Executive

Minutes of the meeting held on Wednesday, 12 February 2020

Present: Councillor Leese (Chair)

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

Also present as Members of the Standing Consultative Panel:
Councillors: Karney, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

Apologies: Councillor S Murphy and Leech

Also present: Councillors Flanagan, Johns and Stanton

Exe/20/9 Minutes

Decision

To confirm the minutes of the meeting on 15 January 2020 as a correct record.

Exe/20/10 Revenue Budget Monitoring 2019/20

A report was submitted to provide a summary of the position of the 2019/20 revenue budget as at the end of December 2019. The report gave details of the projected variances to budgets and the state of the Council's contingency funds. Projecting forward from the position at the end of December 2019 it was forecast that by the year-end in March 2020 the revenue budget would be overspent by £2.790m, an improved position on the £4.169m overspend that had been predicted at the meeting in December 2019 (Minute Exe/19/106). The report explained that the overspend was still mainly arising from service pressures on the adult social care budgets and Children's Services.

It was explained at the meeting that the budget position being reported in this report had been the basis for the formulation of the 2020/21 budget proposal set out in the other agenda items being considered at the meeting.

Budgets to be Allocated

When setting the 2019/20 budget the Council has agreed to hold some funds for contingencies, and other money that was to be allocated throughout the year. The report proposed the use of some of these budgets to be allocated. These were agreed:

- £499k to Children's Services for supported accommodation for young people leaving care, allowing for price increases for up to 99 placements.

- £805k for waste management to enable the Council to meet the contractual inflationary cost increase of the new Waste Collection and Street Cleaning Contract delivered by 'Biffa Municipal Limited'.

Use of Reserves in 2019/20

The report also addressed the use of the Council’s reserves. A new draw-down from reserves had been requested. This was approved.

- All £443K of the New Smithfield Market reserve to help maintain a safe environment due to the deterioration of the buildings, with a phased approach to make the site safe.

Use of an Additional Grant

The report also explained that notification had been received in relation to a specific external grant, the use of which had not confirmed as part of the 2019/20 budget setting process. Approval was given to the use of these funds.

- £48K from a successful Innovate UK bid to support the Urbix Demand Analysis tool, for a fixed-term senior research role to work with external partner (Urbix) on this project.

Decisions

1. To note the report.

2. To approve the use of budgets to be allocated as set out above.

3. To approve the use of reserves as set out above.

4. To approve the use of an additional grant as set out above.

Exe/20/11 Capital Programme Monitoring 2019/20

The Deputy Chief Executive and City Treasurer's report informed us of the revised capital budget 2019/20 to 2024/25 taking account of agreed and proposed additions to the programme, profiling changes, and the latest estimates of forecast spend and resources for the 2019/20 capital programme. The report explained the major variations to forecast spend, and any impact that variations had on the five-year Capital Programme.

The forecast of expenditure for 2019/20 for the Manchester City Council capital programme was £248.9m, compared to a proposed revised budget of £248.0m. Spend up to the end of December 2019 was £130.1m. The forecast for the capital programme on behalf of Greater Manchester was £70.0m. The Greater Manchester spend to the end of December had been £49.5m.

Appended to the report was a schedule of projects within the overall capital programme where the allocations needed to be revised and funding allocations vired between projects. The appendix showed the virement needed for each scheme and each project. We agreed to recommend to the Council the proposed virements greater than £500,000, as set out in Appendix A to these minutes. The virements of less than £500,000 we approved.

Decisions

1. To recommend that the Council approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix A of these minutes.

2. To approve virements under £0.5m within the capital programme as outlined in Appendix A of these minutes.

3. To note that approvals of movements and transfers to the Manchester City Council capital programme, will reflect a revised total budget of £248.0m and a latest full year forecast of £248.9m. Expenditure to the end of December 2019 is £130.1m.

4. To note that approvals of movements and transfers to Capital Programme on behalf of Greater Manchester, will reflect a revised total budget of £70.0m and a latest full year forecast of £70.0m. Expenditure to the end of December 2019 is £49.5m.

5 To note the budgets approved in February 2020 by Deputy Chief Executive and City Treasurer under delegated powers, as set out in Appendix B of these minutes.

Exe/20/12 Budget Overview - The Council's Financial Strategy

A 2020/21 budget overview had been considered in January (Minute Exe/20/7). A report was presented to this meeting by the Chief Executive and the Deputy Chief Executive and City Treasurer to show how the various components of the proposed 2020/21 budget (including the Medium Term Financial Plan, the Capital Strategy, the Housing Revenue Account) would jointly continue to reflect the priorities identified in the three-year budget strategy 2017-20, and in the Council’s Corporate Plan that had been updated to include action required to address the climate emergency declared by the Council. This report explained the progress with implementing the strategy. It also provided a summary of the financial position and the required assessment of the robustness of the proposed budget.

The summary of the proposed budget was:

	2019/20 Original £000	2019/20 Revised £000	2020/21 Proposed £000
Resources Available			
Business Rates Related Funding	314,653	314,653	339,547
Council Tax	166,507	166,507	174,465
Other non-ring fenced Grants	54,426	65,752	66,717

Dividends and Use of Airport Reserve	62,390	62,390	62,890
Use of other Reserves	12,859	12,859	21,481
Total Resources Available	**610,835**	**622,161**	**665,100**
Resources Required			
Corporate Costs			
Levies / Statutory Charge	69,990	69,990	71,327
Contingency	1,600	850	860
Capital Financing	44,507	44,507	44,507
Transfer to Reserves	7,067	18,393	18,338
Subtotal Corporate Costs	**123,164**	**133,740**	**135,032**
Directorate Costs			
Additional Allowances and other pension costs	10,030	10,030	9,580
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	9,945	1,764	10,271
Directorate Budgets	465,692	474,623	508,213
Subtotal Directorate Costs	**487,671**	**488,421**	**530,068**
Total Resources Required	**610,835**	**622,161**	**665,100**
Shortfall / (surplus)	**0**	**0**	**0**

The proposals continued to show the ways that the Council was seeking to mitigate the funding gaps that had arisen over the previous years. The Council was continuing to invest more money into adult social care and children's services, both areas that continued to show the most significant budget pressures as demonstrated by the report on the 2019/20 budget (Minute Exe/20/10 above).

