | 33.4 | 21.4 | 0.7 | - | 73.7 |
| Regeneration/ Development | 42.5 | 29.9 | 18.8 | 13.5 | - | 104.7 |
| Private Sector Housing | 10.3 | 22.6 | 15.0 | 3.5 | 8.0 | 59.4 |
| Grand Total | 118.1 | 190.7 | 161.6 | 117.0 | 42.7 | 630.1 |

- 5.2 During the 2019/20 financial year the new Hulme District Office has opened, and work on the refurbishment of Alexandra House has begun. Work on the Factory site is continuing, and the Town Hall project is close to achieving notice to proceed. Both groundworks and construction of the engine room for the Civic Quarter Heat Network have started, and negotiations on the land assembly strategy for the Northern Gateway have progressed.
- 5.3 The Capital Strategy and Budget represents a continuation of the existing approved capital budget. The report to Executive will provide information on the expected future investment requirements for the Council, for example in regard to the commitment to deliver new affordable housing stock, to continue to pursue inclusive growth across the City, and to focus future investment to ensure that the corporate estate is fit for purpose.
- 5.4 Work is continuing on reviewing both the capital strategy and proposed budget for 2020/21 onwards, and the outcome of this work will be included in the February scrutiny paper.

6 Impact on Workforce

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the previously agreed priorities. Recruitment is underway for the additional capacity in housing and planning that was approved as part of the 2019/20 budget. There are no further implications for the workforce arising from what is set out in this report.

6.2 Key workforce priorities for 2020/21 will include:

- The detailed staff survey (BHeard) results are due to be released in late January 2020 and once available, the Directorate will review the outcome in order to identify actions to be taken in order to help to build on the strong and positive relationship between staff and managers.
- The Directorate will continue to offer apprenticeship opportunities to internal staff and external applicants wherever suitable in order to facilitate skills development, succession planning and to maximise spend of the apprenticeship levy. Apprenticeships also provide greater accessibility to many local residents who may otherwise have barriers to accessing the employment market.

7 Equality, Diversity and Inclusion

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

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

10 Conclusion

- 10.1 The budget strategy provides information on the work that has been undertaken, and is ongoing within the Directorate to ensure that we are able to meet the existing budget pressures, whilst also contributing efficiencies towards the wider council budgets.
- 10.2 The proposed revenue budget for 2020/21 is a one year budget which is aligned to both the Governments one year budget settlement and the City Council one year budget proposals.

- 10.3 The budget proposals in this report reflect the initial feedback from the January round of scrutiny meetings and will be submitted to the 12 February 2020 Executive for approval

Appendix 1 - Delivery Plans

1. Revenue Financial Plan

| Subjective Heading | 2019/20 Revised Budget £'000 | 2020/21 Indicative Budget £'000 |
|---|---------------------------------------|--|
| Expenditure: | | |
| Employees | 23,898 | 23,898 |
| Running Expenses | 37,015 | 37,170 |
| Capital Financing Costs | 0 | 0 |
| Contribution to reserves | 266 | 266 |
| Total Subjective Expenditure | 61,179 | 61,334 |
| Less: | | |
| Other Internal sales | (6,020) | (6,020) |
| Gross Expenditure | 55,159 | 55,314 |
| Income: | | |
| Government Grants | (10,566) | (10,566) |
| Contributions from Reserves | (8,523) | (7,823) |
| Other Grants Reimbursements and contributions | (44) | (44) |
| Customer and Client Receipts | (30,122) | (29,149) |
| Other Income | (88) | (88) |
| Total Net Budget | 5,816 | 7,644 |

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny - 4 February 2020
Executive - 12 February 2020

Subject: Corporate Core Budget Report 2020/21

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

Summary

This report provides a further updated Corporate Core medium term financial plan and budget proposals for 2020/21, and the report has been updated to reflect feedback from the January round of scrutiny meetings. The report should be read in conjunction with the Council's overarching Business Plan report.

Recommendation

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

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 | Maintaining growth in order to continue developing the City's trading relationships, making the case for investment in infrastructure and housing growth and the Northern Powerhouse, leading devolution negotiations and local government finance localisation opportunities and the Council's response to European Union exit process with government |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Lead on key programmes of reform such as work and health, providing support and responding to the continuing changes to the welfare reform agenda. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Drive leadership for reform, health integration and support for the delivery of all Council strategic priorities. Lead changes to the organisation to deliver Our Manchester through improved and more consistent management, engagement of staff and lean fit for purpose systems supported through ICT investment |
| A liveable and low carbon city: a destination of choice to live, visit, work | Effective prioritisation of investment in low carbon initiatives and leading the city's zero carbon ambitions and declaration of the climate |

| | |
|---|--|
| | emergency. |
| A connected city: world class infrastructure and connectivity to drive growth | Focus on the ICT infrastructure and resilience to deliver future efficiencies, enable improved ways of working and support devolution, health and social care integration and the changing shape of back office support for Manchester and other Greater Manchester Authorities. |

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets.

The proposals set out in this report will be considered as part of the City Council preparation of the 2020/21 budget which will be submitted to the Executive on 12th February 2020.

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Background documents (available for public inspection):

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

Corporate Core Budget and Business Planning: 2018-2020 - Executive – 7 February 2018

Corporate Core Business Plan 2019/20 - Executive 13 February 2019

1. Introduction

- 1.1 This report provides the draft 2020/21 revenue and capital budget proposals for the Corporate Core. The proposed budget includes the outcome of 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 deliver the Corporate Plan priorities.
- 1.2 The report also includes those areas of service which are in the remit of Resources and Governance Scrutiny Committee but not within the Corporate Core, namely operational property, facilities management and the investment estate from within the Growth and Development directorate and details of these areas are set out in section 4 of this report.
- 1.3 This report presents a one year budget plan to reflect the Government's Spending Round for local government, it is in effect a roll forward budget from 2019/20, although a longer term budget strategy is being developed that will ensure that Corporate Core services are delivered as efficiently and effectively as possible in order to protect the delivery of front line services.

2. Background and Context

- 2.1 The Corporate Core plays a key role in supporting the delivery of the Our Manchester Strategy and all eight Corporate Plan priorities, through providing a range of universal services, services which enable the wider organisation to function effectively and through specific and focused support to other parts of the Council to deliver the Corporate Plan.
- 2.2 This includes supporting relationships with a wider range of key partners across Manchester, Greater Manchester, nationally and internationally to enable delivery of all of **Our Corporate Plan priorities** and the wider vision for the city.
- 2.3 The Core has a direct delivery role in delivering our Corporate Plan '**well managed council**' priority theme. This is both through the provision of front line universal services and through providing effective support services.
- 2.4 The key universal services include:
- Revenue and Benefits
 - Customer Contact Centre
 - Shared Service Centre
 - Coroners
 - Registrars
- 2.5 The Core has a strategic role to work with directorates across the Council and key partners to drive delivery of our key priorities in the corporate plan, including:
- Manchester's approach to place-based reform - Bringing Services Together for People in Places

- Integration of Health and Social Care through partnership arrangements with the NHS
- Delivery of the Local Industrial Strategy which will deliver inclusive and green growth for the city of Manchester
- Delivery of Our Transformation - a new Council-wide portfolio of programmes which has been set up with a view to changing how we work as an organisation to ensure we can deliver our corporate priorities and specifically ensure that we are a 'well managed council'
- Continuing to ensure that the 'Our Manchester' approach is the way we do things here, rather than a thing we do
- Leadership for the Council's action plan to being zero carbon by 2038 at the latest, and support arrangements with partners to meet the city's ambition to live within the science-based carbon budget and be zero carbon by 2038 at the latest

2.6 The Corporate Plan priority of being a 'well managed Council' has the following priorities in the draft 2020/21 Council Business Plan:

Delivery of 'Our Transformation'

- Continue to deliver Our Transformation through strengthening accountability and the role of our managers, improving our ways of working including the introduction of key new ICT infrastructure, improving our processes and developing a longer term model for the core, leading to efficiencies
- Continue to deliver the strategic vision for the city by collaborating with internal and external partners to: create new strategies and policies; attract funding and resources; implement complex projects and programmes; and create effective strategic partnerships.
- Drive service reform across the Council and with partners and residents

Delivery of High Quality Support Services

- Provide financial support, insight and intelligence to maximise budgets and deliver on the Council's priorities
- Promote information as an asset working with stakeholders to recognise the importance of data and intelligence in decision making and development of service provision.
- Drive the Our People Delivery Plan, in particular work to:
 - Reduce sickness absence levels
 - Develop a more diverse workforce, at all levels, particularly in relation to Black, Asian and Minority Ethnic (BAME) and Disability representation
 - Support health and social care workforce integration and the Manchester Locality Workforce Plan
 - Create a strengthened approach to development, talent management and succession planning
- Support and enhance the reputation of the Council, through effective strategic communications, professional executive support for the Chief Executive and Senior Management Team and successful civic and ceremonial events and programmes.

- Provide stable, scalable, secure and resilient ICT services, including migration to the new data centre
- Deliver innovation and excellence in public sector legal services that provides value for money
- Provide a first class procurement service to the council and its partners, from supporting services in the upfront design to delivering successful contract awards
- Deliver key Corporate Estates projects and programmes including the refurbishment at Alexandra House, the refurbishment of Hammerstone Road, the Gorton Hub, the Asset Management Programme and support the Town Hall Project 19/20

Front Line Service Delivery

- Deliver all statutory services related to the registration of births, deaths and marriages and Coroner Services, and to meet the required statutory and non statutory targets.
- Deliver effective and efficient customer services and develop effective online systems which enhance the customer experience and support channel shift towards digital services where appropriate
- Provide support to residents and maximise the collection of money owed to the Council and manage the expected reduction in new claims and caseload driven by Universal Credit

2.7 In order to support the Corporate Core in the delivery of the Corporate Plan and the above priorities there are a number of proposals for both investment and use of resources included for consideration by Members and these are detailed below at section 5.

3. Revenue Strategy

3.1 For 2019/20 the latest gross budget is £309.507m, with a net budget of £69.554m, and 1,823 full time equivalent employees. The table below provides a breakdown by service area and includes the movement from the original budget to revised budgets.

3.2 The main movements in gross budget are in respect of revenue and benefits and the allocation of cross cutting savings across service areas. The revenue and benefits movement in gross budget is due to the forecast reduction in numbers of claimants for rent allowances as people transition over to Universal Credit.

3.3 The Corporate Core revised net budget has increased by c£2.8m, and this is due to the allocation of £1.8m contingency budgets to meet the costs of the agreed pay award, £150k from non inflationary pay to meet increased Coroners costs, £0.840m virements to offset the Cross Cutting savings and a net £10k other minor adjustments.

Table 1: 2019/20 Budget

| Service Area | 2019/20 Original Gross Budget £'000 | 2019/20 Original Net Budget £'000 | 2019/20 Revised Gross Budget £'000 | 2019/20 Revised Net Budget £'000 | 2019/20 Budgeted Posts (FTE) |
|--|--|--|---|---|---|
| Legal Services | 11,565 | 6,243 | 12,040 | 6,455 | 261.8 |
| Elections | 1,146 | 1,047 | 1,162 | 1,064 | 12.3 |
| Coroners and Registrars | 2,994 | 1,728 | 3,204 | 1,897 | 56.0 |
| Executive | 1,029 | 1,029 | 979 | 979 | 12.5 |
| Communications | 4,851 | 3,026 | 4,784 | 3,108 | 83.4 |
| CEX Corporate items | 2,271 | 1,627 | 2,152 | 1,358 | 0 |
| Procurement and Commissioning | 1,612 | 1,311 | 1,635 | 1,339 | 31.7 |
| Revenue and Benefits | 246,924 | 9,926 | 211,209 | 10,026 | 345.3 |
| Financial Management | 5,680 | 5,285 | 5,926 | 5,424 | 150.3 |
| ICT | 13,483 | 13,433 | 13,625 | 13,575 | 160.8 |
| HR/OD | 4,644 | 4,454 | 4,715 | 4,525 | 93.2 |
| Audit, Risk and Resilience | 1,732 | 1,399 | 1,847 | 1,434 | 42.8 |
| Shared Service Centre | 1,427 | 772 | 1,518 | 863 | 92.7 |
| Capital Programmes | 274 | (199) | 360 | (113) | 90.1 |
| Corporate Services Corporate Items | 381 | 314 | 550 | 256 | 0 |
| Customer Services | 4,108 | 4,007 | 4,267 | 4,198 | 175 |
| Commercial Governance | 469 | 246 | 475 | 252 | 6 |
| Decriminalised Parking Enforcement | 10,864 | (649) | 10,864 | (649) | 18 |
| Bus Lane Enforcement | 6,376 | (334) | 6,582 | (334) | 18 |
| Policy, Partnership, Research and Culture | 16,731 | 9,148 | 16,658 | 9,215 | 57.5 |
| Performance, Research and Intelligence | 4,536 | 4,404 | 4,667 | 4,535 | 101.2 |
| Reform and Innovation | 1,179 | 902 | 961 | 820 | 15 |
| Cross Cutting Savings | (2,447) | (2,447) | (673) | (673) | 0 |
| Grand Total Corporate Core | 341,829 | 66,672 | 309,507 | 69,554 | 1,823 |

3.4 The revised 2019/20 cash limit budget is £69.554m and this is net of £3.349m savings that were approved as part of the 2019/20 budget process. The Directorate is on target to deliver the proposed savings and is forecasting an underspend of £2.306m in 2019/20. The primary reason for the underspend is from employee related budgets, due to a combination of staff not being at the top of grade and vacancies across the service along with the timing of

recruitment and whether this has been internal or external. As part of the budget proposals within this report, a detailed analysis of the existing staffing budgets and the options available to review these to better reflect the staffing budget requirements has been undertaken. This will ensure all budgets are more realistic with expected activity; the outcome is set out in paragraph 3.9 below.

- 3.5 The subjective budget breakdown for the Core is provided at Appendix 1, this includes c£183m of Government Grants and this relates to the Government funding for Housing Benefit expenditure.
- 3.6 As set out above the report sets out a one year budget for 2020/21, however, the longer term implications have been considered and these will be reflected in the Medium Term Financial Plan.
- 3.7 As part of the work undertaken to review all Corporate Core budgets a **net total of £0.577m** has been identified that can support the wider Council budgets.

Efficiency Proposals

- 3.8 The work that has been undertaken to identify budget options for 2020/21 has included the following strands:-
- A review has been undertaken of all Corporate Core staffing budgets in order to ensure that they are more reflective of the likely staffing costs.
 - All heads of service have been reviewing their budgets as part of the Our Transformation work which has included consideration of how efficiencies and service improvement can be achieved through looking at options for how services are delivered.
 - All Corporate budgets have been reviewed to identify opportunities whereby existing budgets can be revised in order to contribute to the overall Council budget position. There is a section on corporate budgets later in this report.
- 3.9 All staffing budgets have been reviewed across each service area looking at spend across the past three 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 it is proposed to introduce variable turnover allowances for individual services. The proposed percentages will vary from 2.5% to 6%. The overall savings proposed following this review is £0.801m from across the services in the Core.

| Service Area | Vacancy Factor % increase |
|---|------------------------------|
| Policy, Partnership, Research & Culture | 2% |
| Revenues and Benefits | 2% |
| Performance, Research & Intelligence | 2% |

| | |
|-----------------------|----|
| Communications | 1% |
| ICT | 1% |
| HR/OD | 2% |
| Shared Service Centre | 2% |
| Customer Services | 2% |
| Audit | 1% |

Other work to identify efficiencies has been carried out as follows:

- 3.10 Revenues and Benefits and the Shared Service Centre - As part of the continued roll out of Universal credit and the increasing amount of administration that will be undertaken by the Department for Works and Pensions, as well as increasing requirements supporting the Council's strategic agenda including homelessness and the funding of supported housing and HB subsidy maximisation, a review of the existing capacity within the Revenues and Benefits Service is to be undertaken, taking into account the particular challenges associated with welfare reform policy roll out and changes. This will look to strengthen resources in some technical areas and reduce benefits processing resources in line with the reduced demand following the roll out of Universal Credit. A review of resources will also be undertaken with the Customer Service Organisation and the Shared Service Centre. From consideration of existing vacancies and the changes in workload the target is to achieve **savings of £400k** by 1 April 2020 from across all three services.
- 3.11 Schools particularly those converting to academies are undertaking more functions in-house such as recruitment, payroll and out-of-hours alarm monitoring. Whilst this has reduced the income to the council of £290k the Shared Service Centre has seen an increase in the technical advice it provides such as pensions and has therefore not been able to reduce resources to mitigate the income pressure.
- 3.12 The net position for Revenues and Benefits including the vacancy factor will be **£0.547m efficiency contribution** towards the overall council budget.
- 3.13 *Human Resources and Organisational Development (HROD)* - Human Resources currently undertake large amounts of data analysis in order to provide management information and prepare reports. Performance, Research and Intelligence (PRI) currently undertake this work for the rest of the Corporate Core and it is proposed to transfer the responsibility for this work to PRI which will also **achieve a net efficiency of £50k**.
- 3.14 As part of the three year 2017/20 budget strategy £3m savings were proposed from revisions to the Council's human resources policies, the changes were cross cutting across all departments. To date over £2.9m of savings have been delivered, and areas reviewed have included review of travel arrangements, the introduction of annual leave purchase scheme and reviewing of all vacant posts. There is a **small balance of c£96k** that is still to

be achieved. As part of the HROD cross cutting savings the option for staff to purchase additional leave was introduced and an initial savings target of £200k was approved in 2017/18. Due to the higher than forecast take up of the annual leave purchase scheme the target is exceeded annually by over £100k. It is proposed to **increase the annual budget for annual leave purchase by £96k** which will enable the final balance of the cross cutting saving to be achieved.

- 3.15 *PRI, City Policy and Reform & Innovation* - The services have been brought together under the leadership of the Director of Policy, Performance and Reform. As a result work has been carried out to consider how the functions can work more effectively together. The work and closer alignment of their workloads will enable a number of existing vacancies to be deleted to achieve **savings of £125k** against staffing budgets.
- 3.16 *Communications* - **£18k net savings** have been achieved through reviewing existing vacancies which will enable two posts to be deleted (£50k) and following the resignation of the former Director of Communication the proposed redesign of the senior structure will realise a further £18k. In addition, the current intranet is over 12 years old and does not provide staff with the necessary functionality and access to information. As part of the ICT investment strategy a procurement exercise has been undertaken for a new cloud hosted solution that will offer improved, intuitive functionality with universal access to all staff and partner organisations. As part of ensuring the new intranet is maintained there are increased annual ongoing running costs of c£50k and it is proposed that this will be met from the service efficiencies leaving a net saving of £18k.
- 3.17 *ICT* has delivered £1.140m of savings over the last two years and there are further proposed savings of £260k identified. This is because of the change in how the data centre operation will function in future years and the reduced associated annual running costs. It is proposed that rather than deliver saving to the revenue budget the £260k will be used to offset both the existing £1m income target from staff time charged against capital projects (£120k) and potential increased costs of licenses that are anticipated due to the move from on premise to cloud based, and the proposed changes to the collaboration platform (£140k). This will help ensure that the costs of delivering the capital investment programme are minimised and the ICT structure is sustainable in the longer term.
- 3.18 *Capital Programmes* are looking at opportunities for collaborating with other Local Authorities in order to help strengthen the capacity for delivery, and help share some specific resources. It is anticipated that this will save **£50k through the sharing of management costs and other overheads**.
- 3.19 *Commissioning and Procurement* - As part of the 2018/19 budget, cross cutting commissioning and procurement savings of £0.75m were approved. During 2018/19 the work was focused on supporting directorates in delivering savings through procurement in order to achieve the savings. The team has also undertaken significant work to improve contract management through the

creation of contract registers, revised processes to improve efficiency and work to improve systems. The £0.75m savings have been achieved in 2019/20, £275k were permanent savings through reductions in the price of utilities following procurement, and the balance (£475k) was made through one off savings, which included specialist audit work undertaken on payments made by the Council and some savings through staff vacancies. Work will continue to look for further efficiencies through procurement and commissioning and this will support all directorates in delivering their priorities. As part of the work to realign budgets across the Core it is proposed that the £475k balance will be offset against corporate efficiencies through the use of the historic pension contribution (£450k) and the reduction in external audit fees (£30k).

- 3.20 The budget for external audit fees is held corporately and the procurement of external auditors is undertaken on a regional basis. The annual audit fees payable for Manchester are going to **reduce by c£30k** compared with the fee payable in 2019/20.
- 3.21 The £0.5m savings target associated with the Our Transformation work has been fully achieved in 2019/20 through one off measures which consisted mainly of staff savings through vacant posts. The work carried out has identified the permanent measures to be implemented through realigning work, deleting vacancies and the other efficiencies set out above. This is shown in table 2.

Budget Pressures

- 3.22 This section of the report sets out the budget pressures in the Corporate Core. These have been reported as overspends during 2019/20 and offset by vacancies and underspends in other areas. As part of the work to rebase the budgets across the Core it is recommended that the efficiencies identified above are applied to offset the following:
- 3.23 *The Coroners Service* - Although technically appointed by the Local Authority the Coroner is not an employee of the Local Authority but is an independent Judicial Office holder who holds office under the Crown although the service is funded through the Local Authority. Manchester is a particularly complex area given that it covers a large NHS Trust with leading specialist units, an international airport and a category 1 prison. There has been an ongoing pressure within the Coroners service due to an increase in both the complexity of cases being heard, and an increase in the volume of cases. Whilst a review of the Coroners service is to be undertaken to ensure that the service is as effective and efficient as possible there is currently a forecast **ongoing pressure of c£400k** that will need to be mitigated from 2020/21. If there are any savings identified as part of the review they can be used to support future budget planning cycles.
- 3.24 *Legal Services* - Due to the continuing increased caseloads the cost of legal support for Children's Services has continued to increase this year. The Strategic Director of Children's Services and the City Solicitor having

considered the cost drivers are working together to manage need, reduce the use of experts, streamline decision making/legal advice processes to create solicitor capacity. Children's Services and the Corporate Legal Service are working to address this position. For 2020/21 the Corporate Legal Service pressure of £300k will need to be mitigated to reduce the use of external legal services by improving the recruitment and retention of solicitors within the Council and to increase capacity to deal with more additional judicial review and age assessment challenges, this is in addition to the £0.6m investment proposed for Children's Services to address the need for legal services and to meet the requirements of the courts.

- 3.25 *Business Support* - As part of both reviewing the existing business support arrangements and the outcome of the recent job evaluation exercise undertaken to review existing salaries of a number of business support functions, given the increasing complexity of their roles the independent process determined that their existing salaries were not aligned to the roles that they were undertaking and the grades should increase. The overall increased costs are **£360k** and this budget increase will be reflected as part of the 2020/21 budget.
- 3.26 City Policy currently has a shortfall on their budgeted income targets of c£226k which is due to some Resources and Programmes officers no longer undertaking rechargeable work for both GMCA and other external projects. They are now primarily focusing on delivering the Council's corporate priorities such as the Our Manchester Funds and Cultural investments which are not rechargeable. In order to close the gap the service has reduced staffing budgets by £118k through deleting 1.4 vacant FTEs (£62k) and increasing the vacancy factor by 2% (£56k), it is also proposed to reduce non staff budgets by £68k. If these proposals are accepted it will leave a **shortfall of £40k**.
- 3.27 As a result of the continued improvement in council tax collection rates there has been a reduction in the number of enforcement summons issued for non-payment and this has reduced the level of assumed summons income within Revenues and Benefits by c£200k. The benefits of improved collection rates are reflected within the overall Council resources and it is proposed to realign these budgets as part of the overall budget process.

Corporate Savings Proposals

- 3.28 Currently the Council pays the employers pension contribution on a monthly basis following each payroll run, the pension scheme have approached the Council and advised that if the pension payments are made up front for a period of three years the Council could benefit from a 0.9% reduction in the level of contributions, This equates to **£0.75m per annum**, and this would be used to support the Council budgets.
- 3.29 From reviewing all the historic corporate budgets there is **£450k budget saving** available through reducing the available budget to support historic pension fund contributions.

- 3.30 Increased rental income of £0.5m has been identified, this is due to the higher than forecast level of rental income received from Manchester Central.
- 3.31 The net efficiencies identified from the above are £0.577m, details are set out in table 2 below.

4. Scrutiny Arrangements

- 4.1 As part of looking to support scrutiny committee with their roles all service areas from across the Council under the remit of each scrutiny panel have been included in one overall report.
- 4.2 This section includes both background and proposed budget changes for two service areas outside of the Core which form part of the remit for Resources and Governance Scrutiny Committee. They are operational property, facilities management and the Investment estate from Growth and Development. Budget changes arising from these are not included in the Directorate summary in tables 2 and 3.
- 4.3 **Operational Property** - The service has a gross budget of £12.2m and a net budget of £7.2m, and there are 36 full time equivalent employees within the service. The main responsibility is for managing and maintaining the Council's operational estate. The service will continue to manage the operational estate in the most efficient manner, but there are no proposed changes to the existing approved budget for this service in 2020/21.
- 4.4 **Facilities Management** - Provides the facilities management function across all the Council's properties, along with some external properties. The gross budget is £13.3m and the net budget is £9.1m and there are 176fte's. The service also engages a number of external contractors to provide some services that include repairs and maintenance and security services.
- 4.5 **Investment Estate** - continues to generate income from the for the Council despite the challenges faced in respect of increased competition for office accommodation across the City and changing behaviour in respect of retail activity. New opportunities to generate long term income will continue to be explored and evaluated along with ongoing reviews to ensure costs against the estate are controlled.
- 4.6 As part of the budget proposals facilities management has two pressures that need to be managed for 2020/21 and they are as follows.
- 4.7 Following a procurement exercise a new contractor (Engie) was appointed to undertake the repairs and management works for the Corporate Estate. As part of the changeover arrangements there are some additional transitional costs of c£300k, the contractor is continuing to look for ways of reducing this cost, but until this is done the additional costs are to be funded through existing facilities management budgets and virements will be undertaken to ensure budgets are correctly aligned.

- 4.8 Lloyd St toilets are the City Council only owned public toilets within the City centre and in order to ensure there is 24/7 facilities available within the city centre and to support the homeless agenda it has been agreed that Lloyd St toilets will be opened and in order to do this it was recognised that additional security would be required. The forecast cost of this is £155k per annum and the part year costs have been met from within existing budgets during 2019/20, but as part of the budget options additional resources of £155k are required to fund the ongoing costs and it is proposed that additional investment will be made from Corporate resources.
- 4.9 Investment estate are proposing to generate additional income of £490k in 2020/20 through the following:
- Manchester Airport Group (MAG) approached the Council in 2018 with a proposal to re-gear part of the main Airport leases in respect of their non-core investment assets and any increase in lease income is shared with the Greater Manchester districts. In order to facilitate this it is proposed that the Council grant a lease of these assets for a term of 275 years that will be on standard commercial terms capable of attracting investment to the assets. The grant of this lease has a significant value and the ground rent has been assessed at £0.603m p.a and agreed between the parties. **The additional income due to the City Council will be £340k per annum.**
 - The Council has been in commercial negotiation around leasing a currently vacant Council asset to new occupiers, it is expected that the annual lease income for these premises will be around **£300k per annum**, but because it is anticipated that new occupier will only take up the space around September 2020 there is currently **only £150k assumed in 2020/21** with a further £150k to be realised in 2021/22.

5. Priorities for Investment and Use of Reserves

- 5.1 *City Policy - Zero Carbon* - In order to deliver the city's zero carbon ambitions there will be a requirement for additional resources across a number of core areas this will include both staffing and non-staffing resources. The Council has committed to underwriting the cost of a new Chief Executive role at the Manchester Climate Change Agency for 1 year, subject to unlocking financial contributions (£196k) from other strategic partners in the city, in addition to the £104k costs of strengthening the existing climate change team. Other non-staffing requirements will include *Our City* Carbon Literacy Training for Council staff and additional service specific training and external expert advisors to support the programme. Therefore it is proposed an annual budget of £300k is established within the Core to support the delivery of this agenda.
- 5.2 *City Policy - Culture* - The Council has committed to maintaining funding of £1.5m per annum to support the Factory /Manchester International Festival as part of the commitment to match the c.£9m ongoing revenue support from the Arts Council England and other Government grants. The Corporate Core currently has a mainstream budget of £1m, and this is supplemented by £0.5m

every other year from the MIF reserve to support the costs of the operating costs of the MIF.