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

Risk	Mitigation
Non Delivery of Savings	A detailed review of social care related savings which were not delivered in 2019/20 and the impact for 2020/21 has been carried out with revised proposals contained within the budget. As outlined above robust monitoring arrangements are in place to enable early corrective action to be taken. Such action in 2019/20 has successfully reduced the overspend position.
Increasing demand for social care, impact welfare reforms and rising homelessness is higher than budget assumptions	Additional government funding of c£13m in 2020/21 for Social Care and Council resources have been used to provide more funding in these areas based on a reassessment of demand. Funding received in 2019/20 has been smoothed over three years with a reserve to cover future demand.
Volatility of resource base including business rates	As the Council becomes more reliant on locally raised resources and commercial income it is more susceptible to any downturn in the economy. To

	mitigate the risk the majority of the airport dividend is used a year in arrears and a business rates reserve has been established. The position on all these income streams is closely reviewed each month and reported to the Senior Management Team and Executive Members.
Delivery of a balanced budget beyond 2020/21	Longer term scenario planning has started to address the uncertainty beyond 2020/21. In addition, the 2019/20 budget established specific reserves to fund social care over a three-year period, to avoid cliff edges and provide time to plan dependant on the outcome of the national funding changes and BREXIT impact. It is expected that changes to the financial settlement will be supported through transition funding to avoid significant annual reductions.
Impact of Brexit	The potential effects of Brexit on the Council are currently un-quantified but could impact on revenue budgets, capital projects, treasury management and the pension scheme. As the risks associated with BREXIT are so difficult to quantify the approach, in line with a number of local authorities is to build up the level of the business rates reserve and protect the level of the General Fund reserve to help mitigate any adverse impact. More detailed planning and risk assessments for the different scenarios are being carried out within GM and Manchester.
Overspend on significant capital projects	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. There are strong governance arrangements underpinning the decision making process, all capital investment decisions have a robust business plan that set out any expected financial return alongside risk and deliverability implications. The capital programme is monitored monthly, with quarterly reports to Executive. There are specific programme and risk management arrangements in place to assess individual projects and to oversee their completion. The Strategic Capital Board receives monthly updates from each directorate board on each board’s part of the capital programme, detailing financial forecasts, risks, and expected outcomes. By reviewing projects regularly, such monitoring can be used to support future actions, including the estimation of future costs and mitigations as necessary.

It was the opinion of the City Treasurer that any significant budget risks to the General Fund and the Housing Revenue Account had been identified and that suitable proposals were being put in place to mitigate against those risks where possible. The Council's Budget Monitoring procedures would continue to monitor high level risks and volatile budgets. An assessment of anticipated business rates income had been carried out and provision had been made for outstanding appeals. There was considered to be a prudent provision.

The City Treasurer also considered that the assumptions on which the budget had been proposed, whilst challenging, were manageable within the flexibility allowed by the General Fund balance. That balance, and other reserves that the Council holds could be called on if necessary. The City Treasurer was therefore confident that overall the budget position of the Council could be sustained within the overall level of resources available. However, there would be a need for further savings to be identified if the planned budget savings were not achieved in a timely manner, and reserves were called on to achieve a balanced position.

The General Fund balance was held to meet costs arising from any unplanned event. It also acted as a financial buffer to help mitigate against financial risks and could be used to smooth-out expenditure across years. It was estimated that the balance on 1 April 2020 would be £21.4m. That was considered to be prudent given the level of volatility in Council funding as business rates and general uncertainty over the future levels of funding available. The expected level of the General Reserve was therefore considered to be the minimum level required to be held to protect the Council from the financial risks inherent within the proposed budget strategy.

Decision

To note the report.

Exe/20/13 Medium Term Financial Plan

The report of the Chief Executive and City Treasurer set out the revenue budget proposals for 2020/210 based on the outcome of the Provisional Local Government Finance Settlement and the issues which needed to be taken into account prior to the Council finalising the budget and setting the Council Tax for 2020/21.

In March 2019, as part of setting the 2019/20 budget, it had been anticipated that there would be a government spending review in 2019/20 and that the local government finance would then return to a three-year budget cycle starting in 2020/21. That had not happened, and the announcements for 2020/21 funding levels had again been for one year only, therefore the proposed budget was for 2020/21 only. The report outlined the key changes in funding that had been part of the government's funding announcements. New budget pressures had arisen, revised savings and cost recovery proposals had been developed, and further sources of money had been identified or grants provided. The total saving and efficiencies target being proposed for 2020/21 was £7.5m. The 2020/21 budget now being put forward had a total funding requirement of £665.1m, compared to the original 2019/20 budget requirement of £610.835m. The comparison of the two proposals being:

Table 1 - Comparison of Budgets	2019/20 Original £0000	2019/20 Revised £000	2020/21 Proposed £000
Resources Available:			
Business Rates Related Funding	314,653	314,653	339,547
Council Tax	166,507	166,507	174,465
Other non ring fenced Grants	54,426	65,752	66,717
Dividends and Use of Airport Reserve	62,390	62,390	62,890
Use of Other Reserves	12,859	12,859	21,481
Total Resources Available	**610,835**	**622,161**	**665,100**
Resources Required:			
Corporate Costs:			
Levies and Statutory Charge	69,990	69,990	71,327
Contingency	1,600	850	860
Capital Financing	44,507	44,507	44,507
Transfer to Reserves	7,067	18,393	18,338
Sub-Total Corporate Costs	**123,164**	**133,740**	**135,032**
Directorate Costs:			
Additional Allowances and other pension costs	10,030	10,030	9,580
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	9,945	1,764	10,271
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Sub - Total Directorate Costs	**487,671**	**488,421**	**530,068**
Total Resources Required	**610,835**	**622,161**	**665,100**
Shortfall / (surplus)	**0**	**0**	**0**

This budget was based on the assumption that the Council's element of Council Tax would increase by 1.99% along with a further 2% specifically for adult social care. When the Greater Manchester Council Tax precept increases were added to the Council's own the total increase for Manchester's Council Tax Payers was anticipated as being 4.78%.

The assumption for the council tax collection rate was 96.5%. This was based on historic trends in collection as council tax due in the current year will continue to be collected over a number of years.

The report explained that the Government issued a written ministerial statement detailing new business rates reliefs for 2020/21. That had increased retail relief from 33% to 50% and included an extension of the relief to music venues and cinemas, as well as the continuation of pub and local newspaper relief. The additional relief was forecast to be £3.02m and would be reimbursed by Section 31 grant from the government.