- 5.3 Delivery of the Council's strategic development priorities such as the Northern and Eastern Gateways to the highest possible environmental standards, retrofitting social housing properties and retrofitting the Council's operational estate will also require additional capital investment which is being picked up separately in the Capital Strategy.
- 5.4 *Revenues and Benefits* - £350k has been identified from within existing mainstream budgets to provide additional funding to help mitigate the implications of the welfare reform changes and increases in Council Tax. If this is agreed then more detailed proposals will be brought included in the February scrutiny report.
- 5.5 *Our Transformation* - Our Transformation work will require some additional investment into capacity to assist the council in reviewing, modernising and digitising its business processes. The Council has a reserve on the balance sheet to meet future transformation costs and it is proposed that £1m of this reserve is ring fenced to support the Our Transformation programme over the next three years 2020/21 - 2022/23. Use of the reserve and the anticipated future benefits will be reported back to Members as part of the Global Monitoring reports.
- 5.6 *Digital Transformation & Digital Cities* - Within the Capital Strategy it is proposed that £1m is earmarked from within the ICT strategy funding to support the Digital Cities agenda, there is also £250k earmarked within Corporate revenue budgets to support with additional capacity to progress with the longer term digital cities strategy.
- 5.7 Table 2 below sets out details of both investment and efficiencies from both Corporate Core directorate budgets, and other Corporate budgets. The Corporate core net change is £73k investment and this is reflected in table 3 below, in addition to this there are the following changes to the Corporate budget's that are included as part of the budget proposals and these are included in table 2 below and reconcile to the overall £0.577m contribution to the wider council budgets;
- (£450k) - Historic pension contribution budgets
 - (£0.5m) - Additional commercial income
 - £300k - Additional legal costs - Children's services.

Table 2: Budget Proposals 2020/21

| Service Area | Description of Savings/ Efficiency Option | Amount £,000 | FTE Impact (estimate) |
|-----------------------|--|-----------------|-----------------------------|
| Revenue and Benefits | Delete vacant posts | (400) | 12 |
| Revenue and Benefits | Changes to vacancy factor | (228) | |
| Shared Service Centre | Changes to vacancy factor | (63) | |
| Customer Services | Changes to vacancy factor | (145) | |

| | | | |
|---|--|--------------|-------------|
| Shared Service Centre | Reduction in income | 290 | |
| Revenue and Benefits/CSC/SSC Net | | (546) | |
| HR/OD | Reduction in staffing | (50) | 1 |
| | Changes to vacancy factor | (85) | |
| HR/OD Net | | (135) | |
| Chief Executive Corporate items | HR policy savings | 96 | |
| | Increase annual leave purchase scheme | (96) | |
| CEX Corporate items Net | | 0 | |
| Performance Research & Intelligence (PRI) | Release of investment funding no longer required | (125) | |
| | Changes to vacancy factor | (91) | |
| PRI Net | | (216) | |
| Communications | Delete vacant posts | (50) | 2 |
| | Changes to vacancy factor | (38) | |
| | Senior management changes | (18) | |
| | Intranet maintenance costs | 50 | |
| Communication Net | | (56) | |
| Capital Programmes | Increased income | (50) | |
| Commissioning and Procurement | Realignment of commissioning savings | 150 | |
| Commissioning and Procurement | Reduced audit fee | (30) | |
| Commissioning and Procurement Net | | 120 | |
| ICT | Increase in vacancy factor | (76) | |
| Our Transformation | Reprofiling in delivery of savings | 500 | |
| Coroners | Investment to support increased caseloads | 400 | |
| Business Support | Investment to cover job evaluation implications | 360 | |
| City Policy | Income pressure | 226 | |
| | Reduction in staffing | (62) | 1.4 |
| | Increase in vacancy factor | (56) | |
| | Reduction in non staff budgets | (68) | |
| City Policy Net | | 40 | |
| Audit | Changes to vacancy factor | (18) | |
| Revenue & Benefits | Reduction in Enforcement notices | 200 | |
| City Policy | Zero Carbon - staffing | 300 | |
| Corporate Budgets | Pension Fund cash flow savings | (750) | |
| Total Net Investment | | 73 | 16.4 |
| Corporate Items/Other Directorates | | | |
| Pension fund contribution | | (450) | |

| | | | |
|--|--|--------------|-------------|
| Increased commercial income | | (500) | |
| Legal cost pressure | | 300 | |
| Total Corporate Core Savings/Efficiency | | (577) | 16.4 |

Table 3: Proposed budget 2020/21

| Service Area | 2019/20 Net Budget | Savings Options | Investment and other changes | Growth and other adjustments | 2020/21 Net Budget |
|--|---------------------------|------------------------|-------------------------------------|-------------------------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Legal Services | 6,455 | | | | 6,455 |
| Elections | 1,064 | | | | 1,064 |
| Coroners and Registrars | 1,897 | | 400 | | 2,297 |
| Executive | 979 | | 360 | | 1,339 |
| Communications | 3,108 | (106) | | | 3,002 |
| CEX Corporate items | 1,358 | (846) | 96 | | 608 |
| Procurement and Commissioning | 1,339 | | 40 | | 1,379 |
| Revenue and Benefits | 10,026 | (628) | 200 | | 9,598 |
| Financial Management | 5,424 | | | | 5,424 |
| ICT | 13,575 | (76) | 50 | | 13,549 |
| HR/OD | 4,525 | (135) | | | 4,390 |
| Audit, Risk and Resilience | 1,434 | (18) | | | 1,416 |
| Shared Service Centre | 863 | (63) | 240 | | 1,040 |
| Capital Programmes | (113) | (50) | | | (163) |
| Corporate Services Corporate Items | 256 | (30) | | | 226 |
| Customer Services | 4,198 | (146) | 51 | | 4,103 |
| Commercial Governance | 252 | | | | 252 |
| Decriminalised Parking Enforcement | (649) | | | | (649) |
| Bus Lane Enforcement | (334) | | | | (334) |
| Policy Partnership, Research and Culture | 9,215 | (186) | 526 | | 9,555 |
| Performance, Research and Intelligence | 4,535 | (216) | | | 4,319 |
| Reform and Innovation | 820 | | | 333 | 1,153 |
| Cross Cutting Savings | (673) | | 610 | | (63) |
| Grand Total Corporate Core | 69,554 | (2,500) | 2,573 | 333 | 69,960 |

6. Workforce Implications

- 6.1 The framework for how the Council supports its workforce is set out in the People Strategy. As the 2020/21 budget is a roll forward from 2019/20 there are limited changes to the agreed priorities, budget and workforce implications agreed last year. The proposals in this report will require the deletion of 16.4

posts on the establishment and this can largely be achieved by the deletion of vacant posts. Work is continuing to review the overall vacancies to determine if they are true vacancies that are essential or can be offered as a further reduction to make further efficiencies.

- 6.2 In recognition of the relatively large staffing underspends that are reported annually within the Core, considerable work has been done to analyse the reasons for the underspend and look at ways that the budget can be better aligned to reflect the likely spend, and addressing a number of ongoing pressures. This has been done through revising the staffing vacancy factor applied to each budget, this is now variable for each service area and reflects the size of the overall structure and the historical turnover rates. Whilst this will have no direct impact on a reduction in workforce it will be essential that we continue to support the 'Our Manchester' behaviours to guarantee these are embedded across the various services as well as engaging with our staff to ensure they continue to feel supported and valued. All the workforce changes will be underpinned by improved technology and more modern effective ways of interacting with colleagues and customers.
- 6.3 The Core is fully engaged with the opportunity to continue the focus on workforce skills and development needs. It recognises that supporting employees to maintain high attendance levels is a fundamental element of Our Ways of Working and the Our People Strategy.

7. Equality, Diversity and Inclusion

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

- 8.1 The Core 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. Legal

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

10. Consultation

- 10.1 As part of the budget proposals the main savings areas proposed are in respect of efficiencies, with no impact on front line service delivery so there will be no need for public consultation on any of the proposals included within this report.

11. Capital Strategy / Programme

- 11.1 The capital programme for the Corporate Core totals £63.5m over the period 2019/20 - 2023/24, this includes the ICT programme and loans to third parties. A summary of the current capital budget is shown in the table below, and details of the individual projects will be found in the Capital Strategy and Budget report for Executive in February:

Table 4: Capital Programme

| | 2019/2 £m's | 2020/21 £m's | 2021/22 £m's | 2022/23 £m's | Future Years £m's | Total £m's |
|-------------------------|----------------|-----------------|-----------------|-----------------|-------------------------|---------------|
| ICT | 5.7 | 5.7 | 10.9 | 9.4 | 7.7 | 39.4 |
| Corporate Investment | 12.1 | 8.8 | 3.2 | 0.0 | 0.0 | 24.1 |
| Total | 17.8 | 14.5 | 14.1 | 9.4 | 7.7 | 63.5 |

- 11.2 During the 2019/20 financial year to date, the ICT Investment Programme has continued, with the recent decision to adopt a new ICT collaboration platform to replace existing systems and allow better joint working with external partners. A new social care system, incorporating a new social care payments system, has also gone live. Investment in the biomedical research facility has also continued, supporting the development of this sector in the city.
- 11.3 The Capital Strategy and Budget represents a continuation of the existing approved capital budget and will also provide information on the expected future investment requirements for the Council, including the need to be able to intervene in markets if existing outputs do not support the Council's wider aims perhaps through loan finance, and also the continued investment required to ensure that the Council is well-managed, and in particular the role that ICT infrastructure can play in increased digitisation of services, this will also include c£1m resources to support the Digital Cities Strategy.
- 11.4 A revised ICT Strategy is being prepared as part of the full suite of reports for Budget Executive, Scrutiny and Council. Both this, and the Technology route map which will follow will help inform the future investment requirements in this area.

12. 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 2020/21 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 Directorate budget proposals have already been subject to Scrutiny review in January, and this report reflects feedback from the original meeting. The report will be submitted to Scrutiny and Executive in February 2020 for final approval.

Appendix 1 - Delivery Plans

1. Revenue Financial Plan

| Subjective Heading | 2019/20 Latest Net Budget £'000 | 2020/21 Indicative Budget £'000 |
|---|---|--|
| Expenditure: | | |
| Employees | 75,353 | 74,462 |
| Running Expenses | 232,614 | 234,194 |
| Capital Financing Costs | 1,221 | 1,221 |
| Contribution to reserves | 11,299 | 11,299 |
| Total Subjective Expenditure | 320,487 | 321,146 |
| Less: | | |
| Other Internal Sales | (10,980) | (10,980) |
| Gross Expenditure | 309,507 | 310,196 |
| Income: | | |
| Government Grants | (183,981) | (183,981) |
| Contribution from reserves | (9,124) | (9,124) |
| Customer and Client Receipts | (4,904) | (4,904) |
| Other Grants Reimbursements and contributions | (30,213) | (30,496) |
| Other Income | (11,731) | (11,731) |
| Total Net Budget | 69,554 | 69,960 |

**Manchester City Council
Report for Resolution**

Report to: Children and Young People Scrutiny Committee – 5 February 2020
Executive - 12 February 2020

Subject: Dedicated Schools Grant - School Budgets 2020/21

Report of: Strategic Director for Children and Education Services

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.

This report provides a summary of the confirmed DSG allocation from the 2020/21 settlement announced on the 19th December 2019, and the budget allocation across individual school budgets and Council retained schools budgets which was reported to the Schools Forum on the 20th January 2020.

Recommendations

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

Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable):

| 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 | Ensuring sufficient, high quality school places are available and in the right place helps to ensure all children and young people achieve their full potential through regular school attendance and are able to access the jobs and opportunities in the City. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Good school attendance is important as it supports school attainment. |
| A progressive and equitable city: making a positive contribution by | Regular attendance at high quality schools helps all children and young people to develop |

| | |
|---|--|
| unlocking the potential of our communities | appropriate social skills, self-respect and respect for others. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Access to good local schools providing a high quality education supports sustainable neighbourhoods and makes Manchester increasingly attractive as a place to work, live and bring up children. |
| A connected city: world class infrastructure and connectivity to drive growth | Successful services support successful families and schools who are able to deliver continuing growth in the City |

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences for the Capital and Revenue Budgets

The proposals set out in this report forms part of the preparation of the Council's draft revenue and capital budget for 2020/21 to be reported to the Executive for approval in February 2020.

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Background documents (available for public inspection):

None

1. Introduction

- 1.1 The Dedicated Schools Grant (DSG) for 2020/21 was received on 19 December 2019. This is a ring fenced grant of which the majority is used to fund individual schools budgets in maintained schools and academies in Manchester. It also funds early years nursery entitlement for two, three and four year olds in maintained school nursery classes, private, voluntary and independent (PVI) nurseries, as well as provision for pupils with high needs including those with Education Health and Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and out of the city.
- 1.2 DSG funding is determined in two stagesL 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 education establishments.
- 1.3 DSG is split into four blocks: schools, central school services, early years, and high needs. Section two of the report provides an outline of the 2020/21 DSG allocation at Local Authority (LA) level and section three sets out the distribution of grant across educational establishments and LA retained budgets.

2. Summary of Dedicated Schools Grant (DSG) 2020/21 Settlement

- 2.1 The 2020/21 DSG notification was received on the 19th December 2019 and totals **£560.304m**. The overall increase in grant since last year is £29.536m. The biggest change in the grant is due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools and £11.994m uplift in the high needs block.
- 2.2 Table one provides a breakdown of the grant across the DSG blocks and sets out why the grant changed between 2019/20 and 2020/21.

Table one: DSG settlement 2020/21 and 2019/20

| BLOCK | Schools £m | Central School Services £m | High Needs £m | Early Years £m | Total £m |
|------------------------|-----------------------|---|------------------------------|-------------------------------|---------------------|
| 2020/21 | 425.944 | 3.661 | 88.918 | 41.781 | 560.304 |
| 2019/20 | 409.073 | 3.658 | 76.924 | 41.113 | 530.768 |
| Difference | 16.871 | 0.003 | 11.994 | 0.668 | 29.536 |
| As a result of: | | | | | |
| Pupil No. increases | 10.757 | 0.086 | 0.685 | | 11.528 |
| Change in Grant Rates | 8.160 | -0.083 | 11.309 | 0.668 | 20.054 |
| Growth Fund Decrease | -2.045 | | | | -2.045 |
| Difference | 16.871 | 0.003 | 11.994 | 0.668 | 29.536 |

Schools Block

- 2.3 This block funds primary and secondary school budgets. The schools block allocation of £425.944m has been calculated bottom up on the basis as if the national funding formula (NFF) 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 £425.944m will be allocated out to schools in individual budget shares or held for the growth fund.
- 2.4 The budget is based on 79,435 children aged 5-16. The allocation has increased by £16.871m in 2020/21, of which **£10.757m** reflects growth in primary and secondary pupils between October 2018 and October 2019 of 2,071 (2.7%). In addition, £9.625m of the allocation is for premises and the growth fund.
- 2.5 The growth fund allocation changed in 2019/20 from a historical allocation to a new formulaic method based on lagged growth data. Manchester will receive a protected level of funding, but this is £2.045m lower than the 2019/20 allocation. Table two below shows the breakdown of the allocation across 79,435 children aged 5-16.

Table two: Schools Block Allocation

| Schools Block | |
|-----------------------------------|---------------------|
| Guaranteed Unit of Funding | |
| Primary | £4,669.73 |
| Secondary | £6,209.31 |
| Numbers on roll – 79,435 | |
| Primary | 49,960 |
| Secondary | 29,475 |
| | £416,319,124 |
| Funding growth | £5,345,089 |
| Premises | £4,279,605 |
| Total | £425,943,818 |

- 2.6 The Spending Round in September 2019 indicated increases in school funding and following consultation with Schools Forum in November 2019 and January 2020, Schools Forum endorsed the Council's proposals to increase funding for pupils, pupil characteristics, and protection under the MFG as much as is affordable within the formula.

Central School Services Block

- 2.7 The central school services block allocation is £3.661m 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.
- 2.8 'On-going Responsibilities' - This funds the admissions service, copyright licenses, servicing of Schools Forum and the 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 a per pupil reduction of £1.07 to £41.58 per pupil. The impact of the reduction in the rate per pupil has been off-set by an increase in Manchester's pupil numbers, demonstrated in table three below.
- 2.9 'Historic Commitments' are time-limited and expected to reduce over a period of time. 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, which runs until 2032/33.

Table three: Central Schools Service Block

| Central Schools Service Block | 2019/20 | 2020/21 | Difference |
|--------------------------------------|------------------|------------------|-------------------|
| Historic Commitments (£m) | 358,000 | 358,000 | 0 |
| On-going responsibilities: | | | |
| Unit of Funding (£) | 42.65 | 41.58 | (1.07) |
| October census number on roll | 77,364 | 79,435 | 2,071 |
| Total Ongoing (£m) | 3,299,575 | 3,302,907 | (3,332) |
| Block Total (£m) | 3,657,575 | 3,660,907 | (3,332) |

High Needs Block

- 2.10 The high needs block allocation is £88.918m and provides funding for children and young people with special educational needs and disabilities (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 £11.994m, an increase of 15.59% compared to 2019/20.
- 2.11 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.

- 2.12 The Council continues to work with special schools and intends to re-base funding based on a child's primary diagnosed need to one where the level of all the needs of the child are taken account of. This will also allow the Council to equalise funding rates across all of the special schools. Following consultation in October 2019, 12 out of 13 schools agreed with the proposed change. In January 2020, Schools Forum endorsed the proposed change to the formula. Based on the proposed revised formula the average increase per special school per place is 2%.

Early Years Block

- 2.13 The early years block funding is £41.781m, this reflects the 2020/21 early years national funding formula (EYNFF) rates for all local authorities published in November 2019. Both the two year old rate and the three and four year old rate for Manchester have increased by 8p per hour from 2020/21. This is an increase of 1.64% for three and four year olds and 1.51% for two year olds and will be passed on in full to providers. However, this increase does not reflect the increase in the national living wage for April 2020 of 6.2% and for that reason is not expected to support financial sustainability for providers that are in difficulty.

3. Dedicated Schools Grant Allocation with Manchester

- 3.1 DSG funding is provided in two stages: first, the government provides the grant to a local authority as set out in section two above, and then the LA determines the grant distribution to the local educational establishments. The proposals for local allocation set out below have consulted on with Schools Forum, who endorsed the proposals at their meeting in January 2020.

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 1.84% increase on funding for pupils and pupil led characteristics. Premises factors have not been uplifted by in line with allocations from the DfE. The lump sum continues to be funded at £41k above the rate the Council has been funded as part of the local formula. Protection of plus 1.84% 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.

Central Schools Services Block

- 3.4 This block provides funding for LAs 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 LA school responsibilities, such as Admissions.

High Needs Block

- 3.5 The 2020/21 high needs block grant allocation totals £88.918m and includes an £11.994m uplift to the block. The breakdown of estimated spend against the additional allocation is provided in table four below:

Table four: High Needs Block growth

| | 2020/21 £m |
|---|---------------|
| Additional HNB Allocation | 11.994 |
| Mainstream EHCPs, Special School places, Resource units, Education, Health and Care Plans | 5.124 |
| Post 16 Places | 1.700 |
| Out of City Places | 3.059 |
| Central Services | 0.279 |
| TOTAL: Growth | 10.162 |
| Recovery Balance (year 1) | 1.832 |
| Balance | 0 |

- 3.6 The school population in Manchester has increased significantly since 2008. This has led to an increased demand for places across specialist places and support. Currently, 2.0% of the school population attend specialist provision either within a special school or resource provision within a mainstream setting. Expected growth planned mirrors that of mainstream growth and does not increase the proportion of children attending a special or resource school in Manchester. The Council is expanding the Education and Health Care Plans Casework service in line with expected growth for EHCPs next year. Manchester's High Needs Block is projected to overspend by £5.332m 2019/20, giving an expected DSG overspend of £3.664m. It is proposed that the deficit is recovered over two year period

Special School Budgets

- 3.7 The Council has undertaken a review of the special schools funding formula to establish an equitable and efficient funding system that aligns funding to individual pupils needs. Special schools places are funded on a £10k place plus top-up based on primary needs of children in their school.
- 3.8 The Council has worked with special schools and has re-classified top-up values based on all the needs of the child instead of the child's primary diagnosed need. This has also allowed the Council to equalise funding rates

across all of the special schools. A consultation on the changes has run throughout October 2019 to January 2020. Based on the proposed revised formula, the average increase per special school per place is 2%.

Early Years

- 3.9 Manchester's funding rate per hour for both the universal and additional hours provision for 3 and 4 year olds as well as the 2 year offer is proposed to be increased by 8p on the base rate, in line with the 8p increase received in the DSG settlement.

4. Summary

- 4.1 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 2019/20 and 2020/21.

Table five – DSG individual school budgets and retained school budgets

| | Schools £m | Central School Services Block £m | High Needs £m | Early Years £m | Total £m |
|---------------------------|-----------------------|---|------------------------------|-------------------------------|---------------------|
| Retained School Budgets | 3.756 | 3.658 | 22.761 | 1.151 | 31.326 |
| Individual School Budgets | 405.317 | 0 | 54.163 | 39.962 | 499.442 |
| DSG 2019/20 | 409.073 | 3.658 | 76.924 | 41.113 | 530.768 |
| Retained School Budgets | 2.392 | 3.661 | 29.532 | 1.262 | 36.847 |
| Individual School Budgets | 423.552 | 0 | 59.386 | 40.519 | 523.457 |
| DSG 2020/21 | 425.944 | 3.661 | 88.918 | 41.781 | 560.304 |

5. Recommendations

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

Glossary

Central Services Block 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’.

Early Years Block 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.

High Needs Block 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.

Minimum Funding Guarantee 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

National Funding Formula 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.

Soft Funding Formula 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.

Schools Block The schools block will fund all primary and secondary schools pupils that are not funded through high needs or early years blocks.

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**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee –
6 February 2020
Executive – 12 February 2020

Subject: Housing Revenue Account 2020/21 to 2022/23

Report of: Strategic Director (Growth and Development) and Deputy Chief
Executive and City Treasurer

Summary

This report presents members with details on the proposed budget for the Housing Revenue Account (HRA) for 2020/21 and an indication of the 2021/22 and 2022/23 budgets.

It seeks approval for the 2020/21 HRA budget, and the proposed average rent increase of 2.7% for all properties, in line with Government guidance.

It is also proposed that the City Council continue with the policy of where rent is not yet at the formula rent level, then the rent will be revised to the formula rent level when the property is re-let.

Recommendations:

The Resources and Governance Scrutiny Committee is invited to review and comment on the HRA Budget.

The Executive is recommended to:

1. Note the forecast 2019/20 HRA outturn as set out in section 4.
2. Approve the 2020/21 HRA budget as presented in Appendix 1 and note the indicative budgets for 2021/22 and 2022/23.
3. Approve the proposed 2.7% increase to dwelling rents, and delegate the setting of individual property rents, to the Director of Housing and Residential Growth and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.
4. Approve the proposal that where the 2020/21 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is re-let.
5. Approve the proposed 2020/21 changes for communal heating charges as detailed in paragraphs 5.15 to 5.19.

6. Approve the proposed 2020/21 Northwards management fee as detailed in paragraphs 5.27 to 5.28.
7. Approve the proposed increase in garage rental charges as outlined in paragraph 6.1

Wards Affected: Charlestown, Cheetham, Crumpsall, Harpurhey, Higher Blackley, Moston, parts of Ancoats and Clayton, Ardwick, Miles Platting and Newton Heath

| 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 | A healthy and fit for purpose affordable housing market will support a functioning local and sub-regional economy. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Access to appropriate affordable housing and services will support residents to achieve and contribute to the city. |
| 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 and work. | The right mix of affordable quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the City and enjoy a good quality of life. |
| A connected city: world class infrastructure and connectivity to drive growth | Affordable social housing plays an important part in ensuring that there are neighbourhoods where people will choose to live and their housing needs and aspirations are met. |

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Expenditure and income on the provision of Council housing must be contained within the Housing Revenue Account which is a ring fenced budget separate to the Council's General Fund. Whilst HRA expenditure can exceed income in any given year, the HRA overall cannot go into deficit. The recommendations in this report will determine the financial plan for 2020/2021 – 2022/23 and the impact on the overall financial model for the HRA over a 30 year period.

The HRA financial plan covers a rolling period of 30 years and is made up of rental income, Private Finance Initiative (PFI) grant and heating charges, which must be used for the purpose of funding the costs of managing and maintaining HRA assets. The amount of income in the HRA in 2020-21 excluding monies from reserves is forecast to be approximately £86m.

Financial Consequences – Capital

Within the proposed HRA budget a mandatory charge for depreciation is made, and this can be used to either fund capital expenditure or reduce housing debt. The 2020/21 HRA budget includes a forecast depreciation charge of £17m, which will be set aside to fund capital investment.

In addition to the depreciation charge there is around £60m capital funding proposed from revenue contributions over the 2020/21 - 2022/23. This report sets out the basic capital investment requirements for the next two years. There remain significant capital investment requirements if the Council is to achieve its requirements and ambitions in the areas of maintaining decent homes standards, achieving carbon reduction targets and continuing to maintain /increase the social housing stock within the City. It is likely therefore that the capital requirements will increase and this will need to be considered as part of the HRA Review.

From 2023/24 onwards the HRA budget currently includes an annual capital budget of £25m per annum.

The HRA budget already allows for the costs and implications of the following new build programmes:-

- Brunswick PFI Extra Care Scheme (2020/21)
- Silk Street (68 properties) (2020/21 - 2021/22)
- Collyhurst (130 properties) (2020/21 - 2021/22)

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Background documents (available for public inspection):
None

1. Introduction

- 1.1. The purpose of this report is to seek approval for the Housing Revenue Account (HRA) 2020/21 budget and provide members with recommendations for approval in respect of the 2020/21 tenants' rent, garage rents and communal heating charges.
- 1.2. This report sets out the HRA budgetary proposals for 2020/21, and the indicative position for 2021/22 and 2022/23. Furthermore, it highlights the current use of reserves, along with the risks that need to be managed.

2. Background

- 2.1. Since the introduction of Self Financing in April 2012 the Council has had to manage its housing stock on a similar basis to Registered Providers. This has entailed developing a rolling 30 year business plan, and reviewing the use of all existing assets to ensure that benefits are maximised.
- 2.2. In developing the 30 year business plan it is essential that the Council considers all risks, and ensures that any investment decisions are affordable both in the short and longer term.
- 2.3. In previous years there has been significant legislative change following the introduction of the Housing and Planning Act and Welfare Reform Act, in addition to this there have been policy changes that have affected the HRA budget, both in the short term, and in future years.
- 2.4. The imposition of a 1% annual rent cut for four years from 1st April 2016 has had a significant effect on available resources over the life of the plan through a loss of rent income and this reduced the HRA reserves position over the life of the business plan. The current business plan shows that reserves fall below the c£60m level required to avoid having to pay increased interest charges on debt in 2027/28, and the reserves are forecast to be exhausted by 2045/46. Although the current business plan does show a small deficit over the 30 years there are many variables that could impact upon the existing forecasts, in particular the level of future years rent increases and also the capital investment requirements, and in particular the additional investment requirement in respect of energy efficiency measures to support the Council in achieving its carbon neutral target by 2038.
- 2.5. Following the 4 years of annual 1% per cent rent reduction, the Government have agreed that rent policy for 5 years commencing 2020/21 can revert to the original rent policy of CPI +1%, and this is included within the proposed budget.
- 2.6. The HRA will be required to achieve further savings over the medium/long term in order to ensure that the HRA does not run into a deficit, and that there are sufficient resources available to support the capital investment needs over the life of the business plan.

3. Statutory Duties in Determining the HRA Budget Strategy

- 3.1. The rules governing the maintenance of the HRA were established pursuant to the Local Government and Housing Act 1989 and provide that:
- The Council must formulate proposals in respect of HRA income and expenditure for the financial year which, on the best assumptions and estimates that the Council is able to make at the time, ensure that the HRA does not show a debit balance;
 - The Council is required to keep a HRA in accordance with proper practice. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is in balance taking one year with another.
 - The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs and maintenance expenditure must be met from HRA income.

4. Budget Position 2019/20

- 4.1. The latest HRA forecast as at November 2019 shows that the forecast expenditure is £13.176m lower than budget, which would result in an in year surplus of £3.029m and this will be credited to the HRA reserves. The original 2019/20 HRA budget forecast a £10.147m withdrawal from reserves. The main reasons for this change in the current year are as follows:
- RCCO - £11.461m underspend – Mainly due to revised planned delivery timescales arising from consultation with tenants on a number of schemes involving multi story blocks (sprinklers, fire risk assessments, windows, and kitchen/bathroom replacement).
 - Housing Rents - £139k overspend – Rental income is lower than anticipated following delays in the construction of new build properties.
 - Contractor payments - £1.594 underspend – Expenditure on the Brunswick scheme is £0.622m lower than budgeted and around £0.900m due to slippage on the planned installation of sprinklers.
 - Other minor underspends totalling £260k.