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

Table 2 - Other Non-Ringfenced Grants and Contributions	2020/21 £000
Better Care Fund (Improved)	30,815
Children's and Adult's Social Care Grant	17,564
New Homes Bonus	8,864
Contribution from MHCC	4,000
Education Services Grant	1,260
Housing Benefit Admin Subsidy	2,514
Council Tax Support Admin Subsidy	863
Care Act Grants	162
Business Rates Returned Levy	675
Total Non Ring-Fenced Grants	**66,717**

The report then considered the expenditure proposals. The forecast of levy payments the Council would have to make to other authorities in 2020/21 was:

Table 3 - Levies	2020/21 £000
Transport Levy	37,476
GMCA Waste Services	30,051
Environment Agency	224
Probation (Residual Debt)	15
Magistrates Court (Residual Debt)	9
Port Health Authority	71
Net Cost of Levies	**67,846**
Potential Payment to GMCA	3,481
Total	**71,327**

Although included within the table of levies, the Waste Levy was administered by the Neighbourhoods Directorate and would be included within the Directorate’s budget.

It was explained that the potential payment to GMCA related to the bus reform proposals that were under consideration at this time (Minute Exe/19/101). The financial case for the bus reform proposals included a full assessment of how the GMCA could afford to make and operate the proposed scheme. The Council’s potential share of the local authority element of the overall support package had been assessed as £3.481m.

A proposed contingency provision of £0.86m included £0.26m in relation to risks around the waste levy and collection and £0.6m as an unallocated contingency to meet future unforeseen expenses.

The proposed Insurance costs of £2.004m related to the cost of external insurance policies as well as contributions to the insurance fund reserve for self-insured risks.

The capital financing budget of £44.507m would support the costs of borrowing including interest costs and the minimum revenue provision, plus contributions to the capital financing reserve for revenue funding of the programme. Of this £25.114m would be funded by interest received on loans made by the Council to Manchester Airport Group and other partner organisations.

Specific transfers to reserves of £18.338m in 2020/21 were being proposed, and those were listed in the report.

Allowances of £9.58m had also been made for retired staff and teachers' pensions to meet the cost of added-years payments awarded to former employees.

The report explained the main assumptions that had been made when calculating provision to be made for inflation and other anticipated costs. These could not, at this point in time, be allocated to Directorate or other budgets. They would instead be allocated throughout the coming year. The total provision being proposed was £10.271m, broken down into:

Table 4 - Inflationary pressures and budgets to be allocated	**2020/21 £000**
Non Pay Inflation	2,361
Pay Inflation including national living wage	6,520
Pension Contribution reduction	-800
Apprenticeship Levy 0.5%	900
Capacity for further budget pressures (including domestic violence)	1,000
Digital City work	250
Contribution to Cemeteries Reserve	40
Total	**10,271**

The allocation relating to the pooled budget had been included within Adult Social Care cash-limit budget as follows:

Table 5 - Inflationary pressures and budgets to be allocated in the Pooled Budget	**2020/21 £000**
National Living Wage	4,400
Pay inflation	1,530
Non-pay inflation	2,413

The proposals for the Directorates' cash limit budgets were detailed in the Directorate Budgets 2020/21 reports that were also being considered at the meeting (Minute Exe/20/16 below). The overall position was:

Table 6 – Departmental Cash Limit Budgets	**Gross 2020/21 £000**	**Net 2020/21 £000**
Children's Services	464,099	130,320
MHCC Pooled Budget	267,787	216,864
Adult Social Care - Services out of scope of Pooled Budget	7,243	4,389
Homelessness	36,459	15,285
Corporate Core	310,196	69,960
Neighbourhood Directorate	164,204	63,751

Table 6 – Departmental Cash Limit Budgets	Gross 2020/21 £000	Net 2020/21 £000
Growth and Development	55,314	7,644
Total	**1,305,302**	**508,213**

The figures in the table for the Neighbourhood Directorate do not include the waste levy of £30.051m as that is shown above in Table 3 above.

The report explained that the Council holds a number of reserves, all of which, aside from the General Fund Reserve, had been set aside to meet specific future expenditure or risks. A fundamental review of all the reserves held had been carried out as part of the budget setting process. The reserves include:

- Reserves that have been identified to directly support the proposed budget position
- Statutory reserves – such as the Bus Lane and Parking Reserves, where the use of these monies is defined in statute
- PFI Reserves – held to meet costs across the life of the PFI schemes
- Reserves to offset risk and manage volatility – such as the Insurance Fund Reserve, and reserves to smooth volatility in for example adult social care placements due to winter pressures
- Schools reserves – schools funding which the Council cannot utilise
- Reserves held to support capital schemes
- Reserves to support economic growth and public sector reform
- Grants and contributions which fall across more than one year – following local authority accounting standards these are held in a reserve

The report set out the planned use of reserves in 2020/21 to support revenue expenditure. It also explained the statutory requirement to place income generated from on-street parking and bus lane enforcement into separate reserves. These reserves could only be used to fund certain types of highway and environmental improvements, and provided there was no requirement for the Council to provide additional off street parking or for financial support to existing off street parking. The expected balance on these reserves at the 1 April 2020 was £16.965m. It was estimated that £9.951m would be added to these reserves during 2020/21 and £9.579m used. The reserves were to be used in accordance with the requirements to fund spending in the Neighbourhoods Directorate as well as part of the transport levy.

The total planned use of reserves was:

Table 7 - Use of Reserves	2020/21 £'000
Reserves directly supporting the revenue budget:	
Budget smoothing reserve	7,066
Bus Lane (supporting Transport Levy)	3,092
Social Care Investment Reserve	7,135
Adult Social Care	2,150
Anti Social Behaviour Team Reserve	540
Business Rates Reserve	1,165

Table 7 - Use of Reserves	2020/21 £'000
Transformation Reserve	333
Sub Total	**21,481**
Statutory Reserves:	
Bus Lane Enforcement and Parking reserves	6,487
Other Statutory Reserves	436
Balances Held for PFI's	375
Social Care Reserves :	
Adult Social Care Reserve	3,395
Reserves held to smooth risk / assurance:	
Airport Dividend Reserve	47,080
Business Rates Reserve	2,000
Other Reserves held to smooth risk / assurance	3,139
Reserves held to support capital schemes:	
Capital Fund	10,366
Investment Reserve	2,325
Eastlands Reserve	5,682
Other reserves held to support capital schemes	1,061
Reserves held to support growth and reform:	
Better Care Reserve	1,273
Town Hall Reserve	3,185
Our Manchester Reserve	2,556
Other Reserves to support growth and reform	1,332
Grants and Contributions used to meet commitments over more than one year	2,048
Small Specific Reserves	982
Total	**115,203**

The planned uses of the Social Care Investment Reserve and the Adult Social Care were detailed in the report.