5. Budget Strategy 2020/21 - 2022/23

- 5.1 The HRA financial plan has been prepared taking into account all known changes to housing stock numbers, ongoing management arrangements, proposed investment needs and assumptions in line with the City Council medium term financial plan around pay and inflationary increases. It also takes into account the impact of Welfare Reform which commenced in April 2013 on rent collection levels, and will continue to be rolled out over the next few years. To date the anticipated reduction in rental income has not materialised but the position will continue to be monitored closely and the implications reflected within the HRA business plan.
- 5.2 The HRA budget shows statutory compliance in that a surplus is forecast (before the use of reserves to fund capital works) at the end of each year

within the three year budget strategy period. However, due to a number of factors including the Government's imposed 1% rent reduction over four years from 2016/17, the impact of the Grenfell Tower fire disaster, and the Council's ambition to become a zero carbon City, the HRA does currently forecast a small deficit from 2032/33 onwards based on current assumptions. Work is ongoing to review all HRA expenditure in order that efficiencies can be identified to ensure that reserves are retained and the investment requirements for the HRA are delivered.

Management of Housing Stock and Implications of "Right to Buy"

- 5.3 The Council continues to own and manage just under 16,000 properties within the HRA under various arrangements. These include three PFI schemes and stock managed by either Northwards Housing or other Registered Providers (RPs). In the current financial year Right to Buy Sales (RTB) of around 193 properties are being forecast. This is more than the number sold in 2018/19 and it is assumed the RTB numbers will remain at a similar level to the current year (1.25%) for the next five years of the Business Plan, before dropping back to 1% for the remaining years of the plan. This will reduce the level of rent income achieved and the number of sales will continue to be closely monitored.
- 5.4 The table at Appendix 1 provides a detailed analysis of the overall proposed 2020/21 budget which is forecasting an in year deficit of £18.441m and this will be funded through drawing down resources from the HRA reserves. This is mainly due to the level of planned capital programme works and this does include slippage carried forward from the 2019/20.
- 5.5 The key budget assumptions used in preparing the HRA budget are as follows:

Rent Income

- 5.6 As a result of Government changes to the social rent policy, social rents have been reduced by 1% p.a. for the four year period 2016/17 to 2019/20 inclusive, although PFI properties were exempt, and those rents have been increased by CPI plus 1%.
- 5.7 The latest Government guidance allows Local Authorities to increase rents by a maximum of CPI plus 1% for the five year period 2020/21 to 2024/25, and CPI will be based on the September CPI rate. In September 2019 CPI was 1.7% and therefore this report seeks approval to increase tenant's rents for all properties by 2.7% with effect from April 2020.
- 5.8 For the c.1,000 properties where formula rent has not yet been achieved, if the property becomes vacant the rent will be increased to formula rent when the property is re-let.
- 5.9 The HRA budget has been prepared on this basis and would produce an average weekly rent (based on 52 weeks) of:

- General Needs £74.34
- Supported Housing £67.61
- PFI Managed £84.84

Other Income

5.10 Other income is forecast to be around £1.164m in 2019/20, and this is made up as follows:

- Non Dwelling Rents and Other Income includes:
 - Non Dwelling Rents – income from garage rents, rental income from shops and offices, ground rent and telecoms masts
 - Other Income and Contributions – Girobank charges, contributions towards grounds maintenance and solar panel income.
- Recharge to Homelessness – rental income in relation to HRA properties used by Homelessness
- VAT Shelter Credits – income from other RP's in relation to VAT recovery on repairs and maintenance costs following stock transfers. This income ceases in 2021/22.
- HRA Investment Income – the HRA receives income on balances held within the Council's bank account
- Income from Leaseholders (e.g. contribution to heating, cleaning, and repairs to communal areas)

Private Finance Initiative Allowances

5.11 As part of the original PFI negotiations for the Brunswick scheme, the Council agreed to make a capital contribution totalling £24m between 2014/15 and 2019/20 in order to realise savings of c.£48m over the life of the PFI contract, through lower annual Unitary payments. The contributions are linked to the programme of new build properties, and the capital contributions have slipped one year so 2020/21 will be the final year of making the agreed capital contributions and this is reflected in the proposed budget.

5.12 The three stock management PFI schemes in total generate income for the HRA in that income from rents and PFI credits is greater than the unitary charge payments. This budget proposes to continue to charge PFI rents in line with the original rent policy.

5.13 "Smoothing" reserve funds had been established for all the PFI contracts, these are set up to smooth the costs of the PFI over the duration of the scheme. Following the introduction of self-financing and the removal of the subsidy system, PFI rental income and grant can be used to fund the annual unitary charge, which removed the ongoing requirement to contribute towards a smoothing reserve.

5.14 The current PFI reserve will continue to remain frozen at £10m as at 31 March 2020 and will be used to part fund the outstanding HRA debt.

Communal Heating

- 5.15 In general, it is intended that gas charges are set to reflect the actual cost of gas consumed. However, there are reasons why in practice this is difficult to achieve:
- Charges are set based on anticipated charges for the following year and consumption from the previous year
 - Some of the heating systems are not efficient in operation, although work is ongoing to improve this position.
- 5.16 Communal heating gas is sourced as part of the City Council overall gas contract. The existing wholesale gas contract expires shortly, and latest prices indicate that the current wholesale gas price will reduce by 7% with effect from April 2020.
- 5.17 In order to ensure that the costs of gas used are recovered through the tariffs charged for tenants and residents on a scheme by scheme basis, it would be necessary to reduce the current heating charges by between 0% and 36%. The charges for 2019/20 were increased to reflect an increase in tariffs, but the increase was capped at 20%. Therefore it is proposed that the reduction in tariffs for 2020/21 is similarly capped at a maximum of 20% in order to smooth any potential changes arising from future increases to the costs of gas.
- 5.18 The proposed 2020/21 heating charges for each scheme are shown in Appendix 2 and this includes both 2018/19 and 2019/20 charges for comparison purposes. The table shows that all but 1 scheme proposed heating charges for 2020/21 will be lower than the 2018/19 rates.
- 5.19 There continues to be a programme of capital investment that looks to both improve energy efficiency of homes and reduce carbon. This will include upgrading or replacing existing communal heating equipment. The costs of gas used against the tariffs charged will continue to be monitored to ensure that the rates being charged are aligned.

Depreciation

- 5.20 Depreciation is a means of charging the cost of an asset to the revenue account over its remaining useful life. In accordance with accounting regulations, it is charged to the HRA as a transfer to Reserves where it can be used to fund capital expenditure or pay off debt. The proposed depreciation charge in 2020/21 is forecast to be £17.378m and this will be used to fund capital expenditure.

Debt Financing and Borrowing Costs

- 5.21 The 2020/21 opening HRA debt is anticipated to remain unchanged at £121.26m, and this is funded through a combination of market loans and internal funding through the use of reserves. The use of internal borrowing

supports the HRA through reducing the interest costs of borrowing, but it is important that any future investment decisions are carefully considered because if the reserves fall below the level of internally funded debt (c£60m), then interest charges will increase. This will be considered as part of any investment proposals that require use of the HRA reserves if the scheme appraisal would need to ensure that the increased costs of borrowing are factored into the project costs.

- 5.22 It should be noted that in October 2018, the Government announced the removal of Councils' HRA debt caps, which means that there is no upper limit to the level of debt that can be held, the only restriction being that the HRA business plan must demonstrate that any debt can be serviced without going into deficit.
- 5.23 Due to the change in Government policy and the imposed four year 1% rent reduction, the reduced rental income has reduced the forecast level of reserves, it is currently anticipated that the HRA reserves will fall below the £60m required to continue funding the proportion of debt in 2027/28 and this results in an increase in the interest costs charged to the HRA. This assumes no additional capital expenditure over and above what is assumed in the business plan. Unless savings are identified to mitigate the rent reduction, the costs of borrowing within the HRA will increase.
- 5.24 The HRA is making provision only for the interest repayments in relation to the outstanding debt. Consideration will need to be given to refinancing the debts as and when the debts become repayable this will be considered as part of the treasury management strategy.

Provision for Bad Debts

- 5.25 Due to the continued roll out of Universal Credit and the anticipated impact on residents the business plan has made prudent provision for an increased contribution towards the provision for bad debts. The forecast reduced rent collection has not materialised to date, and this is in part due to the delays in rolling out the Universal Credit scheme and also because of the good work undertaken with tenants to provide help and support in order to assist tenants manage the impact of the changes. Despite the continuing good rent collection performance, the further roll out of Universal Credit may impact on rent collection rates in later years. The contribution to the bad debt provision will remain at the 2019/20 actual rate of 1% in 2020/21 and will then be increased annually by 0.5% from 2021/22 until 2023/24 at which point it will peak at 2.5%, it is then planned to reduce by 0.5% per year until it levels out at 1.5% for the remainder of the plan. This is to reflect the ongoing work that will be done with residents to manage the impact of welfare reform.
- 5.26 The full implications of Welfare Reform will be kept under review as it is rolled out and the bad debt provision requirements adjusted accordingly.

Northwards Management Fee

- 5.27 As part of the 2018/19 budget Executive approved a two year annual 1% reduction in the Northwards management fee for both 2018/19 and 2019/20, and this was aligned to the rent reductions. It is proposed that the Northwards management fee for 2020/21 is increased to reflect the costs of pay awards in 2020/21 and this equates to a rise of 1.55% or £315k in 2020/21. Similar assumptions have also been made for future years of the business plan, although these will be approved as part of future budget rounds.
- 5.28 Due to the prior year 1% reduction in the management fee Northwards have been required to fund any inflationary increases during this period, they have achieved this through a combination of making use of their own reserves and identifying efficiencies within their existing budgets. In order to ensure that Northwards have a sustainable budget going forward Northwards have been requested to identify efficiencies that will remove the need for use of reserves, and ensure their budget is sustainable ongoing.
- 5.29 The interim Director of Housing is currently undertaking a review of the HRA and this does include all existing management arrangements for the stock. It is expected that this review will be completed before the end of the current financial year and as part of this review the financial implications for the business plan will be considered. It should be noted that this review will pick up all Policy and Strategy requirements of the HRA business plan and will therefore change current projections. There are none of these assumptions currently included as part of this budget report, and details will be reported back to members once they have been worked through.

Other Expenditure

- 5.30 Details of other expenditure as shown in appendix 1 is as follows:
- Retained Stock Maintenance & Repairs – this covers repairs to offices, environmental works, and some lift maintenance
 - Supervision & Management – this covers the City Council costs of managing the HRA, including the cost of staff in Strategic Housing (HRA related), corporate, central and departmental recharges, and other miscellaneous costs.
 - Other management arrangements – stock management fee to the two Tenant Management Organisations (415 properties), Guinness Partnership (171 properties in West Gorton) and Peaks and Plains (11 properties in Alderley Edge)
 - Council Tax – on properties held empty for demolition
 - Insurance costs – The annual contribution to the HRA insurance reserve
 - Revenue Contribution to Capital Outlay – this is where funds held within the HRA are set aside to contribute towards the cost of capital works (in addition to Depreciation).

Inflationary Assumptions

- 5.31 The HRA budget includes inflationary assumptions in line with the Council's current assumptions in relation to pay and prices. The majority of inflation in the business plan is linked to the consumer price index rate (CPI), which the Office for Budget Responsibility has forecast will dip to 1.9 per cent in 2020, returning to the 2 per cent target thereafter. The business plan assumes a 2% CPI rate for each of the next 30 years.

This inflationary increase will only be applied to costs that are not already known, currently the rent income, the PFI unitary charges, and the Northwards management fee are known for 2020/21, so the 2% will only apply to a small proportion of the HRA costs.

6. Garage Rents

- 6.1 In 2015/16 as part of the budget strategy it was agreed that garage rents should be brought in line with dwelling rents in respect of the increases that had been applied. To achieve this, it was agreed that garage rents were to be increased by an additional 3.92% to the annual increase applied to dwelling rents, for the five year period 2015/16- 2019/20. In order to ensure that the increase applied to garage rents remains in line with that applied to dwelling rents, it is proposed that 2020/21 garage rents increase by 2.7%, and the impact of the increase is shown in the table below:

| | Annual Charge 2019/20 | Weekly Charge 2019/20 | Proposed Weekly Charge 2020/21 | Proposed Weekly Increase |
|----------------------|------------------------------|------------------------------|---------------------------------------|---------------------------------|
| Site Only | £96.20 | £1.85 | £1.90 | £0.05 |
| Prefabricated | £213.72 | £4.11 | £4.22 | £0.11 |
| Brick Built | £251.16 | £4.83 | £4.96 | £0.13 |

7. Reserves Forecast

- 7.1 Current projections show the HRA will not generate sufficient annual surpluses over the duration of the business plan to service the debt and maintain a positive balance. Based on the current assumptions within the plan, the HRA continues to hold reserves greater than £60m in order to avoid paying an increased amount of interest for the next eight years, but after that it incurs additional costs and moves into a deficit position in 26 years time and work is required in order to ensure this is remedied.
- 7.2 The table below sets out details of the anticipated HRA reserves position, over the next three years if there are no additional investment proposals above the approved amounts included for RCCO and the contribution towards Brunswick capital costs. Given the low interest rates payable on balances, the HRA is currently using around £60m of its own reserves to internally fund part of the HRA debt rather than take out external borrowing. This provides annual interest savings of around £2.4m per annum. The continuation of this

arrangement will need to be considered if any investment proposals are to be funded by the use of reserves. The current plan shows reserve levels falling to zero in 2032/33.

Reserves Forecast 2019/20 to 2022/23

- 7.3 The table below sets out the forecast reserves position for 2019/20 and the next three years. Based on the November forecast position the HRA closing reserves are forecast to be £110.4m, but these are forecast to reduce by over £18m in 2020/21 and further reductions in the following two years. The reductions in reserves relates predominantly to the ongoing capital investment proposals.

| Reserve Description | 2019/20 (Forecast) £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|-------------------------------|-----------------|-----------------|-----------------|
| General Reserve (including Major Repairs reserve) | 74,605 | 56,447 | 42,231 | 27,963 |
| Insurance Reserve | 1,789 | 1,506 | 1,706 | 1,906 |
| Residual Liabilities Fund | 24,000 | 24,000 | 24,000 | 24,000 |
| PFI Reserve | 10,000 | 10,000 | 10,000 | 10,000 |
| Total Reserves | 110,394 | 91,953 | 77,937 | 63,869 |

- 7.4 The Residual Liabilities Fund was established to cover any potential environmental and other risks associated with the large and small scale voluntary transfers that have taken place during the past 15 years. There is no reason to change the level of reserve from that recommended in an independent report previously commissioned, and therefore the fund balance will be held at £24m for 2020/21.
- 7.5 Within the general reserve there is also a separately held HRA Insurance Reserve. This is required to ensure compliance with the ringfencing requirements. The balance required is determined by the likely liabilities arising from claims settled in any one year, there is an annual contribution to the reserve assumed within the current proposed HRA budget.

8. Conclusions

- 8.1. The proposals contained in this report seek to ensure that the HRA business plan provides a sound basis of managing the existing stock, whilst also identifying the potential risks that need to be monitored on an ongoing basis.
- 8.2. The budget proposals will allow for continued service delivery and investment within the existing stock and development of new HRA stock within the confines of the available resources.

- 8.3. Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the HRA does not result in a debit balance. The proposed budget for 2020/21, together with the indicative budget for the following two years, is attached at Appendix 1 and shows this provision being met (before proposed use of reserves to fund capital works).
- 8.4. The HRA continues to hold a prudent level of reserves that enables continued savings on HRA costs through self-funding part of the HRA debt. There is also an increase in the planned level of capital works over the 3 year period 2020/21 – 2022/23 that is partly funded from the existing HRA reserves.
- 8.5. Based on forecasts, over the next three years the HRA can continue to fund existing debts, together with the ongoing management and maintenance costs whilst also maintaining a positive reserves position. The reserves provide longer term benefits to the HRA through debt financing, reducing the overall interest payable, and contributing towards increased resources available for further investment in the longer term. The medium/longer term forecast position has been affected significantly by the four year reduction in rents as mentioned previously.

9. Key Polices and Considerations

(a) Equal Opportunities

The rents have been set in line with the Government's guideline rent.

(b) Risk Management

Under the provisions of the Local Government and Housing Act 1989, the Authority must ensure that the Housing Revenue Account does not result in a debit balance. The proposed change in rents and identification of savings within this report, together with regular budget monitoring will assist in managing this risk over the short term. Work will continue to ensure that the HRA remains viable in the longer term.

(c) Legal Considerations

The City Solicitor has reviewed this report and is satisfied that any legal considerations have been incorporated within the body of the report.

Appendix 1 – Housing Revenue Account Budget 2019/20 – 2022/23

| | 2019/20 (Forecast) £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | See Para. |
|--------------------------------------|-------------------------------|-----------------|-----------------|-----------------|--------------|
| Income | | | | | |
| Housing Rents | -59,775 | -60,881 | -62,030 | -63,497 | 5.6 |
| Heating Income | -754 | -600 | -612 | -625 | 5.15 |
| PFI Credit | -23,586 | -23,374 | -23,374 | -23,374 | 5.1 |
| Other Income | -1,164 | -1,281 | -1,203 | -1,069 | 5.10 |
| Funding from General HRA Reserve | 3,029 | -18,441 | -14,016 | -14,068 | 7.1 |
| Total Income | -82,250 | -104,577 | -101,235 | -102,633 | |
| | | | | | |
| Expenditure | | | | | |
| Northwards R&M & Management Fee | 20,379 | 20,694 | 20,984 | 21,455 | 5.27 |
| PFI Contractor Payments | 31,824 | 36,296 | 32,599 | 31,639 | 5.1 |
| Communal Heating | 858 | 584 | 595 | 607 | 5.15 |
| Supervision and Management | 5,020 | 5,223 | 5,291 | 5,360 | 5.29 |
| Contribution to Bad Debts | 504 | 613 | 937 | 1,279 | 5.25 |
| Depreciation | 17,279 | 17,378 | 17,517 | 17,785 | 5.20 |
| Other Expenditure | 1,295 | 1,169 | 1,189 | 1,016 | 5.29 |
| RCCO | 2,287 | 19,841 | 19,360 | 20,762 | 5.29 |
| Interest Payable and similar charges | 2,804 | 2,779 | 2,763 | 2,730 | 5.2 |
| Total Expenditure | 82,250 | 104,577 | 101,235 | 102,633 | |
| | | | | | |
| Total Reserves: | | | | | |
| Opening Balance | -107,365 | -110,394 | -91,953 | -77,937 | 7.1 |
| Funding (from)/to Revenue | -3,029 | 18,441 | 14,016 | 14,068 | |
| Closing Balance | -110,394 | -91,953 | -77,937 | -63,869 | |

Appendix 2 – Proposed Heating Tariffs

The table below shows the proposed heating charges for 2020/21 after applying reductions varying from 0% to a capped maximum of 20%. The point of sale customers purchase units of heat via their top up card, whilst the tenants who pay by their rent pay a set weekly fee for their heat and the overall usage is taken into account when calculating future years' charges.

Pay by Rents:

| Property Type | Area/Scheme | Est. Property Numbers 19/20 | 18/19 Weekly Charge | 19/20 Weekly Charge | 20/21 Proposed Weekly Charge | % Reduction |
|------------------|--------------------------------------|-----------------------------|---------------------|---------------------|------------------------------|-------------|
| Flat 1 Bed | Grove Village Tenants | 12 | £7.65 | £9.01 | £7.48 | 17% |
| House 2 Bed | Grove Village Tenants | 58 | £9.45 | £11.13 | £9.24 | 17% |
| House 3 Bed | Grove Village Tenants | 85 | £11.94 | £14.07 | £11.67 | 17% |
| House 4 Bed | Grove Village Tenants | 23 | £13.78 | £16.23 | £13.47 | 17% |
| Flat 1 Bed | Northwards Sheltered - Boiler Supply | 116 | £5.57 | £6.68 | £5.39 | 19% |
| Flat 2 Bed | Northwards Sheltered - Boiler Supply | 67 | £6.76 | £8.11 | £6.61 | 19% |
| Flat 1 Bed | Northwards Sheltered - Other supply | 14 | £5.57 | £6.68 | £5.39 | 19% |
| Flat 2 Bed | Northwards Sheltered - Other supply | 11 | £6.76 | £8.11 | £6.61 | 19% |
| 2/4 Block | Northwards 2/4 Blocks - All Others | 117 | £5.61 | £6.74 | £5.39 | 20% |
| 2/4 Block | Northwards 2/4 Blocks - Fuel Supp. | 34 | £0.48 | £0.58 | £0.46 | 20% |
| Multistorey Flat | Northwards - Multistorey - Sandyhill | 37 | £5.47 | £6.56 | £6.56 | 0% |
| Type A | Northwards - Victoria Square | 52 | £7.13 | £8.56 | £6.85 | 20% |
| Type B | Northwards - Victoria Square | 51 | £7.67 | £9.20 | £7.36 | 20% |
| Type C | Northwards - Victoria Square | 15 | £8.25 | £9.90 | £7.92 | 20% |

| | | | | | | |
|------------|------------------------------|----|--------|--------|--------|-----|
| Type D | Northwards - Victoria Square | 33 | £8.57 | £10.28 | £8.22 | 20% |
| Type E | Northwards - Victoria Square | 13 | £10.98 | £13.17 | £10.54 | 20% |
| Caretaker | Northwards - Victoria Square | 1 | £13.15 | £15.78 | £12.62 | 20% |
| Flat 1 Bed | Brunswick Sheltered | 29 | £5.57 | £6.68 | £5.39 | 19% |
| Flat 2 Bed | Brunswick Sheltered | 1 | £6.76 | £8.11 | £6.61 | 19% |

Point of Sale:

| Scheme | Estimated Property Numbers 19/20 | 18/19 Charge (per unit of heat) | 19/20 Charge (per unit of heat) | 20/21 Proposed Charge (per unit of heat) | % Reduction |
|---------------------------------|---|--|--|---|--------------------|
| Grove Village | 318 | 5.91p | 6.96p | 5.78p | 17% |
| MECO | 288 | 8.13p | 9.76p | 7.81p | 20% |
| Northwards Multistorey | 444 | 7.36p | 8.83p | 7.06p | 20% |
| Victoria Avenue (removed Wbeck) | 470 | 5.43p | 6.52p | 5.22p | 20% |
| Brunswick Multistorey | 257 | 8.13p | 9.76p | 9.76p | 0% |

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**Manchester City Council
Report for Information**

Report to: Executive – 12 February 2020

Subject: Manchester Climate Change Update

Report of: Deputy Chief Executive and City Treasurer

Summary

In November 2018, the Council's Executive agreed to establish a science-based carbon reduction target for Manchester, which required the city as a whole to adopt a carbon budget of 15 million tonnes of CO₂ between 2018 and 2100. This would require a year-on-year reduction of at least 13%, emissions to be halved within five years, and lead to the city becoming zero carbon by 2038 at the latest.

As such, the Manchester Climate Change Board (MCCB), with the support of Anthesis, developed a guide to support organisations in Manchester to play their full part in achieving this commitment alongside a draft zero carbon framework. The Board also worked with partner organisations, including the Council, to develop a draft zero carbon action plan, which was approved by the Council's Executive in March 2019.

The Manchester Climate Change Framework 2020-25 is scheduled for publication on 28th February 2020. The Council's Executive will be asked to formally adopt the target and endorse the framework on behalf of the city on 11 March 2020. The Council has also committed to producing its own Action Plan which will be considered for approval at the same meeting.

This report provides the Executive with an update on the Tyndall Centre for Climate Change Research review of targets and an update on the development of a city-wide Manchester Climate Change Framework 2020-25.

Recommendations

The Executive are asked to note the citywide progress and the summary of the Tyndall Centre for Climate Change Research review of targets.

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 development of a new Manchester Climate Change Framework 2020-25 will set out the city's priorities for addressing climate change. The Council has a vital leadership role within the city and has supported the establishment of the Manchester |
|--|

Climate Change Agency and Partnership to provide additional capacity and support to the delivery of this agenda.

| Manchester Strategy outcomes | Summary of how this report aligns to the OMS |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | The transition to a zero carbon city will help the city's economy become more sustainable and will generate jobs within the low carbon energy and goods sector. This will support the implementation of the Our Manchester Industrial Strategy. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | Manchester is one a small number of UK cities that have agreed a science based target and is leading the way in transitioning to a zero carbon city. It is envisaged that this may give the city opportunities in the green technology and services sector. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Transitioning to a zero carbon city can help to tackle fuel poverty by reducing energy bills. Health outcomes will also be improved through the promotion of more sustainable modes of transport and improved air quality. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Becoming a zero carbon city can help to make the city a more attractive place for people to live, work, visit and study. |
| A connected city: world class infrastructure and connectivity to drive growth | A zero carbon transport system would create a world class business environment to drive sustainable economic growth. |

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The revenue implications arising from the Manchester Climate Change Framework 2020-25 and the Council's new five-year Climate Change Action Plan will be addressed as part of the revenue budget setting process each year from 2020/21.

Financial Consequences – Capital

The City Council's capital strategy from 2020/21 will set out the investments needed to meet the requirements of the new plan as it is developed.

Contact Officers:

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Background documents (available for public inspection):

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

Climate Change Sub Group 23 January 2020, Tyndall Centre for Climate Change Research Presentations

Climate Change Suite of Reports, Neighbourhoods and Environment Scrutiny Committee 5 February 2020

Manchester Climate Change Annual Report 2019

Playing Our Full Part: How Manchester's Residents and Businesses can benefit from Ambitious Action on Climate Change 2018

Manchester Zero Carbon 2038, Manchester City Council's Commitment, March 2019

1.0 Introduction

- 1.1 The purpose of this report is to provide an update on the review of Manchester's science-based climate change objectives and targets, and the development of the Manchester Climate Change Framework 2020-25.

2.0 Background

- 2.1 Manchester has been listening to the science since the development of the city's first climate change strategy in 2009. The target to reduce Manchester's CO₂ emissions by 41% by 2020, from 2005 levels, was based on recommendations by the Tyndall Centre for Climate Change Research at the University of Manchester (the Tyndall Centre)
- 2.2 In June 2018 Manchester Climate Change Agency (the Agency) and the Manchester Climate Change Partnership (the Partnership) commissioned the Tyndall Centre to recommend targets to further define the city's commitment to 'play its full part in limiting the impacts of climate change', as set out in the Our Manchester Strategy.
- 2.3 Following publication at the Manchester Climate Change Conference in July 2018, the targets were proposed to Manchester City Council in October 2018, as part of the 'Playing Our Full Proposal'¹, developed by the Climate Change Agency and Partnership.
- 2.4 In November 2018 Manchester City Council formally adopted the targets, on behalf of the city.
- 2.5 In February 2019 the Climate Change Agency and Partnership published a Draft Zero Carbon Framework 2020-38², to set out an outline approach for meeting the new targets. In March 2019 Manchester City Council formally endorsed the Draft Framework, with a view to considering a final version by March 2020.

3.0 Targets

- 3.1 The Council has played a key leadership role within the city for a decade and established a partnership-based approach to climate action which started with the creation of the MACF Steering Group in 2010. This approach recognises the need for everyone in the city to be mobilised to play their full part in tackling climate change. Following the publication of the Draft Framework in February 2019, the Agency established a 'Manchester Carbon Reduction Advisory Group', to support the development of the final version of the Framework.
- 3.2 The group recognised the need for an early review of the city's targets, to take into account the publication of new scientific evidence (in particular the

¹ <http://www.manchesterclimate.com/content/science-based-targets>

² <http://www.manchesterclimate.com/content/framework-2020-2038>

Intergovernmental Panel on Climate Change's Special Report on 1.5°C) and the latest international best practice on city climate action. This need was bolstered by Manchester City Council's declaration of a Climate Emergency in July 2019.

3.3 A brief for an additional piece of work to address elements of the Climate Emergency began to be scoped in August 2019 and Manchester City Council subsequently agreed to fund this research. In November 2019 the Agency commissioned the Tyndall Centre to undertake a review of the city's climate change targets. A copy of the full brief is available from <http://www.manchesterclimate.com/targets-2020>. In summary the brief sets out the need to address:

- 'Direct' / 'energy-only' CO₂ emissions from the energy used in the city's buildings and energy
- 'Indirect' / 'consumption-based' CO₂ emissions embedded in the products and services we consume in the city (e.g. food, construction materials, electronics, clothes, etc)
- Aviation emissions
- A target-setting and reporting methodology for Manchester organisations and sectors

3.4 The final report is scheduled for completion by 21st February 2020.

3.5 The Tyndall Centre's work to date was presented to the City Council's Climate Change Sub-group on 23rd January 2020, in relation to the 'direct' and 'aviation' elements of the brief. The full presentations are available from the below link³.

Direct CO₂ emissions: draft recommendations

3.6 As set out in the presentation from Dr Chris Jones on 23rd January 2020, the Tyndall Centre's work to date has identified the following draft recommendations for Manchester:

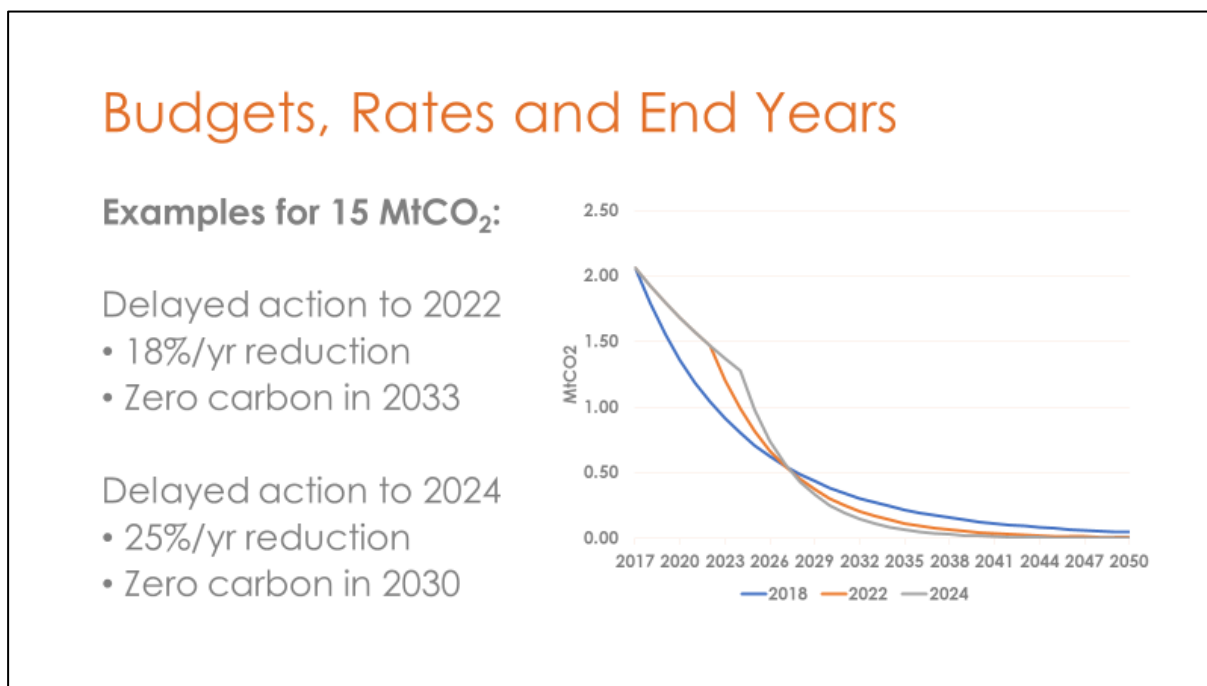
- 1) Retain the existing 15 million tonne CO₂ carbon budget for 2018-2100
- 2) Note that the updated carbon budget approach based on the latest scientific synthesis report by the IPCC would allow an increase in the carbon budget to 18 million tonnes CO₂ but that by retaining the 15 million tonne budget this shows ambition and leadership
- 3) Focus on immediate action to achieve a minimum reduction rate of 13% per annum and meeting interim (five-year) carbon budgets

³ <http://www.manchesterclimate.com/news/2020/01/manchester-city-council-climate-change-sub-group-23rd-january-2020>

- 4) Note that if the city does not reduce emissions by 13% per annum, an increased rate will be required from 2020 in order to stay within budget. (See 3.7 below for further details).
- 5) Carbon budgets should be revisited in five years or in response to a new scientific synthesis report

3.7 It should be noted that the 'zero carbon date' is defined as the date at which Manchester has 5% of its 15 million tonne budget remaining, to allow for small but difficult to avoid sources through to the end of the century e.g. backup generators. Manchester's zero carbon date is a function of the rate of decarbonisation i.e. how much of the carbon budget is being 'spent' year-on-year. Manchester's average rate of decarbonisation (2013 to 2017) is 7% per annum – largely caused by decarbonisation of the national grid. The below graph provides indicative examples showing the impact of delaying the year from which Manchester increases the necessary rate of decarbonisation.

Figure 1: Tyndall Centre graph showing impact of delayed action



Aviation emissions: areas identified for consideration

- 3.8 As set out in the presentation from Dr John Broderick on 23rd January 2020, the Tyndall Centre's work to date has identified the following areas for Manchester to consider:
- 1) To note that aircraft emissions can't be overlooked – additional action is required to meet the Paris Agreement 'well below 2°C' commitment
 - 2) UK aviation emissions need to fit within a Paris-compliant national pathway. Noting that the Tyndall Centre's recommended carbon budget

includes 1,262 million tonnes CO₂ for aviation from 2018-2100, versus 1,705 million tonnes based on current UK Government policy forecasts.

- 3) Survey data makes it possible to monitor and report Manchester residents' flights from UK airports, including from Manchester Airport
- 4) A method for monitoring and reporting flights taken by Manchester businesses could be developed. To be aware of potential double counting with residents' flights.
- 5) Manchester City Council and Manchester Airport should work with UK Government to ensure a Paris-compliant aviation strategy for the UK as technological change alone is insufficient.
- 6) Could Manchester Airport become a pioneer organisation (as part of the Manchester Climate Change Partnership) for managing the impact of its ground operations?

3.9 The final Tyndall Centre report on aviation will be completed by 21st February 2020.

Indirect / consumption-based CO₂ emissions

3.10 Work is at an early stage on reviewing and recommending objectives and targets for Manchester's indirect / consumption-based CO₂ emissions.

3.11 It should be noted that this topic and the associated data is less well developed than for direct and aviation emissions. As such it is expected that higher level objectives and/or targets will be recommended at this stage than for direct and aviation emissions.

3.12 The final report will be completed by 21st February 2020.

Target-setting and reporting methodology for organisations and sectors

3.13 A workshop has been organised for 5th February 2020 to review potential options to help organisations and sectors to set targets in line with city-level targets, and report progress. The workshop is being held for members of the Manchester Climate Change Partnership.

4.0 Manchester Climate Change Framework 2020-25

4.1 The Framework is being produced by the Manchester Climate Change Partnership and Agency, setting out their recommended approach for Manchester to meet its targets.

4.2 Since the publication of the Draft Manchester Zero Carbon Framework 2020-38, there have been three key developments:

- Targets review – as above

- Timescales and urgency – the Partnership and Agency have chosen to focus on the next five years, 2020-25, seeking to emphasise the point that urgent action is needed
 - Adaptation and resilience to the changing climate – this has been identified as an additional objective, broadening the scope of the Framework from carbon reduction
- 4.3 The Framework is currently in development and will be published by the Partnership and Agency on 28th February 2020. The following provides an outline of the document:
- 4.4 Introduction from the Manchester Climate Change Partnership & Agency
- Setting out that ambitious climate action now needs to form part of our everyday lifestyles, business activities and the city’s future plans
 - Manchester has led and pioneered developments that have changed the world before now; we have the opportunity to do it again with a new zero carbon revolution
- 4.5 Approach to Developing This Framework
- Two key principles: our targets are set based on the latest science, and; we need all organisations and individuals to play their part in helping us to meet them, working with support from Manchester City Council, Greater Manchester Combined Authority and UK Government
 - Independent advice and guidance: the Framework has been informed by input from a range of groups and organisations, including the Manchester Carbon Reduction Advisory Group, CDP, the Global Covenant of Mayors, and WWF’s One Planet City initiative.
- 4.6 Our Vision
- Setting out our vision to become a thriving, zero carbon, climate resilient city, including the creation of good jobs, improved health for our residents, and successful, socially responsible businesses
- 4.7 Our Commitments / Objectives:
- Zero carbon
 - Climate adaptation and resilience
 - Health and wellbeing
 - Good jobs and successful businesses
- 4.8 Urgent Actions to Meet Our Commitments:
- Urgent Actions for every resident and organisation: based around a list of 15 actions⁴
 - Urgent Actions for Manchester City Council, Greater Manchester Combined Authority, and UK Government: to unblock the barriers that are preventing/limiting the city’s residents and organisations from realising their full potential to act
 - Urgent Actions for Manchester Climate Change Partnership and Agency: driving forward and facilitating the delivery of the Framework, including

⁴ <http://www.manchesterclimate.com/15-actions>

focus on working with partners to engage residents and organisations across the city

4.10 Governance and Partnerships

- Describing Manchester's devolved approach to the development and implementation of climate change policy, setting out the role of the Climate Change Partnership and Agency in driving forward and facilitating citywide action, and the position of the Partnership and Agency within the wider Our Manchester structure

4.11 Measuring and Reporting Progress

- Honest and transparent reporting of progress, good and bad
- Annual reports

4.12 Keeping Our Target and Framework Up to Date

- The need for updates will be informed by the recommendations of the city's expert partners and advisors, updates to the latest climate science, the city's performance against its targets, changes in local and national policy, and other key developments.

4.13 Working with Other Cities

- Recognising the potential to accelerate action in Manchester (and other cities) by sharing our challenges and priorities

4.14 Get Involved and Further Information

- Encouraging readers to visit the list of '15 Actions' the Partnership and Agency are promoting for all residents and organisations to take – these will also be promoted in conjunction with Manchester City Council
- Providing the Agency's contact details

5.0 Next Steps

5.1 The review of targets and the Manchester Climate Change Framework 2020-25 are being delivered according to the following timetable:

- 21st November 2019 – update to Manchester Climate Change Partnership
- November 2019 – Tyndall Centre commissioned
- 16th January 2020 – update to Our Manchester Forum
- 23rd January 2020 – update to Manchester City Council Climate Change Sub-group
- 23rd January 2020 – update to Manchester Climate Change Partnership
- 5th February 2020 – update to Manchester City Council Neighbourhoods and Environment Scrutiny Committee

- 12th February 2020 – update to Manchester City Council Executive
- 21st February 2020 – Tyndall Centre review complete
- 28th February 2020 – Manchester Climate Change Framework 2020-25 published by Manchester Climate Change Partnership and Agency
- 11th March 2020 – refreshed/new targets formally adopted by Manchester City Council’s Executive, on behalf of the city, and; Framework 2020-25 endorsed by Manchester City Council’s Executive

6.0 Recommendations

- 6.1 The Executive are asked to note the citywide progress and the summary of the Tyndall Centre for Climate Change Research review of targets.

**Manchester City Council
Report for Resolution**

Report to: Children and Young People Scrutiny Committee – 5 February 2020
Executive – 12 February 2020

Subject: School Place Planning and Admissions

Report of: Director of Education

Summary

This report provides an update on school admissions for academic year 2019/20 along with plans for creating additional capacity in response to forecast demand across primary and secondary schools.

Recommendations

Children and Young People Scrutiny Committee are asked to comment on the contents of the report. Executive are recommended to:

1. Note the data relating to September 2019 admissions;
 2. Note the pupil forecasts submitted to the Department for Education (DfE) during summer 2019
 3. Support the principle that Basic Need funding is used to fund the new high school and contribute towards the development of the city centre school;
 4. Agree that the Council undertakes consultation to gather views on the plans to develop a new primary school in the city centre and a new secondary school in east Manchester as a first step towards identifying a provider for the new school;
 5. Delegate responsibility to the Director of Education in consultation with the Executive Member for Children’s Services to:
 - progress the publication of a specification for each new school and invitations to sponsor based on the outcomes of the consultation
 - Identify a preferred sponsor for each school to be recommended to the DfE
-

Wards Affected: All wards are affected.

| Manchester Strategy outcomes | Summary of the contribution to the strategy |
|---|--|
| A thriving and sustainable city: supporting a diverse and | The ongoing growth of the City’s education sector will continue to create opportunities for employment |

| | |
|--|--|
| distinctive economy that creates jobs and opportunities | in schools and those businesses which are involved in the supply of goods and services. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | A sufficiency of high quality education provision will provide future generations with the skills and behaviours to benefit from the City's economic success. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Schools are environments in which the diversity and talent of Manchester's children and young people is celebrated. Pupils are supported and encouraged to achieve their aspirations and maximise their potential. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Investment in modern, energy efficient and high quality education infrastructure drives reductions in carbon across the estate of schools. |
| A connected city: world class infrastructure and connectivity to drive growth | Investment in existing and new education provision will enhance the City's attractiveness to potential residents and contribute to the development of high quality neighbourhoods. |

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 additional school places will be funded from Dedicated School Grant. The funding is based on pupil numbers and pupil characteristics. Start-up costs of new schools set-up through Local Authority free school presumption will be funded by Manchester's Dedicated Schools Grant growth fund.

Existing revenue reserves will be used to fund the costs incurred on Matthews Lane, as noted in the capital consequences below.

Financial Consequences – Capital

The current forecast of unallocated Basic Need grant funding is c. £61m which, based on other similar projects, should be sufficient to fund the land acquisition, remediation and build costs for a new secondary school. The proposal to build a secondary school at Hyde Road, in preference to the site at Matthews Lane, is set out in the report.

The costs already incurred on Matthews Lane to date, totalling £4.4m and relating to site investigation and design works, cannot be capitalised (as that scheme is not currently proceeding) and therefore cannot be funded from Basic Need grant. Instead

they will need to be funded from existing revenue reserves, and the Basic Need grant originally allocated to them will be added back to the Education Capital Programme.

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Background documents (available for public inspection):

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

1. Report to Children and Young People Scrutiny Committee – 30 May 2018
2. Report to Children and Young People Scrutiny Committee – 5 September 2017
3. Report to Children and Young People Scrutiny Committee – 6 December 2016
4. Report to Executive – 6 October 2015
5. Report to Young People and Children Scrutiny Committee – 29 September 2015
6. Report to Young People and Children Scrutiny Committee – 26 May 2015
7. Report to Young People and Children Scrutiny Committee – 13 January 2015
8. Report to Young People and Children’s Scrutiny Committee – 8 July 2014
9. Report to Young People and Children’s Scrutiny Committee - 8 January 2013
10. Report to Executive 16 January 2013 - School Organisation and Capital Investment Strategy
11. Report to Young People and Children’s Scrutiny Committee – 21 May 2013
12. Report to Executive Committee – 29 May 2013

1.0 Introduction

- 1.1 The Manchester Strategy 2016 “Our Manchester” provides the following key commitments to children and young people:
- Ensure that all children and young people have access to high quality learning, suited to their individual needs. All children should attend and be ready to learn and have the opportunities to develop skills, knowledge and abilities. It is our ambition that all schools in Manchester are rated good or outstanding by Ofsted.
 - Celebrate the diversity and talent of Manchester’s children and young people. We value the range of backgrounds, heritage, and experiences of our children and young people and will strive to ensure that this is recognised and that they are supported to achieve their aspirations, however diverse.
 - Ensure that all children and young people are prepared for life and citizenship and have the necessary skills for employment. To support this priority we will ensure that young people from disadvantaged backgrounds have opportunities for training and employment.
 - Build children and young people’s confidence, resilience, social skills, communication skills and social capital to support success from the earliest years of a child’s life.
- 1.2 Ensuring that residents have access to high quality schools within their local area is central to achieving this strategy. Achieving a sufficiency of high quality school places to meet need continues to require considerable investment, strategic planning and partnership with schools and school providers across the City, as the primary, secondary and special school pupil populations continue to increase year on year and, increasingly, throughout each year.
- 1.3 The provision of high quality school places in areas of pupil demand will improve the outcomes of Manchester’s children and young people as well as reducing their travel times to access education.

2.0 School Admission Applications 2019/20

- 2.1 The October 2019 school census identified 7079 reception age children on roll at a Manchester mainstream primary school and it is expected that additional children will arrive throughout the academic year. All children who applied on time for a reception place starting in September 2019 received an offer with 90.9% allocated their 1st preference school on national offer day.
- 2.2 Manchester’s year 7 mainstream cohort was 6295 and further demand is anticipated throughout the year as families continue to arrive in the city. All children who applied on time for a year 7 place received an offer with 77% being allocated a place at their 1st preference school on national offer day.
- 2.3 Manchester’s statistics for both national offer days are published on the Council’s website and are attached as an appendix to this report.

3.0 School Population Forecast

- 3.1 Manchester's population has continued to grow from our 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. This population growth is driven by the continued, and forecasted continuation, of economic growth. It is within this context that ensuring a sufficient supply of high quality school places will remain a critical component of the Council's work in improving outcomes for Manchester residents and delivering the ambitions outlined in our ten year plan for the city – "the Our Manchester Strategy".
- 3.2 The range of factors which have given rise to the recent increased demand for school places is extensive and complex. It includes increased birth rate, migration to and movement around the City, the impact of welfare reforms, new housing developments, and changing patterns of parental preference for schools, restrictions on the supply of school places outside the City, changing economic circumstances and successful regeneration.
- 3.3 The City Council has an extensive and ambitious regeneration agenda, a crucial element of which is major housing development. Accurately assessing pupil numbers arising from new housing is an important aspect of pupil number forecasting. Getting this right will help school planning and drive regeneration activity rather than responding to it. Education Services are actively engaged with key residential growth projects to ensure school provision is incorporated into master planning and available to meet the needs of growing communities.
- 3.4 New housing is not the only factor which gives rise to an increase in the demand for school places. The way in which the existing housing stock is being used is a more significant contributory factor but is also more difficult to predict. Levels of housing occupation vary making it challenging to predict future saturation levels.
- 3.5 The annual school census completed in October 2019 identified 79,429 pupils attending Manchester Schools compared to 77,372 pupils in October 2018 – this snapshot shows growth of 2,057 pupils across the mainstream primary and secondary phases within a year.
- 3.6 Projections of anticipated pupil demand were submitted to the DfE in June 2019 as part of the School Capacity Survey (SCAP) 2019. The forecasts will identify the projected number of places required to meet the Council's sufficiency duty and determine its Basic Need funding allocation for future years.

| Forecast | Y0 | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 |
|----------|------|------|------|------|------|------|------|
| Sep-20 | 7247 | 7253 | 7124 | 7356 | 7326 | 7337 | 7318 |
| Sep-21 | 6787 | 7370 | 7311 | 7175 | 7422 | 7381 | 7417 |

| Forecast | Y7 | Y8 | Y9 | Y10 | Y11 |
|----------|------|------|------|------|------|
| Sep-20 | 6732 | 6505 | 6277 | 6220 | 5548 |
| Sep-21 | 6952 | 6806 | 6560 | 6352 | 6164 |
| Sep-22 | 7046 | 7028 | 6864 | 6639 | 6295 |

4.0 Approach to Securing Sufficient School Places

- 4.1 In response to the increasing demand for primary places the Council continues to work with its partners to develop additional places in targeted areas, utilising capital funding (referred to as Basic Need funding) provided by the Government to the Council for this purpose, as well as through access to some additional sources of funding where possible and the development of free schools.
- 4.2 The development of new schools by a local authority requires that the DfE free school presumption process is undertaken. The presumption process is the main route by which local authorities establish new schools in order to meet the need for additional places, both in terms of basic need and the need for diverse provision within their areas.
- 4.3 Local authorities are responsible for determining the specification for the new school and will fund and deliver the site and buildings through its Basic Needs Funding allocation, and work with the approved sponsor to establish the school. All new schools established through the presumption process are classified as free schools. This reflects the fact that 'free school' is the department's term for any new provision academy. 'Academy' is the legal term for state-funded schools that are independent of local authority control and receive their funding directly from the government.
- 4.4 The presumption process requires local authorities to seek proposals to establish a free school where they have identified the need for a new school in their area. The process is broadly outlined as follows:

| Step | Description |
|----------------------------------|--|
| Local authority consultation | Stakeholder views gathered on proposed new school and used to inform specification |
| Impact and equalities assessment | Identify impact of proposed new school on existing educational institutions and pupils |
| School specification | Development of specification to enable proposers to understand the needs of the local authority and submit the strongest proposal possible |
| Seeking proposals | Marketing of the presumption competition as widely as possible to ensure that the broadest possible range of groups or organisations that might be interested in establishing the new school are aware of the opportunity to do so and have sufficient time to develop proposals |
| Assessing proposals | Submitted proposals to be assessed and scored by the local authority |

| | |
|--------------------------------|--|
| Local authority recommendation | Local authorities should provide their assessments of each application to the Secretary of State at the earliest opportunity, including the scoring given for each proposal. This assessment will enable the RSC, on behalf of the Secretary of State, to decide on the most suitable proposer to take forward the new free school |
|--------------------------------|--|

- 4.5 In recent years the Council has undertaken two successful free school presumptions which led to the establishment of two new secondary schools: Dean Trust Ardwick in 2015 and Manchester Enterprise Academy Central in 2016.
- 4.6 New schools established through the Free School Presumption route will be expected to work to local admission arrangements and contribute to the City's priorities for its children and young people.

5.0 Actions to Secure Sufficient School Places

- 5.1 The continued attractiveness of the city centre as a place to live and work and ongoing residential growth is expected to result in additional demand for primary school places as more residents choose to remain in the area when starting a family.
- 5.2 In response to this forecast demand the Council is working with Renaker Build to establish a new primary school as part of the Crown Street phase 2 development. The school is expected to provide 210 places for primary age children along with a 26 place nursery and be integrated in the masterplan for the area. Renaker Build is committed to a S106 contribution towards development of the school with the Council expecting to commit an element of basic need capital. It is anticipated that the school will be ready to admit pupils in 2024 and a provider will be secured by undertaking a free school presumption during 2020.
- 5.3 Olive School - a centrally funded free school - remains in the pipeline pending acquisition of a permanent site. The School will be part of the Star Academies Trust and is currently forecast to open in 2023.
- 5.4 As previously noted in this report, the larger primary cohorts have been driving increased demand at secondary schools. In response to this demand the Council commissioned a significant programme of expansions and new schools funded from Basic Need capital and worked with the DfE to secure the delivery of centrally funded free schools. The following table identifies the work undertaken at secondary phase in response to increased demand for places.

| School | Age Range | Delivery Route | Opened | Places |
|------------------------------|-----------|-----------------|--------|--------|
| Dean Trust Ardwick | 11-16 | MCC Free School | 2015 | 1200 |
| MEA Central | 11-16 | MCC Free School | 2016 | 1050 |
| Eden Boys Leadership Academy | 11-18 | DfE Free School | 2017 | 600 |

| | | | | |
|-------------------------------|-------|-----------------|------|------|
| Eden Girls Leadership Academy | 11-18 | DfE Free School | 2017 | 600 |
| CHS South | 11-16 | DfE Free School | 2018 | 1200 |
| Co-op Academy Manchester | 11-16 | MCC Expansion | 2018 | 720 |
| Didsbury High School | 11-18 | DfE Free School | 2019 | 1050 |

- 5.5 An expansion of Dean Trust Ardwick has been commissioned in preparation for September 2020 admissions round which will increase its capacity by a total of 150 places (30 per year group). Work is also being progressed to identify opportunities to create additional secondary capacity in north Manchester where continued demand for places is forecast. A site in the ward of Miles Platting and Newton Heath has been identified as potentially being suitable to accommodate future education development.
- 5.6 The Council commissioned a 1200 place secondary school at Matthews Lane which secured planning permission in May 2018 and was proposed to open in readiness for September 2020. This scheme was paused whilst the Council awaited the outcome of Wave 13 free school applications submitted to the DfE by multi-academy trusts however, no successful bids were received.
- 5.7 It had also been expected that the Dean Trust / UK Fast free school approved in wave 12 would secure a permanent site and could open in readiness for academic year 2021/22. Unfortunately a site has still not been secured by the DfE and the Council will therefore need to take steps to meet its sufficiency duty by developing additional secondary provision.
- 5.8 The Council has continued to seek sites to safeguard for future development as a secondary school in east Manchester to meet the growing need for places. On this basis, a proposal has been to Executive regarding the acquisition of the Showcase Cinema site on Hyde Road, some of which will be the preferred option to develop a new secondary school, subject to site investigations. This would mean that the proposed school at Matthews Lane will not be progressed. This decision has been informed by the outcome of detailed site investigations, which indicate that the design response required to construct a school at Matthews Lane would result in significant cost exceeding DfE affordability measures, and also that the change in location from Matthews Lane to Hyde Road provides improved access whilst still being well situated to meet the forecast demand for places. The Council could not have anticipated that the Hyde Road site would become available at the time Matthews Lane was being considered as a site for a new secondary school.
- 5.9 Development of a new secondary school at the Hyde Road site will require a free school presumption to be undertaken so that a preferred sponsor can be recommended to the RSC. It is expected that this process will commence in February and conclude in late summer or early autumn. The school will then enter the pre-opening phase so that places can be made available to children for September 2021 admissions round. Opening of the school for September 2021 will require the use of temporary accommodation for a period of up to 3 years while the permanent build is completed.

6.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 6.1 The ongoing growth of the City's education sector will continue to create opportunities for employment in schools and those businesses which are involved in the supply of goods and services.

(b) A highly skilled city

- 6.2 A sufficiency of high quality education provision will provide future generations with the skills and behaviours to benefit from the City's economic success.

(c) A progressive and equitable city

- 6.3 Schools are environments in which the diversity and talent of Manchester's children and young people is celebrated. Pupils are supported and encouraged to achieve their aspirations and maximise their potential.

(d) A liveable and low carbon city

- 6.4 Investment in modern, energy efficient and high quality education infrastructure drives reductions in carbon across the estate of schools.

(e) A connected city

- 6.5 Investment in existing and new education provision will enhance the City's attractiveness to potential residents and contribute to the development of high quality neighbourhoods.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 The proposals in this report will ensure that there is sufficient educational provision in the City for children to attend high quality schools close to where they live so that they may fulfill their potential.

(b) Risk Management

- 7.2 Risk issues and appropriate mitigations are addressed within the report.

(c) Legal Considerations

- 7.3 Legal considerations are addressed in the body of the report.

Appendix One: Admissions Statistics

| Reception Offer Day Statistics | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Manchester Applicants | 6799 | 7060 | 6937 | 7151 | 6763 | 7057 |
| Online Applicants | 4103 | 4975 | 5279 | 5412 | 4953 | 5212 |
| Online Applicants (%) | 60.3% | 70.5% | 76.1% | 75.7% | 73.2% | 73.9% |
| Offered Preference 1 | 5977 | 6166 | 6130 | 6377 | 6266 | 6413 |
| Offered Preference 1 (%) | 87.9% | 87.3% | 88.4% | 89.2% | 92.7% | 90.9% |
| Offered Preferences 1-3 | 6484 | 6752 | 6644 | 6900 | 6629 | 6858 |
| Offered Preferences 1-3 (%) | 95.4% | 95.6% | 95.8% | 96.5% | 98.0% | 97.2% |

| Year 7 Offer Day Statistics | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Manchester Applicants | 5089 | 5428 | 5819 | 6362 | 6522 | 6593 |
| Online Applicants | 3857 | 4476 | 5063 | 5448 | 5555 | 5609 |
| Online Applicants (%) | 76% | 82% | 87% | 86% | 85% | 85% |
| Offered Preference 1 | 3871 | 4063 | 4448 | 4751 | 5005 | 5055 |
| Offered Preference 1 (%) | 76% | 75% | 76% | 75% | 77% | 77% |
| Offered Preferences 1-3 | 4660 | 4929 | 5345 | 5729 | 5965 | 6068 |
| Offered Preferences 1-3 (%) | 92% | 91% | 92% | 90% | 92% | 92% |

**Manchester City Council
Report for Resolution**

Report to: Executive – 12 February 2020

Subject: First Street Development Framework Addendum 2020

Report of: Strategic Director – Growth & Development

Summary

This report presents Executive Members with details of a draft addendum to the Development Framework for First Street, and requests that the Executive approve the addendum in principle, subject to a public consultation on the proposals.

Recommendations

The Executive is recommended to:

1. Approve in principle the draft First Street Development Framework Addendum;
 2. Request the Strategic Director undertake a public consultation exercise on the addendum with local stakeholders; and,
 3. Request that a further report be brought back to the Executive, following the public consultation exercise, setting out comments received.
-

Wards Affected

Deansgate

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

The developments that come forward as part of the three sites identified in this masterplan update will need to be carefully considered in order to ensure that they support the city meet its zero-carbon target. There will be a focus on sustainable development and minimising the impact of construction on the environment and the people using the area.