The Anti-Social Behaviour Team Reserve had arisen from budget amendments considered and approved by the Council in March 2019 (Minute CC/19/18).

It was explained that to maintain annual funding of £1.5m to support the Factory/Manchester International Festival it was being proposed that £0.5m be retained in the mainstream budget with the remaining requirement being held in a reserve to cover ten years. This reserve would be increased to the required balance using Council Tax surpluses and Business Rates surpluses. Authority was therefore sought and granted for the Chief Executive and the City Solicitor, in consultation with the Executive Members for Finance and Human Resources and Culture, to enter into a 10 year grant agreement with Manchester International Festival that would be subject to on-going confirmation of the corresponding funding from Arts Council England.

The workforce implications of the budget proposals were outlined in the report. The proposals above will require the deletion of 16.4 FTE posts which would be achieved by the deletion of vacant positions. The detailed proposals were set out within the

Corporate Core directorate report that was also being considered at the meeting (Minute Exe/20/16 below).

Decisions

1. To note that the financial position has been based on the Final Local Government Finance Settlement announced on 6 February together with any further announcements at that date.

2. To note that there has been a review of how the resources available are utilised to support the financial position to best effect, including use of reserves and dividends; consideration of the updated Council Tax and Business Rates position; the financing of capital investment, and the availability and application of grants.

3. To note the anticipated financial position for the Authority for the period of 2019/20 to 2020/21 which was based on all proposals being agreed.

4. To note that the Capital Strategy and Budget 2019/20 to 2023/24 was also presented to this meeting (Minute Exe/20/14 below).

5. To note the Deputy Chief Executive and City Treasurer's review of the robustness of the estimates and the adequacy of the reserves as set out in the Budget Overview (Minute Exe/20/12 above).

6. To recommend to Council as part of the budget for 2020/21:

    a) an increase in the basic amount of Council Tax (i.e. the Council's element of Council Tax) by 1.99%. The Council has consulted on the 2% Adult Social Care precept increase. If agreed, it is proposed to prioritise this resource to support adults with learning disabilities to help meet the increased need and complexity of residents;

    b) the contingency sum of £0.860m;

    c) corporate budget requirements to cover levies/charges of £71.327m, capital financing costs of £44.507m, additional allowances and other pension costs of £9.580m and insurance costs of £2.004m;

    d) the inflationary pressures and budgets to be allocated sum of £10.271m; and delegate the final allocations to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources. The Manchester Health and Care Commissioner (MHCC) elements of these costs have already been included in the Pooled Budget. The use of these budgets will be agreed with the MLCO Partnership Board, which has representation from all key partners, along with identifying whether any more formal approvals are required in line with the Council's key decision thresholds.

e) the estimated utilisation of £9.579m in 2020/21 of the surplus from the on street parking and bus lane enforcement reserves, after determining that any surplus from these reserves is not required to provide additional off street parking in the authority; and

f) the planned use of, and movement in, reserves as identified in the report, subject to the final call on reserves after any changes are required to account for final levies.

7. To recommend that Council approve and adopt the budget for 2020/21.

8. To delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive to agree the use of the Adult Social Care Reserve in consultation with the Executive Members for Finance and Human Resources and Adult, Health and Wellbeing.

9. To delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive to agree the use of the Social Care Reserve in consultation with Executive Members for Finance and Human Resources and Children's Services.

10. To authorise the Chief Executive and the City Solicitor, in consultation with the Executive Members for Finance and Human Resources and Culture, to agree the detailed terms of a 10 year grant agreement with Manchester International Festival (MIF), subject to confirmation of funding from Arts Council England (ACE) and having entered into a funding agreement with ACE.

11. To approve the gross and net directorate cash limits as set out in Table 6 above.

12. To approve the in principle contribution to the MHCC Section 75 (S75) Pooled Budget subject to the approval of the S75 Agreement.

13. To delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive in consultation with the Executive Member for Finance and Human Resources and the Leader of the Council to draft the recommended budget resolution for budget setting Council in accordance with the legal requirements outlined in this report and to take into account the decisions of the Executive and any final changes and other technical adjustments.

14. To note that there is a requirement on the authority to provide an itemised council tax bill which, on the face of the bill, informs taxpayers of that part of any increase in council tax which is being used to fund adult social care; and to provide specific information about the purpose of the council tax increase in the information supplied with demand notices.

15. To approve implementation of new business rate reliefs in 2020/21 as announced by Government, which will increase the retail relief offering, extending it to music venues and cinemas, as well as, the continuation of pub and local newspaper relief.

Exe/20/14 Capital Strategy and Budget 2019/20 to 2023/24

Consideration was given to the report submitted by the City Treasurer. The report presented the capital budget proposals before their submission to the Council.

The capital programme 2020/21 to 2023/24 comprised the continuation of the existing programme. For continuing schemes, the position was based on that set out in the Capital Programme Monitoring 2019/20 also being considered at this meeting (Minute Exe/20/11 above).

Also included were those future projects which were considered likely to be brought forward, subject to the submission of a successful business case. For any project seeking capital expenditure approval a business case must be drafted, covering:

- how the project links to the City Council’s strategic priorities, social value, and any statutory requirements;
- what economic value the project will provide to the City, including social value;
- funding model, with evidence of cost and capital and revenue implications;
- timescale for delivery and identification of risks to the project, including legal issues; and
- what the project will achieve, and the benefits that will be realised.

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

If agreed, then the proposals contained in the report would create a capital programme of £378.4m in 2020/21, £288.8m in 2021/22, and £208.3m in 2022/23. The proposed funding for the programme was:

	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	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**

The revenue budget proposals set out in the report on the Medium Term Financial Plan 2020/21 included provision to finance this level of borrowing.

The report explained that a number of schemes which had been developed and were ready for inclusion in the capital programme. The funding and planned expenditure of each was set out in the report’s appendix. Such schemes that were within the powers of the Executive to approve being

Department	**Project**	**Source of funding**	**Budget £000**
Highway Services	Maintenance Challenge Fund	Government Grant	1,075

Department	Project	Source of funding	Budget £000
Highway Services	Deansgate Streets for All Development Costs	Borrowing	275
Highway Services	Highways Investment Programme	Borrowing	-275
Highway Services	Auto Bollard Replacement and Improvement	Parking Reserve	608
Children's	Basic Need Unallocated	Government Grant	4,408
Corporate Services	VCSE Small Premises Works	Capital Fund	1,000

Decisions

1. To commend the report to the Council

2. To approve the projects for Executive approval as set out above.

3. To note the capital strategy.

4. To 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.

Exe/20/15 Council Business Plan 2020/21

A report from the Chief Executive presented the Council Business Plan for 2020/21. A copy of the plan was appended to the report. This plan was to replace the individual directorate business plans that had been produced in previous years. This plan was structured around the eight priority themes and had 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 made up the Council. The eight priority themes were:

- Zero carbon Manchester
- Young People
- Healthy, cared-for people
- Housing
- Neighbourhoods
- Connections
- Growth that benefits everyone
- Well-managed Council

And full details for each of these was set out in the report's appendix.

Decision

To approve the Council Business Plan for 2020/21.

Exe/20/16 Directorate Budgets 2020/21

A suite of reports prepared by the Strategic Directors of the Council presented the details budgets, investment and savings plans for 2020/21 for the seven areas of the Council's services, being:

- 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

Each of the reports set out the breakdown of the directorate's cash limited budget into the specific service areas within the directorate. It also described the efficiencies planned for 2020/21 and how the directorate would manage its budget pressures.

Each of these directorate-level financial plans had been scrutinised by the Council's scrutiny committees at their most recent meetings and the views of the committees were considered and noted (Minutes RGSC/20/07, HSC/20/07, CYP/20/11, NESC/20/11, ESC/20/09 and CESC/20/10).

Decision

To note the reports.

Exe/20/17 Dedicated Schools Grant - School Budgets 2020/21

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.

A report submitted by the Strategic Director for Children and Education Services explained how the allocated DSG was distributed across the schools and supported establishments in Manchester.

The report explained that for 2020/21 the DSG would be made up of four blocks: schools block, early years block, high needs block and central services schools block. It was reported that Manchester was to receive a total DSG of £560.304m. The overall increase in grant compared to 2019/20 was £29.536m. The biggest change in the grant was due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools, and the £11.994m uplift in the high needs block.

The breakdown of the DSG in 2020/21, compared to 2019/20 would be:

Block	2019/20 £m	2020/21 £m	Change £m
Schools	409.073	425.944	16.871
Central School Services	3.658	3.661	0.003
High Needs	76.924	88.918	11.994
Early Years	41.113	41.781	0.668
Total	**530.768**	**560.304**	**29.536**

Decision

To note the report.

Exe/20/18 Housing Revenue Account 2020/21 to 2022/23
(Councillor Midgley declared a disclosable pecuniary interest in this item and withdrew from the meeting while it was considered).

A report by the Strategic Director (Development) and City Treasurer presented the proposed budget for the Housing Revenue Account (HRA) for 2020/21 and indicative budgets for 2021/22 and 2022/23.

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

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

Under a variety of arrangements, the Council owns and manage just under 16,000 properties within the HRA. The arrangements included three PFI schemes and the stock managed by either Northwards Housing or other Registered Social Landlords. During 2019/20 the Council was anticipating selling around 193 properties under the Right to Buy scheme.

Included in the report was the forecast for the HRA in 2019/20 to have an in-year surplus of £3.029m, compared to a budgeted deficit of £10.147m, and the main reasons for that change were explained in the report.

Following the four years of then annual 1% per cent rent reduction, the Government had agreed that rent policy for five years commencing in 2020/21 was able to revert to the Consumer Prices Index rate of inflation +1%, and that increase had been included within the proposed budget for 2020/21. For the approximately 1,000 properties where formula rent had not yet been achieved, the rent would be increased to formula rent when that property was next re-let.

Gas for the communal heating systems was sourced as part of the City Council's overall gas contract. The existing wholesale gas contract expired shortly, and latest prices indicated that the current wholesale gas price would reduce by 7% with effect from April 2020. Therefore, in order to ensure that the costs of gas used were 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%. Appended to the report was a complete schedule of proposed heating tariffs for pay by rent and pay by prepayment card, showing the percentage change for 2020/21. All bar one of the schemes would see a reduction in fuel costs in 2020/21.

The report proposed that the Northwards management fee for 2020/21 be increased to reflect the costs of pay awards in 2020/21. That would equate to a rise of 1.55% or £315,000 in 2020/21.

In order to ensure that the increase applied to garage rents remained in line with that applied to dwelling rents, it was proposed that 2020/21 garage rents be increased by 2.7%, which would see an increase in the rental of between 5p and 13p per week.

Due to the continued roll out of Universal Credit and the anticipated impact on residents the business plan had made prudent provision for an increased contribution towards the provision for bad debts. Their remained a risk that the further roll out of Universal Credit could impact on rent collection rates in later years. Therefore, the 2020/21 contribution to the bad debt provision was to remain at the 2019/20 actual rate of 1%. It would then be increased annually by 0.5% from 2021/22 until 2023/24 at which point it will peak at 2.5%. It was then planned to reduce by 0.5% per year until staying at 1.5% for the remainder of the plan.

The report also explained the other key changes in the HRA budget for 2020/21, and the full budget was presented as set out below.

	2019/20 (Forecast) £000	**2020/21 £000**	**2021/22 £000**	**2022/23 £000**
Income				
Housing Rents	-59,775	-60,881	-62,030	-63,497
Heating Income	-754	-600	-612	-625
PFI Credit	-23,586	-23,374	-23,374	-23,374
Other Income	-1,164	-1,281	-1,203	-1,069
Funding from General HRA Reserve	3,029	-18,441	-14,016	-14,068
Total Income	**-82,250**	**-104,577**	**-101,235**	**-102,633**
Expenditure				
Northwards R&M & Management Fee	20,379	20,694	20,984	21,455
PFI Contractor Payments	31,824	36,296	32,599	31,639
Communal Heating	858	584	595	607
Supervision and Management	5,020	5,223	5,291	5,360
Contribution to Bad Debts	504	613	937	1,279
Depreciation	17,279	17,378	17,517	17,785

	2019/20 (Forecast) £000	2020/21 £000	2021/22 £000	2022/23 £000
Other Expenditure	1,295	1,169	1,189	1,016
RCCO	2,287	19,841	19,360	20,762
Interest Payable and similar charges	2,804	2,779	2,763	2,730
Total Expenditure	**82,250**	**104,577**	**101,235**	**102,633**
Total Reserves:				
Opening Balance	-107,365	-110,394	-91,953	-77,937
Funding (from)/to Revenue	-3,029	18,441	14,016	14,068
Closing Balance	**-110,394**	**-91,953**	**-77,937**	**-63,869**

Decisions

1. To note the forecast 2019/20 HRA outturn as being a surplus of £3.029m.

2. To approve the 2020/21 HRA budget and to note the indicative budgets for 2021/22 and 2022/23.

3. To approve the proposed 2.7% increase to dwelling rents, and delegate authority for the setting of individual property rents to the Director of Housing and Residential Growth in consultation with the Deputy Chief Executive and City Treasurer and the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.