First Street is located within walking distance of a number key public transport hubs for the city centre, including Deansgate and Oxford Road rail stations and Deansgate - Castlefield Metrolink station. These strong connections to sustainable transport hubs, provision of new public realm, coupled with the proposals to redevelop a number of surface car parks within the neighbourhood, support the city's modal shift towards sustainable and active modes of transport, helping to reduce pollution levels.

| Manchester Strategy outcomes | Summary of the contribution to the strategy |
|--|--|
| <p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p> | <p>First Street is a key city centre employment hub. There is significant interest in prime commercial space within this neighbourhood which resulted in a number of organisations taking pre-lets at No.8 First Street. Following the completion of this development, companies including Odeon and WSP, have now taken occupation of this space.</p> <p>Market demand supports the development of additional offices and employment spaces, will continue to act as a catalysts for further investment into the city centre.</p> |
| <p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p> | <p>Further redevelopment at First Street will continue to support increased employment opportunities, including a substantial number of new jobs in a range of key sectors (including Technology, Media & Tele-communications (TMT), healthcare, Research & Development industries, and technical advisory businesses), and at a range of levels.</p> |
| <p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p> | <p>The First Street site is a significant new development in the city centre offering employment, leisure and entertainment opportunities for Manchester residents, as well as new residential accommodation.</p> <p>The scheme will provide new connections to other parts of the city centre and surrounding communities, providing improved access for local residents to the opportunities and amenities within the First Street area.</p> |
| <p>A liveable and low carbon city: a destination of choice to live, visit, work</p> | <p>When developed, the additional sites will provide and promote an active environment, with improved pedestrian and cycling routes within the area, connected to other key neighbourhoods including Great Jackson Street, Hulme and the Oxford Road Corridor.</p> |

| | |
|--|--|
| <p>A connected city: world class infrastructure and connectivity to drive growth</p> | <p>The First Street area benefits from strong public transport links, with both rail and Metrolink stations and the Metroshuttle service within close proximity, reducing the need for car travel to and from the area. The Development Framework prioritises pedestrian walkways and cycling access, which will provide links to surrounding neighbourhoods and city centre districts. High quality new commercial accommodation will be provided as well as significant new public realm.</p> <p>New residential accommodation within the area will enable people to live close to the employment and leisure opportunities offered at First Street and the wider city centre.</p> |
|--|--|

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The costs of undertaking a consultation exercise on the draft Development Framework will be funded from within existing approved revenue budgets.

Financial Consequences – Capital

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Background documents (available for public inspection):

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

- Report to Executive 24 November 2010: Development Framework for First Street
- First Street Development Framework: 2010
- Report to Executive 16 March 2011: First Street Development Framework
- Reports to the Executive: 25 July 2012:
 - First Street Development Framework Update
 - First Street North Update
 - First Street (Confidential Report)
- First Street Development Framework: July 2012
- Report to Executive - Manchester Piccadilly and Oxford Road Capacity Scheme: 29 October 2014
- Report to Executive - Northern Hub - Network Rail Manchester Piccadilly and Oxford Road Capacity Scheme – Transport and Works Act Order Application: 21 January 2015
- Report to Executive 29 July 2015: First Street update
- Report to Executive 4 November 2015: First Street Updated Development Framework Consultation
- First Street Development Framework: 2015
- Report to Executive 25 July 2018: First Street Development Framework Update 2018
- Report to Executive 14 November 2018: First Street Development Framework Update 2018 Consultation
- First Street Development Framework: 2018
- Draft First Street Development Framework Addendum 2020

1.0 Introduction

1.1 Over the past decade, phased development has delivered transformational change at First Street. The original development framework for the area set out the vision to create a mixed use neighbourhood which would provide:

- HOME, a new £25million city centre cultural facility providing film, theatre, arts and creative space.
- 2.6m sq. ft. of new commercial space with 1.2m sq. ft. of office space
- Retail, leisure, and hotel space totalling 500,000 sq. ft.
- A mix of residential development.
- Potential to accommodate over 10,000 jobs.

1.2 Since this time, First Street has become an established district within the city centre. Continued investment and development has created a successful mixed-use neighbourhood comprising:

- **First Street North** – accommodating HOME, which has attracted over 3 million visitors since its opening in 2015. The 4 star Melia Inside hotel opened in the same year as one of only two Melia hotels in the UK outside of London, alongside a mix of retail and leisure amenities. First Street North contains a Q Park multi-storey car park which in 2019 received consent to develop an 11,000 sq. ft. dining destination on the rooftop. Tony Wilson Place, the central plaza, hosts Christmas celebrations each year, big screen showings of Wimbledon tournament and films amongst other events.
- **First Street Central** – is a dynamic business address which forms the “commercial heart” of First Street and provides vital employment. The district is formed of two Grade A, BREEAM Excellent commercial buildings. No.1 and No.8 First Street provide 180,000 sq. ft. and 170,000 sq. ft. respectively of modern office space and have attracted occupants such as Autotrader, Gazprom, Jacobs, Odeon and WSP. Planning permission is in place for a further two commercial buildings.
- **First Street South** – planning permission has been granted to create a residential led community within this zone.

1.3 High quality commercial space continues to be in demand, with potential tenants seeking accessible and sustainable offices. First Street boasts near full occupancy, highlighting the neighbourhood’s attraction for businesses wanting to locate themselves within the city centre.

1.4 The original framework for First Street was commissioned by the City Council in 2012 and subsequently updated in 2015 and 2018. These updates responded to changing market demands and the evolving position of First Street from an emergent to established neighbourhood. The contents of these updates are summarised below:

- **2015 Update** – The framework area was expanded to incorporate three

sites to the west of Medlock Street; Little Peter Street, One City Road, and the Premier Inn site;

- **2018 Update** – The density of specific plots within the framework was increased to acknowledge the success of No.1 and No.8 First Street and the citywide growth in demand for commercial space.

1.5 This addendum for 2020 outlines the development principles for the three sites introduced in 2015 and reflects the Council's priorities relating to green and blue infrastructure.

2.0 2020 Addendum

2.1 The key principles underpinning the 2015 First Street Development Framework and subsequent 2018 update, are carried forward into the 2020 addendum. This will ensure the distinguishing characteristics of First Street North, South and Central, are retained and the success to date built upon. The 2020 addendum should be read alongside the main Development Framework, and is in line with the principles within it.

2.2 The 2020 addendum updates previous iterations of the framework to incorporate and provide a development approach for three sites. In addition to this, the addendum reflects the Council's recently adopted policies on climate change.

2.3 Illustrated within the attached site plan (Appendix A), the sites that are the focus of the update are:

- **Little Peter Street** – bounded by Little Peter Street to the north, Albion Street to the east and the River Medlock to the south. This site is within the ownership of the City Council and is operated by NCP as a surface car park;
- **One City Road** – bounded by City Road to the north, Medlock Street to the west, River Street to the south, and Shortcroft Street to the east. It is occupied by a 4 storey office building with a private surface car park; and
- **Premier Inn site** – at the southern end of Medlock Street facing the junction with the Mancunian Way. The Premier Inn site extends to approximately 0.74 hectares. Currently, the Site accommodates the five-storey Premier Inn building, and its associated car parking area of 113 spaces. Access and servicing is from River Street to the north. It is bound by River Street to the north, Medlock Street to the east, emerging River Street student scheme to the west and the Mancunian Way to the south.

2.0 Urban Design Principles

2.1 Due to its location, the addendum has considered the principles for the sites within the context of development either underway or planned in adjacent areas including Great Jackson Street and Knott Mill. Consideration has been given to routes from Great Jackson Street and Knott Mill east towards First

Street. The Little Peter Street site has the potential to incorporate a river walk and other public realm.

2.2 The design principles of the original First Street framework are maintained, as are the fundamentals from the Great Jackson Street and Knott Mill Strategic Regeneration Frameworks (SRF's), namely: active frontages; creating a successful mixed-use neighbourhood; improving the public realm; exploiting the existing amenity space; improving connections; and producing high quality buildings.

2.3 Broadly, all three sites will be subject to the following urban design principles, in line with the existing framework:

- Commercial schemes will be generous and contain flexible floorplates, ensuring that they are responsive to potential tenants.
- Residential development will be considered where it supports / complements commercial development. Any residential scheme would require consideration against the Manchester Residential Quality Guidance.
- Building heights will be scaled and the tallest towers clustered towards existing tall buildings.
- Development will encourage active ground floors that allow for pedestrian links between First Street and other neighbourhoods, creating attractive public realm. The River Medlock will be integrated into these spaces, where possible. Active ground floors should be delivered in all development, with an emphasis on strong north/south and east/west pedestrian links with First Street, Medlock Street and Wilmott Street in particular.
- Architecturally, development will recognise the prominence of First Street as a gateway location into the city centre and will commit to the highest sustainability standards.
- Development should seek to maximise the potential of the sites proximity to the River Medlock as a key amenity, creating a gateway plaza as an extension of Tony Wilson Place.
- Early consideration of potential sunlight and daylight impacts, noise, refuse management, privacy, rights of light, and wind environment will be required. An approach which maximises daylight penetration on the development itself minimising its effect on neighbouring buildings should be taken.

3.0 Environmental and Sustainability Design Principles

3.1 To effectively support the Council in achieving its 2038 zero carbon target, the design of future regeneration proposals will need to consider how all

development at First Street can support this. A number of development principles set out within the framework addendum relate specifically to this.

- New developments within the framework area will be expected to not only seek to exceed policy standards, but also demonstrate how they have explored the feasibility of collaborating with other landowners in the interests of driving the most sustainable and efficient solutions to reduce energy usage and carbon emissions.
- Aligned with the Council's carbon reduction strategy, achieving a transport modal shift from private car trips into the city centre towards sustainable and active modes of transport is of critical importance. Development at First Street will preclude individual, on-site car parks. Essential demand can be facilitated through the provision available at the existing Q Park - First Street, multi storey car park (MSCP).
- Taking a holistic view of parking provision, should parking be removed in the core of the city centre, given the sites proximity to the Mancunian Way, First Street could be suitable for further MSCP provision in line with the city centre transport strategy and taking into account the city's zero carbon target. Essential vehicle parking in this location would support the drive to reduce vehicular trips into the heart of the city centre.
- A commitment to the highest sustainability standards (BREEAM) will need to be achieved through innovative building design. This approach will be consistent with other recent major developments at First Street including No.1 and No.8 First Street and will support the Council's zero carbon strategy and promote lower energy use operational costs to occupiers.
- The framework's aspirations remain underpinned by creating exceptional and well-connected public realm. To ensure the continuation of this, developers will need to collaborate for the creation of design proposals that are joined up and complementary in relation to the provision of public space. As part of this, there is a fundamental need to recognise and work with the area's green and blue infrastructure, and other public spaces.
- Key design principles related to the area's green and blue infrastructure will include opening up the River Medlock, and improving connections both east-west and north-south. All planning applications will need to be supported by a robust green and blue Infrastructure Statement, which clearly demonstrates the measures taken to enhance the connections to, and quality, of those assets.

4.0 Site Specific Development Principles

Little Peter Street Site

- 4.1 At the Little Peter Street site, a high quality, landmark development, which reinforces the site's key frontages, should be delivered. Public spaces will contribute to a pedestrian friendly environment, with active street frontages.

- 4.2 The addendum proposes that the Little Peter Street site will primarily deliver a landmark commercial development. In the same vein as other office accommodation at First Street, Little Peter Street would be suited to an office block with large floorplates. A tower, potentially for residential or hotel use, could also be included in the site, continuing a step change in height to the Deansgate Square towers. Importantly, the site will create new pedestrian routes and public spaces and act as a connecting point between First Street and Great Jackson Street, and increase access to the River Medlock.

One City Road

- 4.3 Similarly, One City Road would be best suited to a commercially-led development. Two buildings on this site would allow for enhanced permeability and east – west connections. A taller block would stand at the north of the site, with the southern block at a lower height, primarily to respect the residential blocks to the south of the site. Active uses on all points would animate the area and create synergy between the new buildings.
- 4.4 The northern block should address the accommodation and public realm proposed within the Little Peter Street site. Entrance to the southern block should be onto Medlock Street and provide activity along the street.

Premier Inn Site

- 4.5 Consistent with the 2018 Framework, commercially led, mixed use development is considered to be the most appropriate use for the site. Alternative uses, including residential, will only be deemed appropriate where they can be shown to help to facilitate delivery of commercial office space, where they meet the Council's planning and regeneration policies and objectives, and where they complement the emerging context in this part of the area.
- 4.6 A commercially led scheme, providing high quality and flexible office accommodation would be delivered within a mid-rise tower, consistent with the wider First Street masterplan.
- 4.7 The site could also accommodate taller buildings either for residential or hotel use, reflecting its prominent location near the Mancunian Way and at the entrance point to the city centre. Any taller buildings on the site should be located to the south of the site and orientated to minimise overshadowing of nearby existing residential properties.
- 4.8 Redevelopment of the site should deliver enhancements to connections between Hulme to the south of Mancunian Way and the city centre, as well as improving the townscape for people approaching from the south. This should include integrating with changes to the Princess Parkway roundabout.

5.0 Conclusion

- 5.1 Demand for commercial space at First Street continues, and by providing further office space, the Council can support the creation of high quality and flexible commercial space to meet this market demand.
- 5.2 Development on the southern side of Medlock Street will connect the regeneration areas of Great Jackson Street and First Street, creating a more cohesive area and better connections both visually and physically. The inclusion of this update to the masterplan would further confirm First Street as a strategic employment zone and a residential destination.
- 5.3 Recommendations can be found at the front of this report.

6.0 Key Policies and Considerations

(a) Equal Opportunities

- 6.1 The proposals will provide new connections to surrounding neighbourhoods, providing improved access to local residents and the opportunities within the First Street area. In addition, there is a commitment to ensure that design standards throughout the development will comply with the highest standards of accessibility.

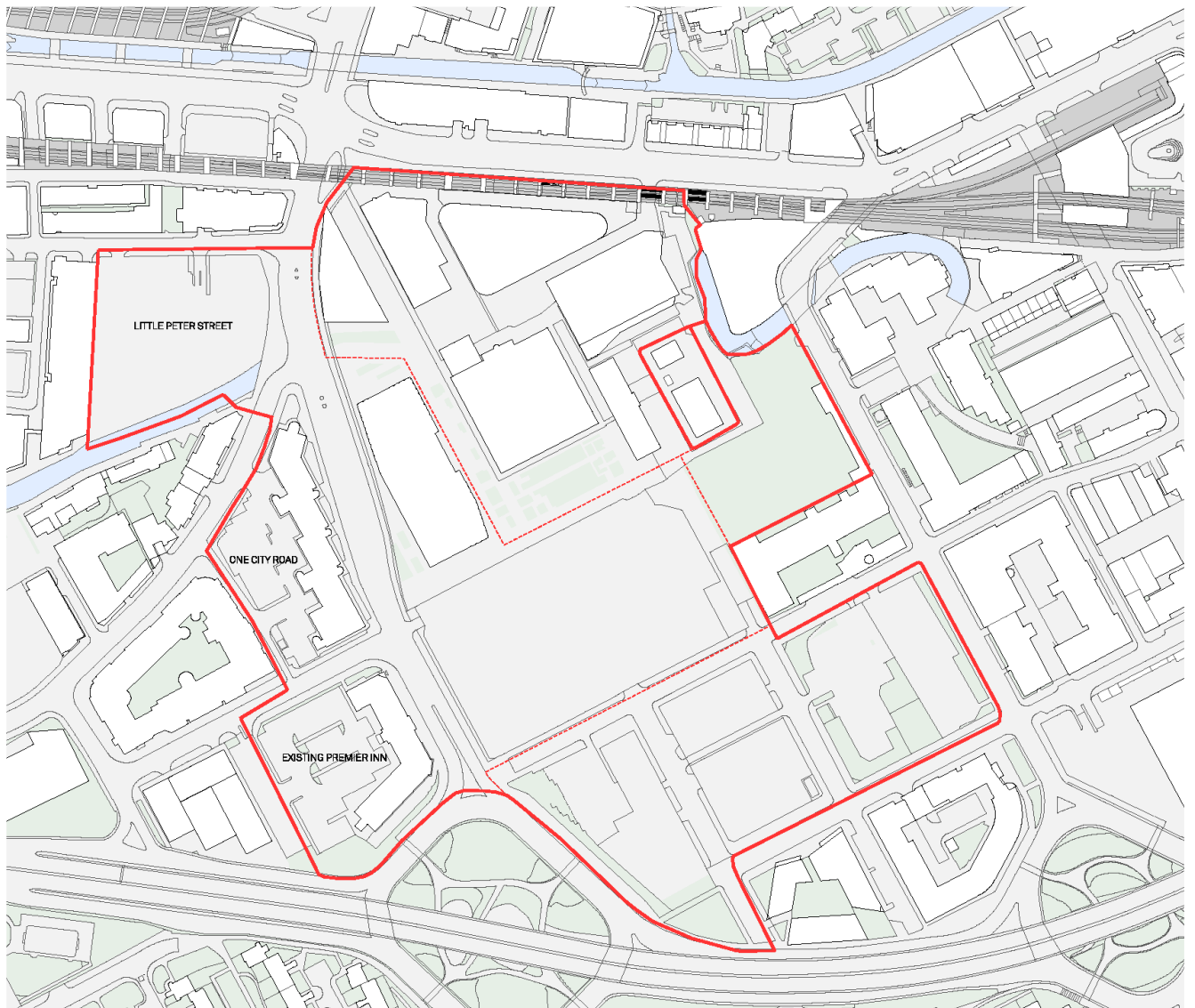
(b) Risk Management

- 6.2 The development partners are required to develop, instigate, monitor and manage an appropriate and robust risk management strategy. Whilst this is owned by the development partners, risk management is considered at the Project Board and is therefore monitored and managed throughout the delivery of the development.

(c) Legal Considerations

- 6.3 Subject to Executive approval, a further report will be brought forward after the public consultation exercise, setting out the comments received and any changes proposed to the framework. If the update to the Framework is approved by the Executive, it will become a material consideration for the Council as Local Planning Authority.

Appendix A: First Street site plan



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**Manchester City Council
Report for Resolution**

Report to: Executive – 12 February 2020

Subject: St Mary's Parsonage - Strategic Regeneration Framework

Report of: Strategic Director – Growth & Development

Summary

This report presents Executive Members with a draft Strategic Regeneration Framework (SRF) for St Mary's Parsonage, and requests that the Executive approve the framework in principle, subject to a public consultation on the proposals.

Recommendations

The Executive is recommended to:

1. Approve in principle the draft St Mary's Parsonage Strategic Regeneration Framework;
 2. Request the Strategic Director undertake a public consultation exercise on the framework with local stakeholders; and
 3. Request that a further report be brought back to the Executive, following the public consultation exercise, setting out comments received.
-

Wards Affected

Deansgate

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

The area will benefit from the opportunity to create carbon neutral buildings of the highest standard of energy efficiency. Alongside this, refurbishing and redeveloping the area's existing heritage buildings provides the opportunity to significantly reduce their carbon footprint, which contribute towards the city's carbon reduction targets.

The framework sets out proposals which would support the reduction of vehicular traffic in the area and promote the city wide modal shift towards active modes and sustainable public transport, aligned with the ambitions of the emerging City Centre Transport Strategy. It is proposed that this will be achieved by reducing vehicular parking, both on street and in multi-storey car parks, and by rebalancing the hierarchy of streets within the area, towards more pedestrian and cycling friendly routes.

| Manchester Strategy outcomes | Summary of the contribution to the strategy |
|--|---|
| <p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p> | <p>Development at St Mary's Parsonage will see the creation of a thriving and sustainable neighbourhood, which fully embraces Manchester's zero carbon ambitions and builds on the strength of existing residential and business communities.</p> <p>High quality, commercially-focused development will create a critical mass of activity and a range of jobs within key employment sectors such as financial and professional services, creative and digital and media, development will also create opportunities for innovation and enterprise.</p> <p>The potential for new hotel accommodation will further stimulate the growth of the city as a popular visitor destination and provide a range of employment opportunities.</p> |
| <p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p> | <p>The implementation of the St Mary's Parsonage SRF will support the growth of a range of different businesses, and provide opportunities for a diverse workforce. The delivery of new Grade A commercial space will attract major new organisations to the area, and with it create a variety of employment opportunities. As proposals are further refined the commercial offer within the St Mary's Parsonage neighbourhood will be tailored to meet market demands.</p> <p>Additionally, the development of new retail and leisure outlets will appeal to both new and existing existing SME's seeking to relocate, in addition to Manchester residents seeking a new vibrant neighbourhood in which to launch a new enterprise. It will also provide a range of jobs in the retail and leisure sector</p> |
| <p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p> | <p>The framework has been developed to align with adjacent adopted regeneration frameworks to ensure development is complementary, and takes a holistic view of a key city centre neighbourhood. These frameworks include the Ramada Complex, St Michael's, Spinningfields and St John's which will collectively deliver significant transformation to this part of the city centre.</p> <p>The framework details the addition of high quality public realm which includes river side access and routes, alongside new commercial and leisure</p> |

| | |
|--|---|
| | <p>amenities. This will help to ensure the area is a popular neighbourhood of choice to live, visit and work.</p> <p>Developers will be encouraged to seek a fresh and differentiated retail offer to that already available in set apart from the adjacent shopping areas, focused around an area for craft, culture and a ‘made in Manchester’ type branding.</p> <p>Enhancing existing routes and connection will underpin the delivery of new development in this neighbourhood. Additionally, the jobs created will be highly accessible to Manchester residents in this city centre location.</p> |
| <p>A liveable and low carbon city: a destination of choice to live, visit, work</p> | <p>The St Mary’s Parsonage area represents a major opportunity to support key policy issues in the city’s emerging City Centre Transport Strategy and the Draft Zero Carbon Framework 2020-2038.</p> <p>New development within the area will benefit from the opportunity to create carbon neutral buildings of the highest standard of energy efficiency. Alongside this, development will provide the opportunity to enhance the area’s existing historic buildings and, through refurbishment, reduce their carbon footprint.</p> <p>Improvements to the two areas of public space (Parsonage Gardens and Motor Square) will allow for the activation of the spaces and enhance the amenity of the adjacent buildings. Further improvements to the environment through waste management, servicing and removing the area’s use as a vehicular through route will make it a cleaner and more pleasant environment for active transport. This will be supported by introducing new links to the River Irwell and reducing the amount of vehicular parking within the area.</p> |
| <p>A connected city: world class infrastructure and connectivity to drive growth</p> | <p>The vision for the area is to establish a clearly definable and cohesive city centre neighbourhood, recognised by its distinctive character and sense of place. Development will be commercially-led, constant with its current function, and anchored by high quality public space at its heart. The area will also provide a range of leisure and retail facilities which will help to create a vibrant destination in the city centre, making it a place where people choose to live, work, relax, socialise; and crucially a place where all Mancunians have the ability to share in the long term success of the area.</p> |

| | |
|--|--|
| | <p>St Mary's Parsonage is located within a short walking distance of a number of key transport hubs in the city centre and Salford. These include both Manchester Victoria and Salford Central stations, with bus connections including the bus priority scheme adjacent to the neighbourhood and Metrolink services a short walk away at both St Peter's Square and Exchange Square.</p> <p>The SRF prioritises active modes of transport and improved pedestrian connectivity, which will deliver enhanced linkages to surrounding neighbourhoods and city centre districts including the Retail Core, NOMA, the Medieval Quarter and Spinningfields. The new and enhanced public spaces will significantly improve the environment of this part of the city centre. The area is also located adjacent to Deansgate, a main arterial route within the city centre.</p> |
|--|--|

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

There are no direct capital consequences arising from the proposals in this report.

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Background documents (available for public inspection):

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

- Medieval Quarter Masterplan – June 2016
- Ramada Complex Strategic Regeneration Framework – May 2018
- Report to the Executive – The Ramada Complex, Deansgate – 7 March 2018
- Report to the Executive – The Ramada Complex, Deansgate – 30 May 2018
- Report to Economy Scrutiny Committee 10 October 2019 and to Executive 16 October 2019 Revised City Centre Transport Strategy

1.0 Background

- 1.1 The St Mary's Parsonage SRF area is located in the heart of the city centre, bound by three main arterial routes in and out of the city centre; Deansgate, Bridge Street and Blackfriars Street. The site boundary is appended to this report (Appendix A).
- 1.2 St Mary's Parsonage lies adjacent to a number of existing and emerging key city centre neighbourhoods. Immediately to the south of the site is Spinningfields, one of the country's most successful and transformative regeneration initiatives of the last 20 years. North of St Mary's Parsonage is the Ramada Complex, Deansgate. The SRF for this site was approved by the Executive in May 2018 and proposed the delivery of a mixed use destination which will include new high quality residential accommodation and commercial space alongside new public realm and leisure and retail amenities.
- 1.3 The SRF area benefits from important green space and blue infrastructure. Parsonage Gardens represents a tranquil green square in the city centre. The SRF site also runs directly adjacent to the River Irwell; however, at present there is little connection with the waterway. There are significant opportunities for the area to contribute to the Council's zero carbon target, through improving the environment for walking and cycling and the reduction of vehicular traffic in the area.
- 1.4 The SRF seeks to refocus the priorities of the area in order to establish St Mary's Parsonage as a clearly definable and cohesive city centre neighbourhood, with a distinctive character and sense of place. The proposals set out the ambition to create a commercially-led, mixed-use district, set around high quality public space.
- 1.5 The SRF has been produced in collaboration with a number of the major landowners in the area, who will deliver the priorities of the SRF cooperatively. This will enable a holistic and coordinated approach towards regeneration, which will ensure development is aligned and complementary to the overarching vision for the neighbourhood. Should the Executive approve the SRF for public consultation, this exercise would present an opportunity for other landowners to participate.

2.0 Site Context

- 2.1 St Mary's Parsonage was historically the location of St Mary's Parish Church, which was demolished in 1891. Following this period, as the residential population moved out of the city centre, residential dwellings were demolished to make way for grand Edwardian office buildings.
- 2.2 Further redevelopment was undertaken after the Second World War, which saw piecemeal development, including Albert Bridge House and new highways.

- 2.3 The SRF area contains two significant areas of public space; Motor Square and Parsonage Gardens.

Motor Square: This landscaped square is bounded by Bridge Street, St Mary's Parsonage and King Street West. There is access to a number of businesses from the square, which also provides external seating areas. Currently the square has no cohesive approach to landscaping and street furniture, and functions primarily as a through route rather than a desirable place to spend time.

Parsonage Gardens: The gardens are to some extent an underutilised hidden gem, despite providing an attractive and important city centre green space. The park is surrounded by several key heritage buildings, including Century Building and Arkwright House. The environment at the periphery of the gardens contributes to the lack of activity within the space. At the western edge, St Mary's Parsonage is a vehicular dominated street, whilst on the opposite side of the gardens, the current streetscape and waste management arrangements along College Land deter pedestrian use.

- 2.4 Where retail and commercial units have their primary frontages on the main arterial routes, the rear of the premises are generally used for services and bin storage. The lack of active frontages, the vehicular dominated routes and waste management arrangements at the rear of the buildings contribute towards a poor streetscape and an unwelcoming environment for pedestrians.
- 2.5 The prominence of vehicles within St Mary's Parsonage is indicated by the amount of car parking within the area. The SRF area contains a surface car park and a multi-storey car park (MSCP), alongside on-street parking on a number of roads. The on street parking along St Mary's Parsonage and King Street West reduces the width of the carriageway, which, combined with the vehicles accessing the MSCP, creates significant vehicular through traffic.
- 2.6 Despite its proximity to some of the city's most successful neighbourhoods, there is a lack of permeability to the area. The view and access to the river is largely restricted due to the buildings, private land and lack of walkways. The majority of uses surrounding Parsonage Gardens are small to medium sized commercial buildings, with the notable exception being Century House, a high-end residential building. At Bridge Street, there are taller buildings, in particular Albert Bridge House.
- 2.7 The SRF area has been categorised into three character zones (Appendix B), which have been identified as a result of master planning and heritage analysis.

King Street: Bordered by Bridge Street and Deansgate, the zone is largely characterised by mixed use development including retail, restaurant and commercial uses. The Grade II listed House of Fraser department store building is located within this zone alongside the Grade II listed Reedham House and a 548 space MSCP.

Albert Bridge: Bounded by Bridge Street, St Mary's Parsonage and the River Irwell, the zone is characterised by large scale commercial buildings. Albert Bridge House, a 1950's, 18 storey office building is located within the zone alongside the 5 – 11 storey Alberton House and Carinal House buildings.

North Parade: The central and northern end of the SRF area is defined by the quiet and predominantly inward looking character of Parsonage Gardens. The zone comprises medium sized commercial and residential buildings and Parsonage Gardens itself.