4. To approve 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. To approve the proposed 2020/21 changes for communal heating charges as outlined above and set out in detail in the report's appendix 2.

6. To approve the proposed increase in the 2020/21 Northwards management fee as set out above.

7. To approve the proposed increase in garage rental charges as described above.

Exe/20/19 Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21

The Council's Treasury Management policy complies with the revised CIPFA Code of Practice on Treasury Management. The Council adopted this in March 2010.

The Local Government Act 2003 and supporting regulations require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The proposed strategy for 2020/21 was based upon the views of Treasury officers on interest rates, informed by leading market forecasts. The Strategy covered:

Prudential and Treasury Indicators
Minimum Revenue Provision Strategy
Treasury Management Policy Statement
Treasury Management Scheme of Delegation
Borrowing Requirement
Borrowing Strategy
Annual Investment Strategy

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

Decisions

1. To commend the report to Council.

2. To delegate authority to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, to approve changes to the borrowing figures as a result of changes to the Council's Capital or Revenue budget, and submit those changes to Council.

Exe/20/20 Budget 2020/21 Public Consultation Outcomes

A report from the Deputy Chief Executive and City Treasurer and the Head of Strategic Communications provided a summary of the results of the budget consultation on the draft budget proposals for 2020/21, as well as a summary of the responses received. The report described how the consultation had bene undertaken between December 2019 and early February 2020. A questionnaire had been used to gather the views of residents and 200 responses had been received. The report set out in detail the responses to each of the questions asked on the questionnaire.

Decision

To note the report.

Exe/20/21 Budget 2020/21 Equality Impact Assessment

A report from the Deputy Chief Executive and City Treasurer reviewed a selection of the Equality Impact Assessments (EIAs) produced in support of the Council's business planning process for 2019/2020. The report outlined the context of why the Council undertook EIAs and some of the key themes emerging from the business priority-related analyses produced in the last year.

The report also described changes to the Council's approach to business planning for 2020-21, the implications for how equality impacts were to be considered within the plan, and how the process of producing EIAs was to be managed moving forwards.

As the Council's financial settlement for 2020-21 was, in a the main, a roll-over of the 2019/20 settlement, the report did not relate to any new budget-related consultations with EIAs attached.

Decision

To note the report.

Exe/20/22 Manchester Climate Change Update

An update on work to address climate change was considered. The Council's key leadership role had resulted in the establishment of the city's partnership-based approach to climate action. That had started with the creation of the "Manchester: A Certain Future Steering Group" in 2010. The approach recognised the need for everyone in the city to be mobilised to play their full part in tackling climate change. Since then the city has been using to the science to inform and develop the city's climate change strategy.

In February 2008 we approved "17 Principles of Tackling Climate Change in Manchester" and committed the city to becoming low carbon by 2020 (Minute Exe/08/27). In January 2009 we had gone on to adopt the "Call to Action" that sought to inspire and enable stakeholders to become fully engaged in the need to undertake mainstream activities in different ways to reduce carbon dioxide emissions (Minute Exe/09/4). In February 2014 we had approved the Climate Change Action Plan (CCAP) for 2014/15 to 2016/17 (Minute Exe/14/22). In 2015 that plan was extended to run until 2017/18 (Minute Exe/15/034). In November 2018 we had adopted, on behalf of the city, the Tyndall Centre's proposed targets and definition of zero carbon. We also committed to developing a draft action plan by March 2019, and a final detailed plan by March 2020, setting out how the city will ensure that it stays within the proposed carbon budget (Minute Exe/18/101). In July 2019 the Council then declared a climate emergency (Minute CC/19/52) which was considered and accepted by the Executive later that month (Minute Exe/19/59).

The target to reduce Manchester's CO_2 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). In June 2018 Manchester Climate Change Agency and the Manchester Climate Change Partnership had 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. The Tyndall Centre's report was due on 28 February 2020 but work to date had identified the following draft recommendations:

- Retain the existing 15 million tonne CO_2 carbon budget for 2018-2100
- 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 CO_2 but that by retaining the 15 million tonne budget showed ambition and leadership
- Focus on immediate action to achieve a minimum reduction rate of 13% per annum and meeting interim (five-year) carbon budgets

- Note that if the city did not reduce emissions by 13% per annum, an increased rate will be required from 2020 in order to stay within budget.
- Carbon budgets should be revisited in five years or in response to a new scientific synthesis report.

The Tyndall Centre had also been commissioned to examine and report on carbon emissions from aviation. To date that had identified the following areas for Manchester to consider:
- To note that aircraft emissions could not be overlooked – additional action is required to meet the Paris Agreement ‘well below 2ºC’ commitment
- UK aviation emissions needed to fit within a Paris-compliant national pathway. Noting that the Tyndall Centre’s recommended carbon budget includes 1,262 million tonnes CO_2 for aviation from 2018-2100, versus 1,705 million tonnes based on current UK Government policy forecasts.
- Survey data made it possible to monitor and report Manchester residents’ flights from UK airports, including from Manchester Airport
- A method for monitoring and reporting flights taken by Manchester businesses could be developed. To be aware of potential double counting with residents’ flights.
- 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 was not sufficient.
- Could Manchester Airport become a pioneer organisation (as part of the Manchester Climate Change Partnership) for managing the impact of its ground operations?

The final Tyndall Centre report on aviation was to be completed by 21 February 2020.

Manchester Climate Change Framework 2020-25 was being produced by the Manchester Climate Change Partnership and Agency to set out their recommended approach for Manchester to meet its targets. Since the publication in February 2019 of the Draft Manchester Zero Carbon Framework 2020-38, there had been three key developments:
- The review of emissions targets
- the Partnership and Agency had chosen to focus on the next five years, 2020-25, seeking to emphasise the point that urgent action was needed
- Adaptation and resilience to the changing climate had been identified as an additional objective, broadening the scope of the Framework from carbon reduction

The final version of the Framework was in development and was to be published by the Partnership and Agency on 28 February 2020. It would be considered at the next meeting of the Executive in March 2020.

Decision

To note the citywide progress and the summary of the Tyndall Centre for Climate Change Research review of targets.

Exe/20/23 School Place Planning and Admissions

A report from the Director of Education used the school admissions data for 2019/20 to forecast future demand for primary and secondary school places in the city and to make the case for supporting the creation of a new primary school in the city centre and a new secondary school in east Manchester.

The city's population was increasing. It was predicted to be around 664,000 by the mid-2020, compared to 504,000 when measured in the 2011 Census. The October 2018 school census had identified 77,372 pupils attending Manchester Schools, that had increased to 79,429 pupils in the October 2019 census. Given that change, and the predictions of population change, ensuring a sufficient supply of high quality school places would remain a priority for the Council.

The report explained that the Council was working with its partners to develop additional places in targeted areas, utilising Basic Need funding from the government for the site and building works. The development of new schools by a local authority required the use of the free school presumption process, working with an approved sponsor to establish the school. All new schools established through the presumption process were therefore classified as Free Schools.

In response to this forecast demand the Council had been working with Renaker Build to establish a new primary school as part of the Crown Street phase 2 development in the city centre (Minute PH/18/58). The school was expected to provide 210 places for primary age children along with a 26 place nursery. The free school presumption process for this school would now be used and it was anticipated that the school would admit its first pupils in 2024. A second new primary school was also being investigated by the Star Academies Trust, if a permanent site for it could be acquired. That was forecast to open in 2023.

In relation to secondary school places, the report explained that plans to develop a new secondary school at Nutsford Vale, Matthews Lane (Minute PH/18/21) had not progressed as expected. To safeguard the future development of a new secondary school in east Manchester approval had been given to fund the acquisition of the Showcase Cinema site on Hyde Road (Minute Exe/20/08). Some of that site could be given over for a new secondary school. If that site proved to be suitable then the new school at Matthews Lane would not be progressed as it was becoming clear that constructing a school on Nutsford Vale would be overly expensive.

The development of a new secondary school at the Hyde Road site would still require a free school presumption process to be undertaken to identify a preferred sponsor. That process should conclude in late summer or early autumn 2020 and the first places made available in September 2021 school admissions. However, opening of the school for September 2021 would require the use of temporary accommodation for a period of up to three years while the new school was being built.

The meeting was addressed by Councillor Johns as a councillor for the Deansgate ward. The thanked the Executive member and the education team for the work they had put into securing the development of the new primary school in the city centre.

He spoke of the excitement there was amongst residents at the prospect of a new primary school within their local community.

It was noted that the Children and Young People Scrutiny Committee had also considered this report and had endorsed its recommendations (Minute CYP/20/12).

Decisions

1. That Basic Need funding be used to fund a new high school and contribute towards the development of a city centre primary school.

2. To request that officers undertake a 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.

3. To delegate authority 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; and to identify a preferred sponsor for each school to be recommended to the DfE.

4. To note the data relating to September 2019 admissions and the pupil forecasts that had been submitted to the Department for Education.

Exe/20/24 Refresh of the Ancoats and New Islington Neighbourhood Development Framework

Ancoats including New Islington is a distinctive neighbourhoods close to the city centre and adjacent to the neighbourhood of Miles Platting. In April 2014 we endorsed a draft Ancoats and New Islington Neighbourhood Development Framework (NDF) as a basis for consultation with local stakeholders and landowners (Minute Exe/14/041). In October 2014 we considered and approved a final version of the Framework (Minute Exe/14/109). Then, in July 2016 we had endorsed a draft of a refreshed Ancoats and New Islington Neighbourhood Development Framework so that it could be subject to further consultation with local stakeholders and landowners (Minute Exe/16/099). In December 2016 a final version of that Framework had been approved (Minute Exe/16/153).

A report now submitted by the Strategic Director (Growth & Development) explained that it was now felt to be necessary to set the objectives for those elements of the NDF that related to the Back of Ancoats Poland Street area; and to set objectives for the redevelopment of the Council-owned former Central Retail Park site that on Great Ancoats Street.

To ensure that new affordable housing could be developed in the NDF area it was proposed that three sites in Council ownership should now be set aside for this purpose. Those sites were land adjacent to Butler Street; land adjacent to Downley Drive; and the former Ancoats Dispensary. These three sites were shown on a map included in the report. Together the three sites should provide for up to 145 new homes.

For the Back of Ancoats Poland Street area the report the report explained that the purpose of the refresh of the 2016 NDF was to ensure that it incorporated current thinking in terms of the redevelopment of the area and was properly aligned to the current market context relating to a number of key issues including zero carbon and affordable housing. The report described this areas as having an interrupted street grid pattern that was dominated by two industrial estates at Poland Street; vacant and underutilised sites that detract from the visual amenity; as being part of the Conservation Area but gaining little benefit from the that; as having some open space at Kemp Street that attracted a high level of anti-social behaviour; with a lack of pedestrian footfall and visible daytime activity; and with low value buildings that do not front onto the Rochdale Canal and therefore do not exploit the advantage of a waterside location.

The specific objectives that were now being proposed for this area in the refresh of the NDF were:

- the reinstatement of the grid pattern street layout to improve connectivity and movement through the area as well as creating legible routes that draw pedestrians into the area and through to the surrounding areas;
- the creation of a mixed living and working neighbourhood, delivering flexible commercial floorplates for office and modern light industrial uses that can co-exist with a residential development that offers a range of typologies and tenures including the provision of affordable housing; and
- the creation of high quality amenity and green spaces integrated with surrounding uses and would draw people into and through the area.

A copy of the draft NDF for the “Character Area 3 – Poland Street Zone” was appended to the report. The intention was for a period of public consultation on that draft. That was supported.