3.0 Policy Context

- 3.1 The St Mary's Parsonage area represents a major opportunity to support the city's climate change strategy. This can be achieved through reducing vehicular traffic, improving green and blue infrastructure, and sustainable development to support the city's zero carbon targets. The draft SRF, and the early landowner discussions which have informed the framework, have all been shaped by a requirement to meet, and where possible exceed, the adopted environmental policy standards as detailed proposals are developed within the SRF area. Focusing on local solutions to deliver a strong approach towards addressing the Climate Change Emergency, declared by the Council, will ensure Manchester retains a prosperous economy.
- 3.2 The City Centre Transport Strategy (CCTS) is being developed by Manchester City Council, Salford City Council and Transport for Greater Manchester (TfGM), following a recent co – design and engagement exercise on the key principles of the revised strategy. 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 Parsonage SRF will contribute to key principles of the revised CCTS by providing a high-quality environment, as part of the city centre, which supports growth and active travel. The indicative traffic management proposals in this SRF are in line with this emerging approach. The intention is that the proposals will be worked up in more detail as part of a comprehensive overall approach to access and movement in this part of the city centre, involving dialogue with Salford City Council and other partners as appropriate. Subject to approval from the Executive, the draft CCTS will be consulted on in 2020.

4.0 Parsonage Gardens SRF Development Principles

4.1 Development uses

- 4.1.1 The SRF proposes commercially-led development, consistent with the neighbourhood's location and current uses. This will be delivered through the creation of new office buildings and the refurbishment of the sites historical buildings. This development will help to both fulfil the demand for Grade A office space, and also provide spaces with character which will contribute to a range of high quality premises for new and existing businesses.

- 4.1.2 Due to the location and adjacent neighbourhoods of St Mary's Parsonage, the SRF area is also considered a prime location for hotel operators looking to establish a presence within the city. High quality (4/5 star accredited) or boutique hotel offers would be most appropriate for this location, which would help to raise the profile of the area and support neighbourhood place making.
- 4.1.3 By extending the retail and leisure offer of King Street West and St Ann's Street into the SRF area, St Mary's Parsonage can complement the quality offer available in adjacent neighbourhoods including Spinningfields and the Retail Core.
- 4.1.4 St Mary's Parsonage has the opportunity to differentiate itself and create a unique offer distinctive from the mainstream. New retail & leisure uses could be introduced to the area, providing a balanced mix of uses that seeks to meet demands of the daytime and evening economy. This has successfully been achieved in recent years as part of regeneration initiatives at Ancoats and Spinningfields for example.
- 4.1.5 The retail and leisure offer will be instrumental in activating the neighbourhood at street level, both around the perimeters of key public spaces, and fronting Deansgate. There is a need to ensure the continued strong retail presence of the iconic House of Fraser building. Building owners and operators with store frontages onto Deansgate that back onto Parsonage will be encouraged to create dual frontages in order to make a more positive contribution to the streetscape.
- 4.1.6 Late night uses would not be considered an appropriate type of use within the North Parade character zone, due to the existing residential community and public realm located within the area.
- 4.1.7 Residential development is not considered a primary use for the area. There is an existing residential community within the Parsonage neighbourhood, with 119 homes located within Century Buildings which overlooks Parsonage Gardens. Further residential development is identified for delivery within the adjacent Ramada Complex SRF, which contains proposals for 600 new city centre homes.

4.2 Design & place: height and density

- 4.2.1 The St Mary's Parsonage SRF area has a varied character and built form which warrants a considered and contextually appropriate design response for all development proposals.
- 4.2.2 Due to historic development in the area and within surrounding neighbourhoods, the south west part of the SRF area (at a gateway to the city centre) is considered suitable for taller buildings. This part of the site relates to Bridge Street, the River Irwell area and Albert Bridge House. The tallest buildings within the area will be located here, with a gradual transition downwards towards the conservation area and the heart of the SRF area.

- 4.2.3 The area around Parsonage Gardens is generally of medium height, and is part of the designated Parsonage Gardens Conservation Area. Any new development in this area will have to be contextually responsive to these buildings and the conservation area status, and will be assessed on their merit on receipt of any planning applications.
- 4.2.4 A low rise zone within St Mary's Parsonage is located at the corner of the SRF area where Bridge Street, King Street West, Deansgate and Motor Square meet. This part has a finer urban grain and 19th century buildings that sit lower than their surroundings.

4.3 Public Realm

- 4.3.1 The delivery of exceptional, connected public realm underpin the aspirations of the SRF. Through a collaborative approach, landowners have the opportunity to maximise the benefits provided by the neighbourhood's green and blue assets.
- 4.3.2 The framework recognises that Parsonage Gardens is a valuable public green space in the city centre and that the success of the area is interlinked with the quality of green space that the Gardens can offer. Creating active frontages for the buildings overlooking Parsonage Gardens and Motor Square would benefit the area and encourage both movement through, and dwell time within, the area.
- 4.3.3 There is an opportunity to expand the footprint and redesign the landscaping of Motor Square. In other areas of public realm, the framework also suggests that the potential introduction of retail 'pavilions' could help to support a vibrant neighbourhood.
- 4.3.4 The area backs onto the River Irwell, which is currently inaccessible, but will form a valuable part of any future development. There are opportunities to connect to Spinningfields from the riverbank and from the riverbank to Parsonage Gardens.
- 4.3.5 All proposals will be required to provide a green and blue infrastructure, statement that demonstrates measures to enhance, and connect to, the areas public realm assets, and impact on the local environment. They will also need to evidence how they will seek to work with other landowners in order to maximise the potential of the area.

4.4 Connectivity

- 4.4.1 A fundamental principle of development at St Mary's Parsonage will be to enhance connections within the SRF area and to other city centre neighbourhoods. This will include improving the pedestrian experience, better connecting the area's public spaces, and increasing permeability to create a safe and cohesive neighbourhood.

- 4.4.2 The framework seeks to limit vehicular movements within the area. This will rebalance the existing streetscape to prioritise active modes of transport. The architectural form of any new development should emphasise the walkability of the site.
- 4.4.3 Vehicle parking provision within the St Mary's Parsonage area should be restricted to a minimal level, with an emphasis on controlled parking, drop off points and the retention of access to allow for servicing of the existing commercial, residential and retail premises. Additional high quality cycle parking should be provided for residents, employees and visitors throughout the area.
- 4.4.4 Given the area's location, adjacent to a range of key public transport hubs, and the city's zero carbon targets, and emerging Clean Air Plan, new development proposals will be expected to be car free, aside from a commensurate level of accessible spaces. There is significant parking provision nearby with 20 car parks located within a 12 minute walk of the site, providing parking provision for approximately 7,450 vehicles. Development proposals will require a parking strategy to effectively manage any demand created.
- 4.4.5 Introducing new active frontages at street level throughout the neighbourhood will support the aspiration to minimise on-street waste storage and increase the attractiveness of the streets.
- 4.4.6 St Mary's Parsonage sits adjacent to the Ramada Complex SRF, and links between these two areas will be fundamental to the success of both neighbourhoods. The Ramada Complex SRF proposes the rebalancing of traffic flows. This may increase traffic down Bridge Street, so this section of highway may benefit from some form of rebalancing of highway priority.

4.5 Architecture and design

- 4.5.1 Development proposals should consider the visual impact of new development on the historic environment. In particular, development should demonstrate enhancement to the setting of the Grade II listed Arkwright House, Century Buildings, Kendal Milne building, 4 Alberton Street and 31 – 33 King Street West.
- 4.5.2 It has been recognised that there are a number of buildings in the neighbourhood that are no longer fit for purpose. Replacing these buildings should positively contribute to the area, with high quality design and materials, whilst respecting listed buildings.

5.0 Specific site opportunities

Kendal Milne building & Multi Storey Car Park

- 5.1 Currently occupied by the retailer House of Fraser, the freehold owner of the Kendal Milne building has a recognised need to develop a longer term

strategy for the circa 400,000 sq. ft. building. This will seek a sustainable retail use for the building, whilst also considering alternative uses on the upper floors to respond to market demands.

- 5.2 Retaining and optimising a circa 50,000 sq. ft. retail offer at street and basement level would enhance the streetscape along Deansgate and King Street West. This retail use would be complemented by the provision of new high quality commercial space to meet increasing occupier demand within the city centre.
- 5.3 There is an opportunity to improve the viability of the building by creating a three storey top floor extension for commercial use. The creation of this additional space would support the cost and viability associated with restoring the heritage building as a whole.
- 5.4 In order to maximise the positive transformation of the St Mary's Parsonage area it is considered that the MSCP will need to be redeveloped in its entirety, subject to an appropriate traffic assessment.
- 5.5 The Council own a long leasehold interest in the multi storey car park and the King Street West shops which are situated on the ground floor of the Fraser House building. They are located to the rear of the Kendal Milne building occupied by House of Fraser. The car park is included within the Council's Joint Venture agreement with NCP who manage and operate the facility. The shops are managed as part of the investment estate. The Council are currently in dialogue with the freeholder, who owns both the Kendal Milne building and Fraser House about the structure of any agreement required to bring forward a substantial re-development. NCP have been and will be consulted on the implications in line with the joint venture agreement.
- 5.6 Subject to a robust options appraisal, it is considered that the site would be appropriate for mid-rise commercial office development with retail units at street level.

Reedham House & No.3 St Mary's Parsonage

- 5.7 Reedham House and No.3 St Mary's Parsonage are located at the southern end of the SRF area, bounded by Motor Square to the south, St Mary's Parsonage to the west, Smithy Lane and Dunlop St to the east and Back South Parade to the north.
- 5.8 The landowner is currently working with Historic England to seek an appropriate strategy for the redevelopment of the site to ensure its sustainable and long term reuse. This may incorporate appropriate higher density new build elements, alongside the sensitive restoration of historic architecture.
- 5.9 Dependent on the outcome of the Historic England consultation, an appropriate use strategy for the area would explore commercial or hotel space as principle uses. At the site's southern and western sides, this primary use should seek to incorporate publicly accessible retail and leisure uses.

Albert Bridge

- 5.10 Development within the Albert Bridge Zone is expected to be the most significant within the St Mary's Parsonage SRF area. There is the opportunity to deliver substantial regeneration benefit through the enhancement of site permeability, safety and security, waste and servicing management, public realm quality, and links to the River Irwell.
- 5.11 Proposals in this location will require the very highest architectural quality, and will represent a flagship for regeneration of the wider SRF area.
- 5.12 Specifically, Albert Bridge House is one of the neighbourhood's most prominent tall buildings and sits at a gateway into the city centre. Having been constructed in the early 1950's the building is outdated and does not meet the requirements of today's occupiers. The current occupier, is expected to relocate and vacate the site between spring 2021 and summer 2022.
- 5.13 Detailed appraisals of Albert Bridge House have been undertaken, which conclude that the feasibility and viability of refurbishing the spaces would pose a significant risk to successfully delivering high quality commercial development, attractive to a range of occupants. Consequently, new development with large floor plates would be most appropriate to deliver a high quality commercial office and hotel scheme. This, subject to agreement, would potentially include the Bridge Street surface car park that the City Council own freehold and manage through the Joint Venture with NCP.

Alberton House & Cardinal House

- 5.14 Alberton House and Cardinal House are located adjacent to Albert Bridge House. Whilst both buildings are in separate ownerships they can be considered as part of one scheme owing to their similar architectural style and proximity. As such, development will benefit from a coordinated response from their owners.
- 5.15 Neither Cardinal House (9 storeys) or Alberton House (part 12, part 4 storey's) include any listings and, whilst they are located adjacent to the Parsonage Conservation area, they are not within it. Considering that both buildings are positioned within a transitional location between Albert Bridge House and Century Buildings, the site is considered an appropriate location for a more substantial increase in height. Any increase in height in this location will, however, need to respect the landmark buildings to the south of the SRF area.
- 5.16 Both developments should seek to collaboratively explore the potential to improve connectivity and the pedestrian environment. A collaborative approach should also be taken to deliver an appropriate retail and leisure offer at street level, to maximise the positive contribution towards the vibrancy of St Mary's Parsonage.

No.1 North Parade

- 5.17 No.1 North Parade is a 5 storey building located adjacent to the north western edge of Parsonage Gardens. The building is predominantly vacant but if utilised fully has the potential to contribute to the area's vitality. The building's primary elevation fronts directly onto Parsonage Gardens with the back of the building on Back College Land.
- 5.18 Potential refurbishment could deliver an office or hotel with specific emphasis given to street level use. To attract people into, and engage visitors to visit, Parsonage Gardens and the wider neighbourhood, active retail / leisure frontages at ground level should be provided.
- 5.19 The site's immediate availability means that it has the potential to form an early phase of development, setting a benchmark in terms of development quality and acting as a catalyst for the wider regeneration of the St Mary's Parsonage neighbourhood.

6.0 Phasing and delivery

- 6.1 The SRF sets the context for the comprehensive regeneration of the St Mary's Parsonage neighbourhood. Subject to the framework receiving the Executive's approval, a detailed phasing strategy should be developed immediately.
- 6.2 A substantial proportion of development would be expected to be brought forward between 2021 and 2025, however, this will be largely dictated by the landowners. The below indicative phasing is informed by the current aspirations of landowners within the SRF area.
- 2021-2023:
 - Kendal Milne building refurbishment
 - King Street West multi-storey car park redevelopment
 - 2022-2023:
 - Cardinal House refurbishment
 - 2022-2024:
 - Alberton House refurbishment
 - 2022-2025:
 - Albert Bridge House and Bridge Street surface car park redevelopment, delivering three new buildings
- 6.3 It will be crucial for the first phase of development to be supported by a clear public realm strategy and delivery plan. Public realm improvements within Motor Square and Parsonage Gardens as well as key pedestrian routes and highways, will need to be developed, funded and delivered by landowners, informed by consultation with the Council. The public realm strategy will need to deliver consistency in design and material palette.

6.4 It is intended that each area of public realm improvements will be delivered alongside the adjacent developments, as set out below:

- Parsonage Gardens – prior to occupation of No.1 North Parade, Cardinal House or Kendal Milne.
- Motor Street Square - prior to occupation of Alberton House.
- Improved highways and connections – a plan is to be produced as part of the public realm strategy that shows relevant areas of highways improvements and the delivery sequence associated with developments.

7.0 Conclusion

- 7.1 St Mary's, Parsonage represents a key but underutilised city centre neighbourhood with potential to significantly contribute towards the regeneration and growth ambitions of the city. The neighbourhood is located adjacent to major employment districts and visitor destinations including the retail core, Medieval Quarter, and Spinningfields. Commercially-led development will facilitate the creation of a range of new employment and enterprise opportunities, supported by new retail and leisure amenities and hotel accommodation, to enhance the area's attractiveness to residents, tourists, shoppers and visitors.
- 7.2 The St Mary's Parsonage SRF has been informed by adjacent development, and is aligned with neighbouring proposals. The Medieval Quarter, Spinningfields, the Ramada Complex and the Great Northern Warehouse all sit in close proximity to the neighbourhood. The mix of uses set out within the Great Northern SRF update complements development in regeneration areas nearby. Significant demand for high quality commercial development within the city centre has been shown to exist. The introduction of significant new commercial space within this area will strengthen Manchester's commercial development pipeline, supporting the region's economic growth and inward investment proposition, and provide further job opportunities in the city centre.
- 7.4 The coordinated and holistic approach towards regeneration in this part of the city centre also represents a major opportunity to enhance the quality and vibrancy of the neighbourhood's public spaces and align the SRF principles with the emerging City Centre Transport Strategy. This will create better connections and routes to neighbouring districts, encourage active travel, and also improve the quality of spaces for residents, visitors and workers to spend time in and move around.
- 7.5 In order to maximise the benefits of the regeneration of St Mary's Parsonage, active landowners in the area are being invited to take part in a Landowner Partnership. This forum would enable collaboration and a joined up approach to tackling the challenges within the SRF area in a cohesive manner. Principally, this Landowner Partnership will look at:

- Public realm improvements around developments before the occupation of the buildings.
- Waste and servicing arrangements.
- Green & blue infrastructure strategies and implementation.
- Curating ground floor uses and street level activation.
- Development phasing and construction logistics to mitigate against disruption as far as possible.

7.6 Recommendations can be found at the front of this report.

8.0 Key Policies and Considerations

(a) Equal Opportunities

8.1 The site has the capacity to create a significant number of new jobs, as well as retail and leisure opportunities. The proposals will provide new connections to surrounding neighbourhoods, providing residents with improved access to the opportunities within adjacent neighbourhoods including the Retail Core, Spinningfields and Medieval Quarter. In addition, there is a commitment to ensure that design standards throughout the development will comply with the highest standards of accessibility.

(b) Risk Management

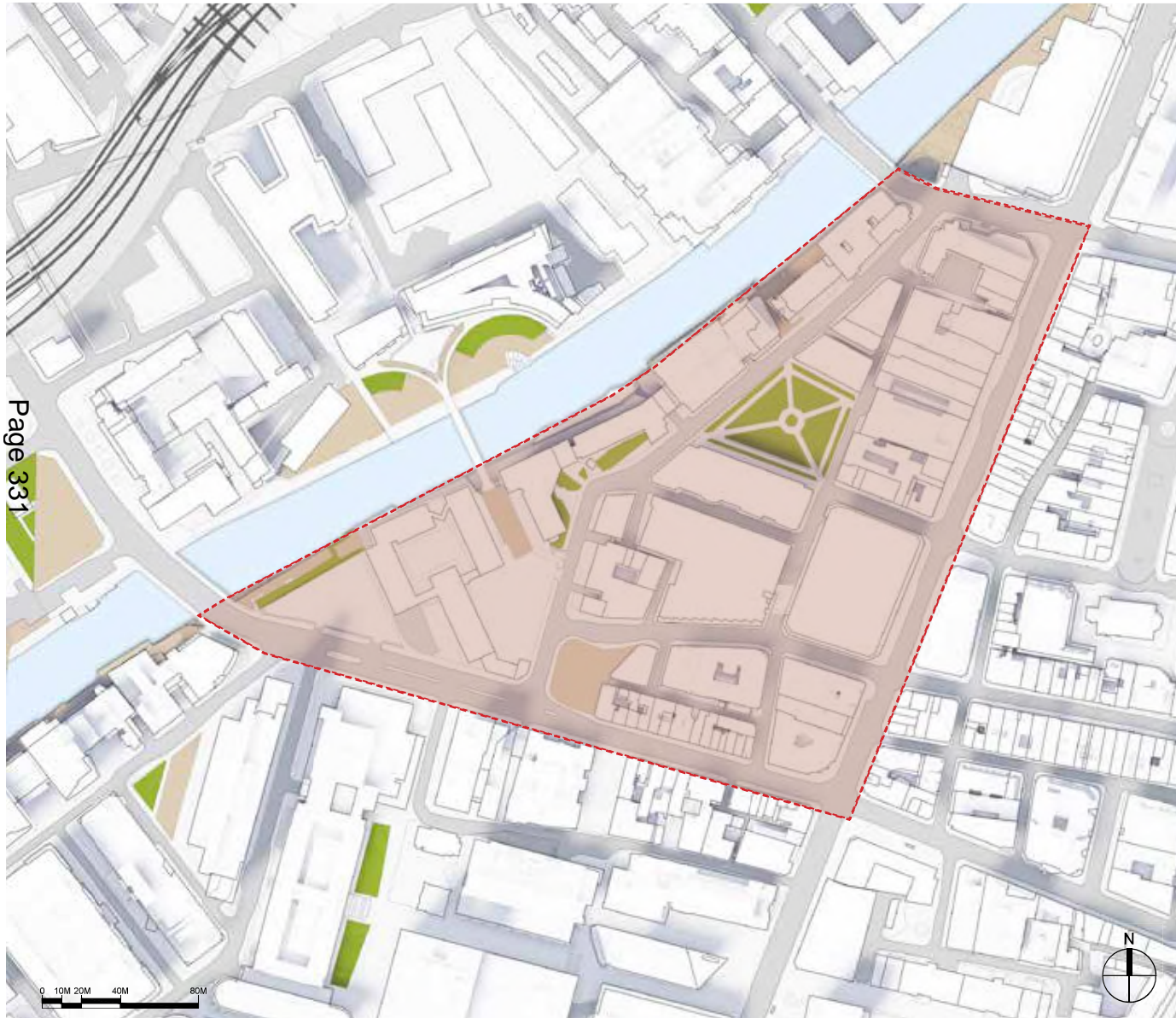
8.2 The City Council own a number of income producing land assets within the SRF area, as defined in the documents. The adoption of the SRF will impact on the long term future use of these sites and subsequently the inclusion within any adjoining re-development schemes brought forward, will require the negotiation of the appropriate terms. The Head of Development and the Development team have been engaged to facilitate this.

(c) Legal Considerations

8.3 If approved by the Executive, the Parsonage Gardens SRF will not form part of the Council's Development Plan but would be a material consideration when development control decisions are made.

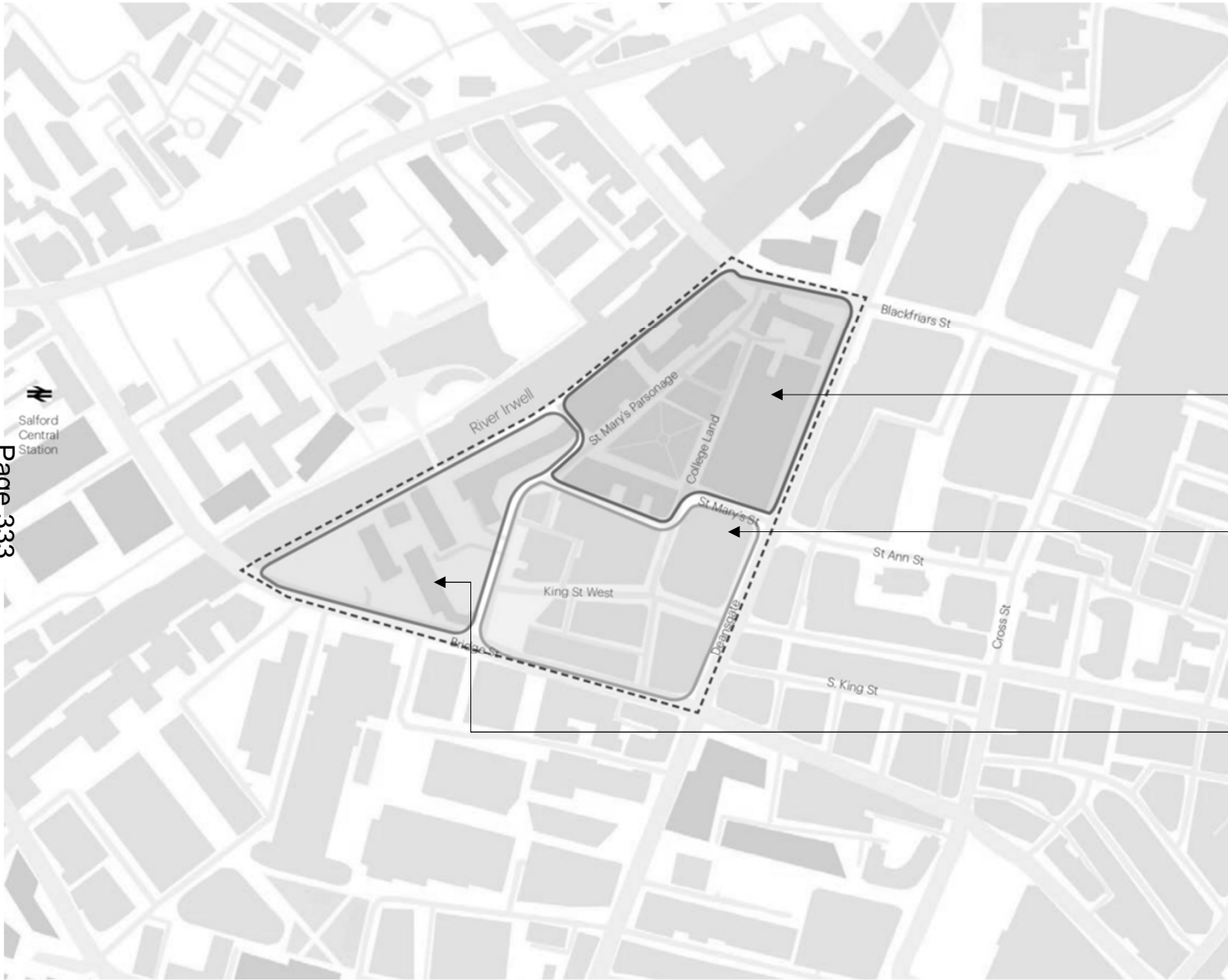
SRF Boundary Plan


SRF Boundary – Area within which key development and improved public realm management opportunities have been identified by key landowners. This includes a wider area that has directly informed the development of SRF development principles. This includes Blackfriars St, Deansgate, Bridge St and the Salford side of the River Irwell.



SRF BOUNDARY

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 **Zone 3: North Parade**

 **Zone 1: King Street**

 **Zone 2: Albert Bridge**

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**Manchester City Council
Report for Resolution**

Report to: Executive - 12 February 2020

Subject: Empty Houses to First Time Buyer Homes – Update Report

Report of: Strategic Director - Growth and Development

Summary

In October 2017 the Executive approved the establishment of the Housing Affordability Fund (HAF). The HAF brings together in one place a range of funding streams targeted at the provision of affordable homes across the city. The 2017 report also detailed a number of products that would facilitate the delivery of good quality affordable homes. One of the products was the Empty Homes Scheme that was aimed at providing new ways for first time buyers to get onto the property ladder.

In March 2018 the Executive approved two new products for the delivery of affordable housing one of which was the Empty Homes Scheme. This report provides an update on the Empty Homes Scheme.

Recommendations

The Executive is recommended to:

1. Approve grant funding to Mosscafe St Vincent's (MSV) under the provisions of Section 22 of the Housing Act 1996 in order to bring empty properties back into use for affordable home ownership.
 2. Authorise the City Solicitor to enter into any agreements to give effect to the recommendations.
-

Wards Affected All wards

| Our Manchester Strategy outcomes | Contribution to the strategy |
|---|---|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | This scheme will support the city in providing the right mix of housing that is affordable for aspiring first time buyers across a range of income levels to support a functioning Manchester and sub-regional economy. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | These homes will be well connected to employment opportunities and schools. |
| A progressive and equitable city: making a positive contribution by | Increasing the supply of good quality affordable homes for sale will provide the |

| | |
|---|---|
| unlocking the potential of our communities | opportunity for Manchester residents to raise their individual and collective aspirations. |
| A liveable and low carbon city: a destination of choice to live, visit, work | The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life. |
| A connected city: world class infrastructure and connectivity to drive growth | This approach recognises the importance that a balanced housing offer plays within a well-connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met. |

Financial Consequences – Capital

Capital costs of **£2.0m** to be funded from a combination of S106 contributions available for affordable housing and capital receipts.

Detailed project and funding proposals are also subject to review and approval via the Council's Capital Strategy Checkpoint Process.

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Background documents (available for public inspection):

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

- Housing affordability in Manchester, Executive 1st June 2016
- Housing affordability in Manchester, Executive 14th December 2016
- Housing Affordability Plan, Executive October 2017
- Manchester's Housing Affordability Plan – New Products, Executive 7th March 2018

1.0 Background

- 1.1 On 7 March 2018 the Executive approved the Empty Homes Scheme (“the Scheme”) and delegated approval of the final agreement to the Director of Housing and Residential Growth in consultation with the Deputy Leader of the Council with responsibility for Housing; and authorised the City Solicitor to enter into any agreements to give effect to the recommendations.
- 1.2 Adactus Housing Association (now Jigsaw Housing) was identified within the 2018 report as the registered provider partner that would work with the Council to bring the Scheme forward with the aid of a grant under section 22 of the Housing Act 1996.
- 1.3 A section 22 grant agreement was completed on 18th October 2018 between the Council and Adactus Housing Association whereby the Council was to advance £2million to Adactus to acquire empty properties and procure the necessary refurbishment, upgrading and marketing for sale of the properties. However following a mutual agreement between the parties and prior to the grant funding being released the agreement was formally terminated by a Deed of Termination 2019.
- 1.4 Following the termination of the grant agreement between the Council and Adactus Housing Association discussions have taken place with alternative registered provider partners which has resulted in a new partner being recommended for approval.

2.0 Mosscafe St Vincent’s (MSV)

- 2.1 Both MSV and a large local Registered Provider have expressed an interest in delivering the Scheme. However during a meeting between the local RP, MSV and the Council, the local RP conceded that MSV would be best placed to deliver the Scheme due to MSV’s expertise in acquiring and refurbishing properties for onward sale. The Council agrees that MSV has the necessary expertise to enable the efficient delivery of the Scheme and therefore wishes to move forward with MSV. MSV have carried out due diligence and confirmed that they have the capacity to deliver the Scheme.
- 2.2 The overall aim of the Scheme is to bring empty and surplus to requirement houses back into use for affordable home ownership. The definition of affordable will be in line with the Council’s Housing Affordability Policy Framework (HAPF).
- 2.3 This Scheme supports Manchester’s Housing Strategy 2016 – 2021 to make best use of all our homes. It also supports the Council’s Housing Affordability Policy Framework by providing homes that are affordable to residents on or below the average household income.

3.0 Empty Houses to First Time Buyer Homes

- 3.1 As detailed in the October 2017 report to Executive approximately 75% of the city's existing homes fall into council tax bands A and B which implies that the city has a significant stock of lower value homes to purchase and rent. At present there is no practical support to buy or rent these homes other than through the traditional high street mortgage, market rent or, subject to eligibility, a social home through Manchester Move. In addition, potential owner occupiers struggle to compete with investors who are able to offer quick cash purchases whereas most potential owners occupiers need to access a mortgage with its inherent delays. However, in terms of Manchester's Housing Affordability Fund, the city's existing older housing presents the biggest opportunity to support some of our aspiring lower income households into the tenure of their choice.
- 3.2 The Council has already run two pilot schemes, one of which related to purchasing empty homes, refurbishing them and selling to owner occupiers. The second related to housing providers disposing of surplus stock to other housing providers. This has contributed to reducing the number of long term empty homes over recent years. This was supported as part of the national funding programme but as this is coming to an end the Council has been developing ideas with both public and private sector partners. This pilot project is based around the basic premise of purchasing empty homes, refurbishing them and selling them to First Time Buyers (FtB) or lower income households for owner occupation.
- 3.3 In order to make this viable in some neighbourhoods, this is likely to require both equity investment and grant funding. As mentioned above, the Council has delivered a similar empty homes scheme where an approximate 19% 'subsidy' was needed to bridge the gap between acquisition and refurbishment costs and the final sales receipt. This was due to very high refurbishment costs so this is an area that needs to be addressed in any future scheme.
- 3.4 To bring down costs of the refurbishment, officers have worked with partners to develop a good quality 'occupational standard' which in turn would reduce the level of subsidy required. The occupational standard is being finalised with partners to ensure this does not detract from the overall quality of the finished product.
- 3.5 These discussions will become formalised into a proposed agreement between the Council and MSV. The grant payment will be secured under the provisions of section 22 of the Housing Act 1996. Under section 22, the Council has the power to provide financial assistance in the form of grants or loans to a registered social landlord for the provision of housing. The terms and conditions of the grant funding will be set out in a formal section 22 Agreement.
- 3.6 MSV will acquire the empty properties, undertake their refurbishment and market them for sale to First Time Buyers or to residents on or below the average household income, who wish to become owner occupiers. Based on combined acquisition and refurbishment costs of circa £120k and a sales

programme which requires a 10% non-recoverable subsidy the initial investment of £2m could potentially deliver 90 homes before it diminishes. This is based on recycling and reinvesting the sales receipts over several phases.

- 3.7 There have been early discussions with Manchester College on how this project can generate an increased level of social value. There are clear opportunities around employment, skills and training through a partnership between the private sector partners and the College. We are also exploring the option to develop 'green skills' as part of our commitment towards low/zero carbon solutions.

4.0 Conclusion

- 4.1 This Scheme will give Manchester residents the opportunity to access the home of their choice. By being more creative and working with both public and private sector partners, this can be delivered at a scale that would not be possible if the Council did this alone.

- 4.2 Recommendations appear at the front of this report.

5.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

This Scheme will support the city in providing the right mix of housing that is affordable for aspiring first time buyers across a range of income levels to support a functioning Manchester and sub-regional economy.

(b) A highly skilled city

The new and existing homes will be well connected to employment opportunities and schools.

(c) A progressive and equitable city

Increasing the supply of good quality affordable homes for sale will provide the opportunity for Manchester residents to raise their individual and collective aspirations.

(d) A liveable and low carbon city

The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.

(e) A connected city

This approach recognises the importance that a balanced housing offer plays within a well-connected city and the neighbourhoods within it. It seeks to create

neighbourhoods where residents will choose to live and their housing needs and aspirations are met.

6.0 Key Policies and Considerations

(a) Equal Opportunities

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

(b) Risk Management

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

(c) Legal Considerations

Under section 22 of the Housing Act 1996 the Council has the power to provide financial assistance in the form of grants or loans to a registered social landlord for the provision of housing. The conditions of the grant funding to Mosscafe St Vincent's will be in accordance with the provisions contained in a section 22 Agreement.

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 6 February 2020
Executive – 12 February 2020

Subject: Northern Gateway Strategic Business Plan and First Phase
Development Area

Report of: Strategic Director, Growth and Development

Summary

The report provides a high level summary of the Strategic Business Plan for approval by Executive, on behalf of the City Council as shareholder in the Northern Gateway Joint Venture. The report also updates the Executive on the current position with regards to the Housing Infrastructure Fund bid submitted to Government by the City Council and the proposed approach to ancillary infrastructure funding and delivery arrangements.

Following on from the Executive approval of the Northern Gateway Strategic Regeneration Framework (SRF) on 13 February 2019, the draft Strategic Business Plan was approved by Northern Gateway Operations Limited (OpCo) at a Board meeting in October 2019 to be taken forward for respective Shareholder and Executive approval by the MCC Executive. The document is the second strategic document that the Development Manager is obligated to prepare for approval as part of the legal agreements between Far East Consortium and Manchester City Council.

Upon the approval of the Strategic Business Plan, the Development Manager will prepare an initial Development Area Business Plan of not less than 1,000 new homes which will be informed by both the SRF and the Strategic Business Plan. A summary of the emerging initial Development Area Business Plan, which can only be formally produced once the Strategic Business Plan has been approved, is set out within the body of this report.

Recommendations

1. The Economy Scrutiny Committee are invited to comment on the report.
2. The Executive is recommended to:
 1. Note the summarised content of the Strategic Business Plan, the detail of which is appended to the Part B report on this agenda.
 2. Note the intention of the Development Manager to appoint a Registered Provider partner to assist with the delivery of affordable housing on JV land within the Red Bank and New Town neighbourhoods to help meet the commitment of providing 20% affordable housing within the initiative.

3. Note that the Northern Gateway is currently characterised by large tracts of vacant and underutilised brownfield land and that for development of any scale to be delivered, significant “place-making” infrastructure interventions will be required and consequently a strategic approach towards leveraging investment from a range of sources will be necessary, including the capture of S106 developer contributions for the purposes of place-making infrastructure.
4. Note the intention to explore options for the preparation of a costed “place-making” infrastructure strategy for the Northern Gateway against which Section 106 developer contributions can be sought. Note that any such strategy would be brought before Executive as part of a full consultation exercise.
5. Note the current situation with regard to the funding submission of £51.6m to the Government’s Housing Infrastructure Fund and the significant potential impact of this funding on the overall viability of the initiative.
6. Agree to the principle of ring-fencing Capital Receipts or overage generated from the disposal of Council-owned land through the Northern Gateway Joint Venture for re-investment into supporting the delivery of the Northern Gateway SRF objectives.
7. Note the significant contribution that the Northern Gateway initiative can make to the City’s affordable housing delivery ambitions and the various means available to the Council such as the Housing Affordability Fund through which investment can be leveraged to deliver affordable housing at scale within this area.
8. Note the summary of the intended content for the production of the initial Development Area Business Plan which will focus on the delivery of up to 1,000 homes in the neighbourhoods of New Cross, Red Bank and Collyhurst and delegate authority to the Chief Executive in consultation with the Leader, Deputy Leader and the Executive Member for Finance and HR to approve the full initial Development Area Business Plan.
9. Note that, subject to a positive announcement from Government relating to the Housing Infrastructure Fund, a further report will be brought before Executive regarding the specific terms and conditions applicable in advance of any decision to enter into a Funding Agreement.
10. Note that a Social Value strategy will be developed specifically for the Northern Gateway given the value of contracts/works to be carried out and the anticipated duration of the Joint Venture Partnership.

Wards Affected: Piccadilly; Cheetham; Harpurhey; Miles Platting and Newton Heath

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

The Strategic Business Plan and initial Development Area Business Plan, build on the low-carbon principles of the Northern Gateway SRF and recognise that future development within the area will need to respond to the zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies.

The planning of the Northern Gateway has been actively developed to facilitate the radical change in the current patterns of energy generation, distribution and use.

| 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 Northern Gateway will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Development of the Northern Gateway offers the potential to deliver on the objectives of the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city. |
| A liveable and low carbon city: a destination of choice to live, visit, work | The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods. |
| A connected city: world class infrastructure and connectivity to drive growth | The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning, ensuring that various modes of transport (car, bus, rail, Metrolink, cycle, and walk) are provided for. |

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no immediate revenue consequences associated with the approval of the Strategic Business Plan or the development of the initial Development Area Business Plan.

Financial Consequences – Capital

As part of the Council's Capital Programme budget 2017-2022, £25m has been allocated to promote residential growth in the Northern Gateway through land assembly and the provision of core infrastructure. There are no immediate capital consequences, however, associated with the approval of the Strategic Business Plan or the development of the initial Development Area Business Plan.

If the recommendations contained within this report are approved then capital receipts generated through the Northern Gateway Joint Venture will be ring-fenced for re-investment into supporting the delivery of the Northern Gateway SRF objectives.

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Background documents (available for public inspection):

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

- Delivering Manchester's Affordable Homes to 2025, Executive, 11 September 2019
- Strategic Acquisitions in the Northern Gateway, Executive, 26 June 2019
- Northern Gateway: Implementation and Delivery, Executive, 13 February 2019
- Northern Gateway Strategic Regeneration Framework, Executive, 13 February 2019
- Residential Growth Strategy: Action Plan Update, Economy Scrutiny Committee, 9 January 2019
- Manchester's Affordable Housing Strategy - Proposed New Affordable Housing Policies for The Council, Executive, 12 December 2018
- Northern Gateway Draft Strategic Regeneration Framework Update, Executive, 25 July 2018
- The Northern Gateway - Progress Update, Executive, 7 March 2018
- The Northern Gateway – Driving Forward Residential Growth, Executive, 8 March 2017
- Northern Gateway – Driving Forward Residential Growth on the Northern Edge of the City Centre, Executive, 9 September 2015

1.0 Introduction

- 1.1 In February 2019 the Executive approved the Northern Gateway Strategic Regeneration Framework – the first major milestone of the Northern Gateway initiative following the formation of the joint venture vehicle in April 2017. This report now provides an overview of the purpose and content of the Strategic Business Plan which provides the overarching narrative as to how the challenges associated with delivering the Northern Gateway will be overcome and for the opportunities and ambitions to be realised.
- 1.2 Once the Strategic Business Plan is approved the Development Manager (FEC) will be working towards bringing forward a viable initial Development Area Business Plan for the first phases of residential delivery, which will comprise of approximately 1,000 new homes.
- 1.3 The initial Development Area Business Plan, the emerging content of which is summarised within this report, will be critical to the viability of future phases and will contain greater detail on the financial assumptions underpinning the delivery of a viable first phase of development.
- 1.4 The report includes detail on the significant level of infrastructure investment required in order to establish a platform upon which to deliver new housing at scale. A bid of £51.6m to the Government's Housing Infrastructure Fund will, if successful, support the delivery of such infrastructure, but additional investment will need to be secured from a range of sources including Section 106 developer contributions.
- 1.5 The successful delivery of the Northern Gateway has the potential to have a positive transformational impact on the existing and future communities of North Manchester. Together with the proposition put forward for the North Manchester General Hospital site and announcements from the Prime Minister and Secretary of State for Health in recent months, there is an opportunity for these major physical regeneration initiatives to have a catalytic role in a wider programme of inclusive growth in North Manchester over the next 20 years.
- 1.6 Aligned with the objectives of the Manchester Work and Skills Strategy (2015-2020) and the Manchester Population Health Plan (2018-2027) – together with Manchester Health and Care Commissioning's identified programme of System Leadership focussed on North Manchester as reflected in their 2020-2025 Plan – there is an opportunity to build on this development platform and address some of the key thematic areas that are considered a high priority for the north of the city. These include: preventable early deaths; work as a health outcome; improved outcomes for the first 1,000 days of a child's life; improved community connections (both socially and physically); addressing family poverty; and improving skill levels.
- 1.7 The Council and our JV partners will explore the opportunity to develop a comprehensive and specific Social Value strategy for the Northern Gateway so we can maximise the training and employment outcomes for Manchester residents. This strategy will ensure we can provide sufficient focus on this

aspect of the JV's activity going forward and monitor and report on achievements going forward.

- 1.8 The report sets out details of initial proposals for development in the Collyhurst neighbourhood. This may involve remodelling of certain parts of this area, following consultation with the community. Initial priority will be given for any new Council properties, to existing residents affected by this remodelling. It is also recognised that since the termination of the proposed Private Finance Initiative (PFI) by the coalition Government in 2010, residents have been waiting for alternative proposals that would deliver the regeneration of the area. The City Council remains committed to working pro-actively with existing residents to deliver positive change that they benefit from. At the same time the City Council recognise there is an obligation to tenants who were displaced by previous demolition activity and wish to return to the area as new housing for social rent is delivered. The Council will establish a process through which this obligation is met, once the needs of existing Collyhurst residents are catered for.

2.0 Background

- 2.1 The Northern Gateway has the potential to deliver circa 15,000 new homes over the next 20 years: this equates to 28% of the entire City of Manchester target as set by the draft Greater Manchester Spatial Framework (GMSF), within an expanse of existing brownfield land that is close to the conurbation core.
- 2.2 This is predicated, however, on the ability of the joint venture partnership (JV) to address and overcome a series of significant challenges in the transformation of a long forgotten part of the city in the Lower Irk Valley. This is an area characterised by:
- I. fragmented land ownership;
 - II. historic railway structures and associated current and former industrial land uses;
 - III. barriers to development presented by gaps in the provision of key physical infrastructure such as power and other utilities;
 - IV. areas prone to flood risk;
 - V. a varied and challenging topography with limited/no highway access and permeability issues; and
 - VI. disconnected and insular sites caused by historic uses and a lack of development in the intervening decades.
- 2.3 In the northern part of the geography there are specific socio-economic challenges characterised by:
- I. high levels of deprivation and dependency;
 - II. poor physical layouts, connections and permeability;
 - III. poor environment and access to quality green spaces; and
 - IV. a lack of walking and cycling infrastructure.

- 2.4 There is an opportunity to improve the layout of the neighbourhoods in this location, but it would require some remodelling and demolition in order to create opportunities for high quality, well designed new housing across a range of tenures. It has been agreed that the Joint Venture's approach to any remodelling will be founded on careful phasing, allowing time for detailed resident consultation on each phase. New replacement properties would be constructed for existing residents in advance of any demolitions ensuring the existing community can remain in the area and that they can benefit from the ongoing regeneration of the area.

3.0 The Strategic Business Plan

- 3.1 It is a requirement of the Northern Gateway Joint Venture Agreement for the Development Manager (FEC) to produce a Masterplan and a Strategic Business Plan, incorporating a Financial Model, for the approval by Northern Gateway Operation Limited (OpCo) and by the respective Shareholders of OpCo i.e. FEC and the Council.
- 3.2 The purpose of the Strategic Business Plan is to set the strategic context for the Northern Gateway, based upon an overarching Financial Model and to set the parameters for the subsequent Development Area Business Plans. The Strategic Business Plan is to be updated annually to ensure that it takes account of any changes in national and local policy, market sentiment or wider economic implications and is to be used as a mechanism to monitor the progress of delivery of the Northern Gateway.
- 3.3 The Strategic Business Plan (detailed the Part B report) provides the overarching narrative as to how the challenges will be overcome and the opportunities and ambitions realised.
- 3.4 A summary of these challenges and opportunities can be summarised in Sections 4.0 – 8.0 below.

4.0 Financial Model and the Provision of Place-Making Infrastructure

- 4.1 In accordance with the requirements of the legal arrangements, the Development Manager (on behalf of OpCo) has commissioned the production of an independent and bespoke Financial Model to allow the overall financial viability of the Northern Gateway project to be evaluated.
- 4.2 The model uses a residual method of valuation to calculate land value and takes account of the multi-phased nature of the project and the numerous attributable variables. Underpinning the Financial Model is a cost plan and series of cash flows prepared by independent cost consultants. The cost plan is based on the nature of accommodation indicated in the approved SRF within discrete neighbourhoods, together with the associated infrastructure required (e.g. roads, flood mitigation, power and utilities, land remediation, new public open space and public realm etc). The model specifically excludes both build cost and sales price inflation, due to the difficulty in making any form of informed projection as a result of the longevity of the regeneration

programme which is likely to last up to twenty years. The assumption is therefore that both will keep pace with each other and one neutralises the other. The model also provides for the notion of a “regeneration premium”, which is the effect over and above sales price inflation, which occurs when transformation of an area happens at scale as a result of catalytic interventions, such as the completion of major infrastructure projects.

- 4.3 The Financial Model contained within the Strategic Business Plan is currently showing a minimal return against the overall projected Gross Development Value and would not be at a sufficiently market facing or viable level whereby a developer acting reasonably would undertake development without additional external public sector investment. This low level of return and high level of development risk, is unsurprising however given the significant “on costs” which are associated with the huge site-wide infrastructure requirements which need to be addressed in order to tackle abnormal costs and support the delivery of housing at scale.
- 4.4 In total the investment into necessary “place-making” infrastructure to support development across the entire Northern Gateway is currently estimated at circa £165m.
- 4.5 When these infrastructure costs are coupled with the existing challenging sales values of the homes for open market sale in this part of the city, then it becomes clear why no development or regeneration has been able to come forward here previously without significant public sector investment in order to help address some of the funding challenges with regards to site-wide infrastructure, the provision of high quality public open space, affordable housing and zero carbon in order to make the initiative viable.
- 4.6 Despite the viability challenges of the overall programme set out above, the JV proposes that these will be addressed on a phase by phase basis through mitigation matters such as HIF, the identification of an RP partner and constant engagement with Government and other funding bodies in order to lever in the required public sector financial investment. It is however fully anticipated that the initial Development Area Business plan discussed in more detail in Section 9.0 will be financially viable.
- 4.7 Prior to the programme of public sector austerity that has been the UK norm for nearly a decade, up-front costs for a project of this scale would have attracted much higher levels of public sector investment from the centre.
- 4.8 The bid submitted to the Government’s Housing Infrastructure Fund for £51.6m – as detailed in previous reports - would, if successful, make a significant contribution to improving the overall viability of the initial programme, enabling a strong platform for development to be established in the Red Bank and New Town neighbourhoods. This funding will, if approved, be utilised to: create new highway access to former industrial land; provide flood defence measures and improve the condition of the River Irk; provide a new high voltage power network; remediate previously contaminated brownfield land; create the platform for the City River Park; and improve

pedestrian and cycle routes throughout the area. The bid was submitted to MHCLG in March 2019 and is currently pending approval.

- 4.9 Furthermore, through the legal agreements of the Northern Gateway JV, there is the potential for the Council to receive capital receipts for its land interests as part of the development process. This report recommends that the Executive agrees that where capital receipts are generated within the Northern Gateway area that these are ring-fenced for re-investment into supporting the delivery of the Northern Gateway SRF objectives.

5.0 Delivering Affordable Housing at Scale

- 5.1 The Northern Gateway programme will deliver at least 20% affordable housing across the entire area. This equates to 3,000 new affordable homes and is by far the biggest opportunity to deliver against Manchester's ambitious affordable housing plans as part of a well-planned, place-based approach to development. This will include a range of affordability options including shared ownership, affordable rent and social rent across a range of housing typologies.
- 5.2 To ensure such a target is achievable a robust strategy must be in place for the Northern Gateway aligned to the wider approach to delivering Manchester's affordable homes as outlined in the report to the Executive of 11 September 2019.
- 5.3 The Executive has previously agreed that Collyhurst will act as a focal point for the investment of Housing Revenue Account resources to deliver up to 130 new social rent homes as part of an initial phase of development (see section 9.6 below for more detail), but investment from other sources will be required to support the delivery of affordable housing at the kind of scale required and as part of well-planned, mixed tenure neighbourhoods.
- 5.4 On this basis, the intention is for the Development Manager (FEC) to commence a procurement exercise to appoint a Registered Provider with significant investment capacity and a robust approach to leveraging grant funding which will assist with project viability. FEC will begin a market procurement exercise shortly to identify an RP partner to deliver affordable housing as part of schemes on land owned by FEC primarily within the Red Bank and New Town neighbourhoods.
- 5.5 The selection process will be national and extensive and is likely to be two stage. The process will be open to Registered Providers who have Strategic Partner status with Homes England as well as those who are not but who are still well placed to take advantage of Homes England's Continuous Market Engagement process to access grants. The process will be flexible in order to allow for one single entity or a consortium of providers if it can be demonstrated that this is in the projects' best interests and its clear how they would work together on lettings, housing management and local community/stakeholder management.

- 5.6 This accords with the report approved by Executive in September 2019 entitled, 'Delivering Manchester's Affordable Homes to 2025', which highlights the strategic prioritisation of unlocking the investment capacity of Registered Provider partners and harnessing the resources that Homes England can bring through government grants and dedicated local support.
- 5.7 Whilst the partnership with a Registered Provider will be well-placed to secure funding and investment through the Homes England-administered Government funding packages, there is an opportunity to further align additional resources generated at a local level to be invested into the delivery of affordable housing in the Northern Gateway.
- 5.8 The Northern Gateway is a key strategic location in the extended city centre where affordable housing can be delivered at scale. The intention for at least 20% of all housing delivered by the JV across the Northern Gateway to be affordable provides an opportunity to make a significant contribution to the Council's affordable housing delivery plans. This should be a key consideration for the Council when making investment decisions with regards to leveraging available resources, such as the Housing Affordability Fund.

6.0 Zero Carbon

- 6.1 The need to expedite a move to a zero carbon economy including zero carbon development, in line with national and local policy, necessitates an innovative approach to building technologies and energy use. Additional investment will be sought into new technologies and techniques to deliver cost-effective zero carbon development.
- 6.2 The Financial Model includes an estimated cost per property towards reducing carbon. This figure is an estimate of cost at this stage to reflect the aspiration, however it must be noted that this cost assumption, applied as a general rule across the entire development area, will not fully deliver zero carbon development at scale but will contribute towards the development of a low carbon solution.

7.0 Planning Strategy

- 7.1 Building on the approved Northern Gateway SRF document and working in partnership with the Local Authority, the Development Manager has developed a detailed Planning Strategy underpinning the proposed delivery of homes within the Red Bank neighbourhood, which is to be led out through projects supported by the planned HIF investment and also a general Planning Strategy setting out the key principles to facilitate the delivery of the Northern Gateway more generally. Development Area specific planning strategies will be included within the future Development Area Business Plans, the first of which is summarised elsewhere within this report.
- 7.2 Planning applications that are submitted within the Northern Gateway area, but are not covered by the JV arrangements, will be subject to determination in the usual way in line with planning policy. The Local Planning Authority will

have due regard to the relevant national, regional and local policy and material considerations when determining the application, this will include the approved Northern Gateway SRF, as this is a material consideration by virtue of its endorsement by the Executive. With respect to affordable housing obligations, this should be considered across the whole programme rather than on a site by site basis.

- 7.3 The Northern Gateway SRF highlights the lack of existing infrastructure and sets out the requirement for investment into place-making and contributions to infrastructure. The Local Planning Authority will have regard to these requirements alongside other core strategy policies when considering any s106 planning obligations within the Northern Gateway.
- 7.4 To support this principle, and to ensure that there is a robust and transparent process in place, officers will work closely with the Local Planning Authority to explore the options for the preparation of a fully costed public realm/infrastructure strategy to act as a basis for determining Section 106 developer contributions for the purposes of place-making infrastructure. Any such strategy will be brought before Executive as part of a full consultation exercise.
- 7.5 As part of the delivery of the HIF investment, should it be awarded, the Planning Strategy will be part *detailed* for the infrastructure works themselves and part *outline* for the associated housing which will sit around these infrastructure works. The benefits of this approach are set out within the Strategic Business Plan and will need to be formally endorsed by the Local Planning Authority following the award of HIF.

8.0 Estate Management

- 8.1 The spatial masterplan for the Northern Gateway, as reflected in the SRF, is predominantly led by a high quality public realm and an ambitious green and blue infrastructure network, which will both catalyse the area to create a unique destination within the extended city centre, but also be the golden thread which seeks to unify the currently fragmented neighbourhoods.
- 8.2 The JV intends to undertake work to develop a detailed Estate Management Strategy. This work will seek to identify suitable funding and governance options for the long-term management and maintenance of green and blue infrastructure, which include the following:
- Non-governmental management and governance models including: Community-based initiatives; NGO's and Not for Profit Organisations; and Trusts, Foundations and Green Hubs;
 - Public-Private models including joint governance between Local Government and the private sector; or where the private sector takes the lead role in the management and maintenance of the space; and
 - Local Government-led models where the Local Authority takes the lead role in the governance, management and maintenance of the public estate.

- 8.3 With each of these governance models there are funding challenges associated with the long-term maintenance of the public spaces to a high quality befitting the extended city centre location. Options for these funding sources include the following: general taxation (i.e. through Council Tax and Business Rates as part of the Council's mainstream revenue funding); residential and business leaseholder charges; business profit sharing; income generation through community and commercial events; endowments; parking fees; private grants; or other public sector contributions (i.e. from non-Council budgets).
- 8.4 With the Council continuing to operate in a constrained fiscal environment, and with public sector revenue budgets susceptible to economic cycles and changes there is a high degree of risk associated in implementing a fully Local Authority-led model of governance as funding levels to maintain a high quality of service could not be guaranteed during periods of economic downturn.
- 8.5 At this stage the most likely scenario would be a public-private model of governance which would incorporate a long-term revenue stream via a resident and business leaseholder charge. This would be supported by a range of complimentary income generating opportunities which would seek to enhance and improve the quality of the physical environment of the public spaces for the communities to which they serve and for the population at large.

9.0 Initial Development Area Business Plan

- 9.1 Subject to approval of the Strategic Business Plan, as obligated by the JV legal agreement, the Development Manager will be looking to bring forward an initial Development Area Business Plan for the first phases of development activity as soon as is reasonably practicable.
- 9.2 The initial Development Area Business Plan must be for not less than 1,000 homes. Development Area 1 comprises three development phases as follows:
- Collyhurst Phase 1 (Collyhurst Village and Collyhurst South)
 - Former Angelgate site
 - Addington Street
- 9.3 The total number of homes to be delivered within Development Area 1 is anticipated to be approximately 1,045. The homes will be a mixture of type and tenure, with the majority of homes being provided as open market for sale. The Development Area will provide a mix of one, two, three and four bed properties in the form of apartments, maisonettes and townhouses. The Joint Venture is committing to delivering 20% affordable homes across Development Area 1 which will include circa 130 social rented dwellings delivered in Collyhurst and on-plot shared ownership homes at the former Angelgate site.

- 9.4 All of the land within the Development Area is within the ownership of the Joint Venture. Individual planning applications will be submitted for each of the three phases within the Development Area.
- 9.5 The status and key issues affecting the progression of each of the above development proposals are described in more detail below.

9.6 Collyhurst Phase 1

9.6.1 Collyhurst Phase 1 is split between two development parcels:

- Collyhurst Village – a residential development of approximately 300 dwellings, including up to 100 social rented dwellings which will be initially prioritised for existing residents potentially affected by remodelling. The development will comprise a mix of houses and mid-rise apartments.
- Collyhurst South – a residential development of approximately 30 social rented dwellings which will be initially prioritised for residents previously displaced by demolition of the maisonettes. The development will comprise a mix of houses and low-rise apartments.

9.6.2 The design proposals will be developed to investigate the potential for zero carbon solutions with a low carbon, fabric first building design that will reduce residents' occupational costs and help to tackle fuel poverty. The Planning Strategy for Collyhurst Phase 1 is currently to submit one full planning application covering both the Collyhurst Village and Collyhurst South sites.

9.6.3 Buttress, an Ancoats based architecture practice, has been appointed by the JV to draw up designs for these initial sites following engagement and consultation with local residents and the intention is then to have planning applications ready for submission by the summer of 2020.

9.6.4 Officers from the City Council have been in discussion with regional representatives of Homes England, regarding potential grant support for the new HRA homes in Collyhurst. A bid for circa £8.5m will be submitted once we have some more certainty regarding the type of homes to be developed.

9.7 Former Angelgate site

9.7.1 The former Angelgate site is located within the New Town area of the Northern Gateway masterplan. The site is located at the entrance threshold from the city centre into the Red Bank neighbourhood and the river valley, marking an important gateway to the Northern Gateway. A full planning application covering this phase will be submitted.

9.7.2 Circa 635 new homes are proposed within a high-density development featuring a landmark tower at the entrance to the Northern Gateway. The scheme includes three residential buildings as well as townhouses and commercial uses at the lower stories to provide active street frontages. Shared amenity on the podium and high-quality public realm is also proposed.

- 9.7.3 The former Angelgate site will provide open market for sale homes as well as on site affordable housing in the form of shared ownership. FEC are currently initialising a process to procure a Registered Provider partner to facilitate the delivery of affordable housing at this site and within future phases of the Red Bank and New Town neighbourhoods – as described elsewhere within this report.
- 9.7.4 A fabric first, low energy design concept will be adopted and the scheme will be wholly electric powered as well as providing 100% cycle parking.
- 9.7.5 The intention is that a planning application for the scheme will be ready for submission by late spring / early summer 2020.

9.8 Addington Street

- 9.8.1 The Addington Street site is located within the New Cross neighbourhood. The site comprises a single development plot which is currently in use as temporary surface car parking and electricity substation. A full planning application for the Addington Street phase was approved by the Planning and Highways Committee in January 2020.
- 9.8.2 A range of accommodation in the form of townhouses and apartments is proposed which will be attractive to families and smaller households and promotes active and engaging ground floors. The development comprises one residential block of 80 homes split between 23 one bed apartments, 48 two bed apartments and 9 three bed town houses. All homes proposed are for open market for sale with a contribution secured for the provision of off-site affordable housing.
- 9.8.3 The building will be low carbon and benefits from a highly sustainable location. 100% cycle parking is proposed and 2 disabled car parking spaces will be provided in the area. A fabric first, low energy design concept has been adopted with air permeability and ventilation targets all exceeding Building Regulations standards. Efficient ventilation systems are proposed for each apartment to further reduce the total energy demands. The scheme will be wholly electric powered as well as providing photovoltaic panels on the roof to power lighting in the communal parts and a green roof in the courtyard.

9.9 Procurement Strategy

- 9.9.1 **Professional Consultant Team:** In accordance with the terms of the JV legal agreement and the Strategic Business Plan, the procurement process for the Development Area 1 consultants will be undertaken in compliance with the agreed procurement strategy, which includes (inter alia) the following principles:
- all services will be procured in accordance with the principle of value for money, transparency, fair and open competition and best price;
 - for all contracts of any value the procurement process will ensure competitiveness, transparency, quality and value for money; and

- all procurement will be carried out in accordance with the Public Contracts Regulations 2015.

9.10 Delivery / implementation strategy

9.10.1 It is envisaged that the whole of Development Area 1 will be delivered by FEC working in conjunction with a Registered Provider partner for the affordable housing elements of the proposals in the New Town scheme and with the Council and its existing ALMO, Northwards Housing, within the Collyhurst Village and Collyhurst South sites.

9.11 Marketing

9.11.1 Development Area 1 phases provide a range of housing types and tenures across four neighbourhoods within the Northern Gateway geography. The phases will not be marketed together, rather bespoke marketing strategies will be developed for each phase in accordance with the Strategic Business Plan.

10.0 Conclusion

10.1 The Northern Gateway remains the most ambitious residential-led development programme in a generation and is well placed to be a key driving force in delivering transformational change in the communities north of the city centre.

10.2 The approval of the Strategic Business Plan builds on the first major milestones of the Northern Gateway journey, those being the formation of the joint venture with FEC in April 2017 and the approval of the Strategic Regeneration Framework in February 2019. With this key document approved, the Development Manager can implement an initial Development Area Business Plan as a legally necessary next step in unlocking delivery of the first circa 1,000 new homes of the Northern Gateway initiative.

10.3 The Strategic Business Plan will be refreshed on an annual basis to ensure that the overall long-term vision remains a viable and achievable proposition and so that Development Area Business Plans may be brought forward for subsequent future phases.

10.4 The realisation of the ambitious Northern Gateway vision is not without its challenges, the nature of which have been summarised within this and previous reports and which are addressed at a high level through the Strategic Business Plan and at a more detailed level within the Development Area Business Plans.

11.0 Contributing to a Zero-Carbon City

11.1 The Strategic Business Plan, and Development Area Business Plan, builds on the low-carbon principles of the Northern Gateway SRF and recognises that future development within the area will need to respond to the zero-carbon target and will be expected to move towards this aspiration through the active

utilisation and deployment of leading building technologies.

- 11.2 The planning of the Northern Gateway has been actively developed to facilitate the radical change in the current patterns of energy generation, distribution and use.

13.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 13.1 The Northern Gateway will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.

(b) A highly skilled city

- 13.2 The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.

(c) A progressive and equitable city

- 13.3 Development of the Northern Gateway offers the potential to deliver on the objectives of the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city.

(d) A liveable and low carbon city

- 13.4 The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.

(e) A connected city

- 13.5 The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning ensuring that various modes of transport (car, bus, rail, Metrolink, cycle, and walk) are provided for.

14.0 Key Policies and Considerations

(a) Equal Opportunities

- 14.1 A key aim of the Northern Gateway is to deliver residential led development providing a significant number of high quality homes and alongside commercial development. This will both meet increasing levels of demand for housing within the regional hub and create new City Centre employment opportunities.

(b) Risk Management

- 14.2 The Northern Gateway programme will continue to be progressed in accordance with existing internal governance arrangements and within the legal framework of the Northern Gateway Joint Venture. If successful in securing the Housing Infrastructure Fund funding the Council's existing Capital Approval process will be followed in full with any additional governance and accountability structures developed in accordance with the Council's risk management framework.

(c) Legal Considerations

- 14.3 The legal considerations are contained in the body of this report and the City Solicitor will continue to support the delivery team to deliver the Northern Gateway.

**NOTICE OF DECISIONS AGREED AT THE GREATER MANCHESTER COMBINED AUTHORITY
HELD ON TUESDAY, 7TH JANUARY, 2020**

PRESENT:

| | |
|---------------------------------|------------------------------|
| Greater Manchester Mayor | Andy Burnham (In the Chair) |
| Greater Manchester Deputy Mayor | Baroness Bev Hughes |
| Bolton | Councillor David Greenhalgh |
| Bury | Councillor David Jones |
| Manchester | Councillor Richard Leese |
| Oldham | Councillor Sean Fielding |
| Rochdale | Councillor Allen Brett |
| Salford | City Mayor Paul Dennett |
| Stockport | Councillor Elise Wilson |
| Tameside | Councillor Brenda Warrington |
| Trafford | Councillor Andrew Western |
| Wigan | Councillor David Molyneux |

OFFICERS IN ATTENDANCE:

| | |
|-------------------------------|-----------------------|
| GMCA – Chief Executive | Eamonn Boylan |
| GMCA - Deputy Chief Executive | Andrew Lightfoot |
| GMCA – Monitoring Officer | Liz Treacy |
| GMCA - Treasurer | Steve Wilson |
| Bury | Geoff Little |
| Rochdale | Steve Rumbelow |
| Stockport | Kathryn Rees |
| Trafford | Sara Todd |
| Wigan | Alison McKenzie-Folan |
| Office of the GM Mayor | Kevin Lee |
| GMCA | Simon Nokes |
| GMCA | Julie Connor |
| GMCA | Sylvia Welsh |
| GMCA | Phil Swan |
| TfGM | Steve Warrener |

1. APOLOGIES

That apologies for absence were received and noted from Councillor Andrea Simpson (Bury), Councillors Sue Murphy and Bev Craig (Manchester), Councillor Janet Emsley & Sara Rowbotham (Rochdale), Councillor Tom McGee (Stockport), Councillor Leanne Feeley (Tameside) and Councillor Mark Aldred & Councillor Jenny Bullen (Wigan) and Tony Oakman (Bolton), Joanne Roney (Manchester), Jim Taylor (Salford), Pam Smith (Stockport) and Steven Pleasant (Tameside).

2. CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

There were no Chairs announcements or items of urgent business.

3. DECLARATIONS OF INTEREST

There were no interests declared.

4. MINUTES OF THE GMCA MEETING HELD ON 29 NOVEMBER 2019

That the minutes of the GMCA meeting held on 29 November 2019 be approved as a correct record.

5. GMCA APPOINTMENTS

GMCA Appointments

a) TFGM EXECUTIVE BOARD - RECRUITMENT OUTCOMES

1. That the appointment of Jo Kaye and Tracey Matthews as Non-Executive Directors of TfGM be approved.
2. That authority be delegated to the Chief Executive Officer, GMCA & TfGM, to formalise the terms of the appointments.

b) APPOINTMENT OF INDEPENDENT MEMBERS OF THE AUDIT COMMITTEE

That the appointment of Mr Grenville Page and Ms Susan Webster, as Independent Members of the Audit Committee, be approved subject to completion of required pre-employment checks, with immediate effect.

c) GM TRANSPORT COMMITTEE - APPOINTMENTS

1. That the appointment of Councillor Shah Wasir to replace Councillor Liam O'Rourke (Rochdale) as a member of the Committee by the GM Mayor be noted.
2. That the appointment of Councillor Paul Prescott to replace Councillor Carl Sweeney (Wigan), as a substitute member of the Committee, be noted..

d) GMCA ECONOMY, BUSINESS GROWTH & SKILLS OVERVIEW & SCRUTINY COMMITTEE

That the appointment of Councillor John Walsh to replace Councillor Mudasir Dean (Bolton) be approved.

e) GMCA CULTURAL & SOCIAL IMPACT FUND COMMITTEE/STATUTORY FUNCTIONS COMMITTEE

That the appointment of Councillor Paul Prescott to replace Councillor Carl Sweeney (Wigan) be approved.

6. GREATER MANCHESTER LOCAL FULL FIBRE NETWORK PROGRAMME

1. That it be agreed to enter into a grant funding agreement with DCMS to secure the grant element from DCMS for the GM LFFN programme for up to £21.3M (this may be up to £1.7m lower to reflect Salford City Council moving to a Public Sector Building Upgrade model – para 2.6).

2. That the allocation of £835,000 from the DCMS LFFN grant, to Manchester City Council for the purposes of Public Sector Building Upgrade be approved.
3. That the allocation of £90,000 from the DCMS LFFN grant, to Salford City Council for the purposes of Public Sector Building Upgrade be approved.
4. That Manchester City Council and Salford City Council be commended to follow a Public Sector Buildings Upgrade model under a separate Grant Funding Agreement direct with DCMS.
5. That it be noted that the decision of the GMCA (1st March 2019) to select up to two providers under single supplier framework contracts was delegated to the GMCA Treasurer.
6. That it be noted that providers will be used by the GMCA, and also each participating Local Authority to enter into a contract in their own right for each locality, in accordance with the recommendations in the Tender Outcome Report (Part B report).
7. That it be agreed that the GMCA enter the Inter Authority Agreement (IAA) with Local Authority partners.
8. That the publication of the GM Prospectus be welcomed and agreed as the agreed basis for all Authorities to work consistently across GM for working with any provider looking to install fibre to minimise disruption to residents, minimise cost of installation and maximise private fibre investment. This prospectus will form an integral part of the IAA and is approved as the basis to work with the successful bidders.
9. That authority be delegated to the GMCA Monitoring Officer to review and complete all necessary legal documentation and award and enter into contracts.

7. EXCLUSION OF THE PRESS AND PUBLIC

That, under section 100 (a)(4) of the local government act 1972 the press and public should be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information, as set out in the relevant paragraphs of part 1, schedule 12a of the local government act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

8. GREATER MANCHESTER LOCAL FULL FIBRE NETWORK PROGRAMME

1. That the GMCA record its thanks to Cllr Elise Wilson and the GM Digital Team for the progress of work over the last 2 years.
2. That the recommendations in the report be approved including the arrangements to enter into grant agreements with DCMS as detailed within the report.
3. That the DCMS grant funding distribution as detailed in the report be approved and that the decision to enter into grant agreements to allocate funding to the GM public sector partners for the anchor tenancy element of the GM LFFN programme be delegated to the GMCA Treasurer.
4. That the allocation from the DCMS LFFN grant, to the GMCA for connecting Fire & Rescue sites for the purposes of Anchor Tenancy across Greater Manchester be approved.

5. That the allocation from the DCMS LFFN grant to the GMCA for connecting Urban Traffic Management Control sites and TfGM assets for the purposes of Anchor Tenancy across Greater Manchester be approved.
6. That an increase to the GMCA capital programme of £19.7M, of which £7.1m was agreed by GMCA in March 2019, be approved, subject to final design to support investment in GMCA/TfGM UTMC assets and sites.
7. That an increase in the GMCA capital programme of £1.55M be approved to reflect the GMCA investment in GMFRS sites.
8. That it be noted that the GM led procurement has secured substantially improved value for money than originally anticipated in the GMCA report of 1st March 2019.
9. That Bolton, Bury, Wigan, Rochdale and Oldham Councils be commended to sign their respective contracts in the Northern Arc, in accordance with the recommendations in the Tender Outcome Report (Appendix A).
10. That Trafford and Stockport Councils be commended to sign their respective contracts in the Southern Arc, in accordance with the recommendations in the Tender Outcome Report (Appendix A).
11. That it be agreed that GMCA enters into contracts to connect F&RS and TfGM assets for both the Northern Arc and the Southern Arc, in accordance with the recommendations in the Tender Outcome Report (Appendix A).

A link to the full agenda and papers can be found here:

<https://democracy.greatermanchester-ca.gov.uk/ieListDocuments.aspx?CId=136&MIId=2808&Ver=4>

This decision notice was issued Thursday 9 January 2020 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU. The deadline for call in of the attached decisions is 4.00pm on 15 January 2020.

Call-In Process

In accordance with the scrutiny procedure rules, these decisions would come into effect five days after the publication of this notice unless before that time any three members of the relevant Overview and Scrutiny Committee decides to call-in a decision.

Members must give notice in writing to the Chief Executive that they wish to call-in a decision, stating their reason(s) why the decision should be scrutinised. The period between the publication of this decision notice and the time a decision may be implemented is the 'call-in' period.

Decisions which have already been considered by an Overview and Scrutiny Committee, and where the GMCA's decision agrees with the views of the Overview and Scrutiny Committee may not be called in.

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**NOTICE OF DECISIONS AGREED AT THE GREATER MANCHESTER COMBINED AUTHORITY
HELD ON FRIDAY, 31ST JANUARY, 2020**

| | |
|---------------------------------|------------------------------|
| Greater Manchester Mayor | Andy Burnham (In the Chair) |
| Greater Manchester Deputy Mayor | Baroness Bev Hughes |
| Bolton | Councillor David Greenhalgh |
| Bury | Councillor David Jones |
| Manchester | Councillor Richard Leese |
| Oldham | Councillor Sean Fielding |
| Rochdale | Councillor Allen Brett |
| Salford | City Mayor Paul Dennett |
| Stockport | Councillor Elise Wilson |
| Tameside | Councillor Brenda Warrington |
| Trafford | Councillor Andrew Western |
| Wigan | Councillor Keith Cunliffe |

IN ATTENDANCE:

| | |
|--------------------|--------------------------|
| Tameside | Councillor Leanne Feeley |
| Wigan | Councillor Jenny Bullen |
| GM Transport Cttee | Councillor Mark Aldred |

OFFICERS IN ATTENDANCE:

| | |
|---------------------------------------|-----------------------|
| GMCA & TfGM – Chief Executive Officer | Eamonn Boylan |
| GMCA - Deputy Chief Executive | Andrew Lightfoot |
| GMCA – Monitoring Officer | Liz Treacy |
| GMCA - Treasurer | Steve Wilson |
| Bolton | Tony Oakman |
| Bury | Geoff Little |
| Manchester | Carol Culley |
| Rochdale | Steve Rumbelow |
| Salford | Jim Taylor |
| Stockport | Pam Smith |
| Tameside | Steven Pleasant |
| Trafford | Sara Todd |
| Wigan | Alison McKenzie-Folan |
| Office of the GM Mayor | Kevin Lee |
| GMCA | Simon Nokes |
| GMCA | Julie Connor |
| GMCA | Sylvia Welsh |
| GMCA | Nicola Ward |
| GMCA | Lindsay Dunn |
| TfGM | Simon Warburton |
| TfGM | Kate Brown |

1. APOLOGIES

That the apologies be received and noted from Councillor David Molyneux (Wigan), Councillor Keith Cunliffe attending, Councillors Sara Rowbotham & Janet Emsley (Rochdale) and Joanne Roney (Manchester), Carol Culley attending.

2. CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

1. That the condolences of the GM Mayor and all members of the GMCA be extended to the family of Councillor Guy Harkin, who had recently passed away. Councillor Harkin had been a passionate local councillor for Bolton, being honoured as an Alderman of Bolton in December 2019 and long standing advocate for an improved public transport network.
2. That the Government announcement on 29 January 2020 that the Northern rail franchise agreement would be terminated on the 1 March, 2020, and placed in the hands of the Government's 'Operator of last resort' be noted. It was also noted that a dramatic improvement in delivery would not be seen overnight, but rather a steady improvement and consistency over a short period.
3. That it be noted that discussions regarding the potential split in the franchise and establishment of a North West franchise would be progressed with Government.
4. That it be agreed that the GMCA message to Government was that the successful delivery of rail services was predicated on the need to improve infrastructure. In particular the improvement of the Castlefield Corridor and the business case for the development of platforms 15 & 16 at Manchester Piccadilly Train Station had been made and was 'shovel ready, delivering improvements not just to Greater Manchester but the whole of the North of England.

3. DECLARATIONS OF INTEREST

That it be noted that Councillor Allen Brett declared a personal interest in relation to item 15 (GM Housing Investment Loans Fund) as an associate of loan applicant, Qumar Zaman.

- a) MINUTES OF THE GMCA MEETING HELD 7 JANUARY 2020

That the minutes of the GMCA meeting held on 7 January 2020 be approved.

- b) MINUTES OF THE WASTE & RECYCLING COMMITTEE HELD ON 16 JANUARY 2020

That the minutes of the GMCA Waste & Recycling Committee held on 16 January 2020 be noted.

- c) MINUTES OF THE AUDIT COMMITTEE HELD ON 21 JANUARY 2020

That the minutes of the GMCA Audit Committee held on 21 January 2020 be noted.

d) MINUTES OF THE GM TRANSPORT COMMITTEE HELD ON 17 JANUARY 2020

That the minutes of the GM Transport Committee held on 17 January 2020 be noted.

e) MINUTES OF THE GM LOCAL ENTERPRISE PARTNERSHIP BOARD HELD ON 21 JANUARY 2020

That the minutes of the Local Enterprise Partnership Board held on 21 January 2020 be noted.

a) APPOINTMENT OF THE CHAIR OF THE GM LOCAL ENTERPRISE PARTNERSHIP BOARD

1. That the report be noted.
2. That the appointment of Mo Isap and Lou Cordwell as Co-Chairs of the GM LEP Board be approved.
3. That the GMCA record its thanks to the outgoing Chair, Mike Blackburn for his years of strategic leadership of the GM Local Enterprise Partnership.

b) GM CULTURE & SOCIAL IMPACT FUND COMMITTEE - APPOINTMENT

That the appointment of Cllr Liz Patel to replace Cllr Jane Baugh (Trafford) be agreed.

4. MAYORAL GENERAL BUDGET & PRECEPT PROPOSALS

1. That the proposals to set an overall Mayoral General Precept of £90.95 (Band D) comprising of £66.20 for functions previously covered by the Fire and Rescue Authority precept and £24.75 for other Mayoral General functions be noted.
2. That it be noted that the proposal for the Mayoral General Precept for 2020/21 was part of a multi-year strategy for setting the Mayoral precept baseline which will be adjusted in future years as further Mayoral functions are covered by the funding raised.
3. That the following be noted:
 - i. the overall budget proposed for the Fire and Rescue Service, noting that it was proposed to defer a number of operational changes in relation to Programme for Change
 - ii. the use of the reserves to support the revenue and capital budgets, and the assessment by the GMCA Treasurer that the reserves as at March 2021 were adequate
 - iii. the proposed Fire Service capital programme and proposals for funding
 - iv. the medium term financial position for the Fire and Rescue Service covered by the Mayoral precept
4. That the detailed budget proposals for other Mayoral Functions be noted.
5. That the proposal to allow £0.5 million of Earnback grant to be used to support GMCA costs relating to bus related activity, including bus reform be agreed.

6. That it be noted that if a decision was made to introduce bus franchising a further report would be submitted to GMCA to increase the statutory charge by £17.8 million for the year 2020/21.
7. That the use of reserves, as set out in section 3 of the report, be noted.
8. That members be requested to submit any written comments to the Mayor in line with the legal process and timetable described in this report.
9. That it be noted that at the GMCA meeting on 14 February, a revised budget would be submitted, consistent with the precept proposals, reflecting final tax base and collection fund calculations and the final Revenue Support Grant settlement.
10. That it be noted that the GM Mayor was proposing to undertake a National lobby of Parliament on Tuesday 25 February 2020 at 1.00pm, in relation to the removal of cladding from high rise buildings and the financial burden being laid with residents, inviting all GM Leaders and Metro Mayors to support the lobby.

5. GM DIGITAL STRATEGY REFRESH

1. That the progress on GM Digital be noted and that the refreshed GM Digital Blueprint be approved.
2. That it be agreed that the GM Digital Blueprint be reviewed annually to reflect the dynamic environment in which it was embedded.
3. That it be noted that on the 7 February, Greater Manchester would be hosting its first Digital Skills Day, and Greater Manchester Local Authorities, community group, schools , colleges, residents and businesses be encouraged to participate in #dosomethingdigital.
4. That it also be noted that GMACs would be launched next week, providing a single portal access point, whereby young people can view all employment opportunities, including digital, and information on qualification and training required in preparation of pursuing a career.
5. That the GMCA record its thanks to Cllr Elise Wilson for the work undertaken in progressing GM Digital.

6. BREXIT UPDATE & ECONOMY DASHBOARD

1. That the Brexit update and the work underway to ensure Greater Manchester was prepared for EU exit and future trading arrangements be noted.
2. That the latest update of the Greater Manchester Economic Resilience Dashboard be noted.

3. That it be noted that the Brexit transition period would be 11 months, and that the Brexit Act confirms that there would be no extension, with a risk that there could still be 'no deal' at the end of the period.
4. That it be noted that the Growth Company has developed a long term proposal for how Northern Powerhouse performance overall could be improved overall on trade and investment, supported by the NP11 group of Local Enterprise Partnerships across the North, which has been submitted to Government as part of budget proposals from the North.
3. That the GM Mayor be requested to relay a clear message to the Chancellor of the Exchequer that the consultation on the Shared Prosperity Fund was a priority to be addressed, and that the allocation and governance should be devolved from Central Government.

7. HOMELESSNESS UPDATE

1. That the report be noted and very recent count figures showing a further reduction in rough sleeping be welcomed.
 2. That the GMCA record its thanks to all partners, specifically Local Authorities and the voluntary sector for their contributions towards the homelessness projects across Greater Manchester.
 3. That Local Authorities be encouraged to look for further ways that the Housing First scheme could support residents who were homeless.
 4. That Local Authorities be further encouraged to identify whether the Street Engagement Project (formerly ARC) could be rolled out in other areas where street begging was an issue.
 5. That it be noted that the GM Mayor would provide further information on the Ethical Lettings Agency to Councillor Brenda Warrington.
 6. That future proposals be submitted to the GMCA in relation to linking the Good Employment Charter to all future commissioning and procurement activities.
 7. That the GM Mayor be requested to consider young homeless people, and in particular care leavers in future discussions with Government.
- a) CLIMATE CHANGE & TRANSPORT
1. That the report be noted.
 2. That the GMCA recognised the scale of the challenge to reduce carbon emissions from transport for GM to meet its ambition to be a Carbon neutral city-region by 2038.

b) GM CLEAN AIR PLAN UPDATE

1. That the progress made to date be noted.
2. That it be noted that the ministerial direction under the Environment Act 1995 (Greater Manchester) Air Quality Direction 2019 which requires all ten of the Greater Manchester local authorities to implement a charging Clean Air Zone Class C across the region.
3. That the need to continue to proceed towards developing the implementation and contract arrangements of a charging Clean Air Zone in Greater Manchester utilising the initial tranche of £36m of funding as required by the ministerial direction / feedback be noted.
4. That it be noted that the report to determine the timings for commencing the consultation would be received in the Spring of 2020.
5. That the outstanding need to secure a clear response from the Government on clean vehicles funding asks be noted.
6. That it be noted that Highways England have not been directed to act in relation to tackling NO₂ exceedances in the same way as the Greater Manchester local authorities, and that this will leave some publicly accessible areas of GM adjacent to trunk roads managed by Highways England, with NO₂ exceedances that are not being addressed by the Highways England plan.
7. That it be noted that the GM Authorities would co-sign a letter to the Transport Secretary asking them to bring forward the launch of a statutory consultation to strengthen rules on vehicle idling.
8. That a further report be submitted to the GMCA following further Government discussions on the Clean Air Plan.

8. GM LOCAL ENERGY MARKET: DESIGN DETAILS

1. That the report be noted.
2. That authority be delegated to the Chief Executive Officer, GMCA & TfGM and the GMCA Monitoring Officer, in consultation with the Portfolio Lead, to finalise the collaboration agreement, commencing with the Detailed Design project in February 2020 and to agree the terms of the grant from the funding provider (Innovate UK) to deliver this opportunity.

9. GREATER MANCHESTER INTEGRATED HEALTH & JUSTICE STRATEGY

1. That the Greater Manchester Integrated Health and Justice Strategy be approved.
2. That the GMCA record its thanks to the Jon Rouse and the GM Team for developing

the GM Integrated Health and Justice Strategy, in particular for their advanced thinking to enable the first strategy of its kind within the UK.

3. That it be recognised that the role of the Local Authorities was key to the delivery of the strategy's ambitions, and that further detail of the Implementation Plan would be submitted to the GMCA in due course.

10 SOCIAL ENTERPRISE INVESTMENT FRAMEWORK FOR THE GM INVESTMENT FUND

1. That the Social Enterprise Investment Framework be approved and utilised during consideration of applications for funding from Social Enterprises from the GM Investment Fund.
2. That in implementing the scheme, officers be requested to engage with GMCVO and the Voluntary Sector on how it is taken forward.
3. That the loan criteria considers the principles of Greater Manchester's Good Employment Charter.

11 STOCKPORT INTERCHANGE MIXED USE SCHEME UPDATE REPORT

That authority be delegated to the GMCA Treasurer in consultation with the Head of Procurement to approve the recommended Development Partner and sign the necessary Interim Collaboration agreement.

12 GM HOUSING INVESTMENT LOANS FUND - APPROVALS

1. That the GM Housing Investment Loans Fund loans be approved as follows:

| BORROWER | SCHEME | DISTRICT | LOAN |
|-------------------|--------------------|------------|---------|
| Qumar Zaman | Hillside Avenue | Oldham | £0.525m |
| Rise Homes SPV | Stagecoach Phase 2 | Manchester | £5.132m |
| Mulbury Homes Ltd | Simpsons Grove | Salford | £2.671m |

2. That the following loans, which were approved under delegated authority, be noted:

| BORROWER | SCHEME | DISTRICT | LOAN |
|-------------------------------------|--------------------|------------|---------|
| Terah Ltd. | Withington Bank | Manchester | £2.043m |
| Watch This Space (Constantine) Ltd. | Richmond Street | Manchester | £2.541m |
| AH2 Developments Ltd. | The Green, Urmston | Trafford | £1.621m |

3. That authority be delegated to the GMCA Treasurer and the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.

13 EXCLUSION OF PRESS AND PUBLIC

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following items on business on the grounds that this involved the likely disclosure of exempt information, as set out in the relevant paragraphs of Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

14 GM HOUSING INVESTMENT LOANS FUND UPDATE

That the report be noted.

A link to the full agenda and papers can be found here:

<https://democracy.greatermanchester-ca.gov.uk/ieListDocuments.aspx?Cid=136&Mid=2838&Ver=4>

This decision notice was issued 3 February 2020 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU. The deadline for call in of the attached decisions is 4.00pm 8 February 2020.

Call-In Process

In accordance with the scrutiny procedure rules, these decisions would come into effect five days after the publication of this notice unless before that time any three members of the relevant Overview and Scrutiny Committee decides to call-in a decision.

Members must give notice in writing to the Chief Executive that they wish to call-in a decision, stating their reason(s) why the decision should be scrutinised. The period between the publication of this decision notice and the time a decision may be implemented is the 'call-in' period.

Decisions which have already been considered by an Overview and Scrutiny Committee, and where the GMCA's decision agrees with the views of the Overview and Scrutiny Committee may not be called in.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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