The Council’s acquisition of the former Central Retail Park site had been agreed in September 2017 (Minute Exe/17/122). At that time the agreed objectives for the site had been:

1. to secure full control over the future redevelopment of this site in a manner that would accord with the extant and any future iteration of the wider Ancoats and New Islington Neighbourhood Development Framework;
2. to shape the development strategy to ensure that the site made a significant contribution to the future growth of the city in line with the Council’s Residential Growth and wider economic growth ambitions; and
3. to promote the redevelopment of the site in a timely manner and appropriately sequenced ensuring that the Council’s interest in its wider land portfolio across Ancoats and New Islington was protected and potentially enhanced.

Since then OBI Property, a Manchester based commercial property agency, had been commissioned to evaluate whether a commercial-led proposal for Central Retail Park could deliver a significant commercial workspace / office scheme. The outcome of that evaluation was positive and described in the report. It was believed that there would be demand for commercial development on the site.

Therefore, it was felt that a revised framework for the site would help to deliver an exemplary net zero carbon commercial district with the ability to attract new businesses and talent to Manchester. The development would bring together activities and people to create a vibrant mixed use neighbourhood, complementing and uniting the surrounding districts. In doing so, the proposal also represented a key opportunity to help unlock the potential of East Manchester.

A copy of the draft of the revised “Central Retail Park Development Framework” was appended to the report. The intention was for that draft to be subject to public consultation with the outcome reported to a future meeting.

To enable to redevelopment of the site to progress it was explained that the Council should now undertake a market engagement exercise to appoint a Development / Investment Funding Partner(s) to deliver on the proposals in the draft Framework. Once that had been done a commercial plan for the site could be prepared.

Decisions

1. In respect of the draft revisions to the Poland Street Character Area of the NDF, to:

   a) note that the City Council will use its remaining land assets within the NDF area to deliver and influence the delivery of new net zero carbon development;

   b) approve that these sites in the City Council’s land ownership, land adjacent to Butler Street, land adjacent to Downley Drive, and the former Ancoats Dispensary, as identified on Map 1 of this report be used to promote affordable housing; and

   c) endorse the draft revisions to the Back of Ancoats Poland Street Character Area 3, as set out in the draft that was appended to the report, as a basis for public consultation, and that a final version be brought back to a future meeting.

2. In respect of the former Central Retail Park site, to:

   a) approve the commercial led mixed use development strategy for the Central Retail Park site as set out in the report;

   b) note the intention to commence an exercise to engage the market to identify a Development / Investment Funding Partner(s) with the objective to deliver a net zero carbon commercial led mixed use development on the Central Retail Park site;

   c) delegate authority to the Chief Executive or the Deputy Chief Executive and City Treasurer, the City Solicitor, the Strategic Director (Growth and Development), the Head of Development, in consultation with the Leader of the Council, the Executive Member for Finance and Human Resources, and the Deputy Leader with the Corporate Property portfolio, to finalise the detail of that market exercise;

d) note that a Commercial Plan for the Central Retail Park site was to be brought to a future meeting for approval following the appointment of the Development / Investment Funding Partner(s); and

e) endorse the draft revisions to the Great Ancoats Street Frontage (the former Central Retail Park site) Character Area of the NDF, as set out in the draft Development Framework that was appended to the report, as a basis for public consultation, and that a final version be presented to a future meeting.

3. To authorise the City Solicitor to enter into and complete all documents and agreements necessary to give effect to these decisions.

Exe/20/25 City Centre Transport Strategy Engagement Outcomes

In October 2019 a report had been considered on proposals for a revised City Centre Transport Strategy (CCTS) that would be aligned to the Greater Manchester Transport Strategy 2040. It was felt that a new strategy was needed to take account of the ongoing and future predicted growth of the city centre and of changes in the policy context since the adoption of the 2010 strategy. The new strategy would incorporate the GM 2040 Strategy and the goal of being a zero-carbon city by 2038. The drafting of the strategy would take into account the outcomes of the City Centre Transport Strategy Conversation that had taken place in the autumn of 2018. It had been agreed than that the Council would undertake an engagement and co-design exercise with key stakeholders in the city centre and surrounding wards in order to further develop the strategy with support from Transport for Greater Manchester (TfGM) and Salford City Council (Minute Exe/19/82). A report now submitted by the Strategic Director (Growth and Development) set out the outcomes of that exercise.

The engagement exercise had taken the form of seven workshops in the city centre, four in December 2019 and three in January 2020. These workshops included an introductory presentation and a facilitated group discussion, with in-depth participation from attendees. Qualitative responses were recorded during the session. Some participants also provided further comments and feedback after the workshop. In all 52 people had taken part in the workshops and 22 of those had gone on to provide additional feedback after the event.

The report set out the outcomes from the workshops and the views of the stakeholders who had taken part. Participants had agreed the strategy should be ambitious in setting targets for each mode of transport. Participants also commented that transport is one of the main contributors of CO_2 emissions, so the targets should be more ambitious to recognise the Climate Emergency declared by the Council. Improving air quality was also a priority. Stakeholders recognised behaviour change should be a key part of the strategy, as well as combination of quick-wins and longer-term interventions.

Detailed findings were set out under three headings: walking, cycling and the role of city centre streets; the role of public transport; and managing traffic and parking. Some geographic areas of the city centre had been identified as needing specific interventions including Deansgate, Stevenson Square and the wider Northern Quarter, Mosley Street, Cross Street and Chinatown.

The report explained that the next step in the process would be to use the information gathered to inform a draft strategy document, to be developed with Salford City Council. That draft would then be the subject of further public consultation. That was agreed.

Decisions

1. To note the intention to produce a revised City Centre Transport Strategy.

2. To note the outcome of the engagement exercise on the strategy.

3. To agree to now hold a wider public consultation on the draft strategy.

4. To delegate authority to the Head of Local Planning and Infrastructure, in consultation with the Leader of the Council and Executive Member for Environment, Planning and Transport, to finalise with Salford City Council and Transport for Greater Manchester the draft strategy document and the terms of the public consultation.

5. To request that a report be made on the outcomes of the consultation, seeking approval for a final version of the City Centre Transport Strategy.

Exe/20/26 First Street Strategic Regeneration Framework Addendum

In July 2012 we had considered and endorsed the revised and updated First Street Development Framework (Minute Exe/12/082). In November 2015 we had adopted an updated and revised version of the Framework, having first considered the views put forward during consultation on a draft of that document (Minute Exe/15/125). In July 2018 a further update to the Framework had been brought forward and we had agreed that there should again be a period of public consultation on the proposed revisions (Minute Exe/18/075). In November 2018 a final version of that Framework had been considered and approved (Minute Exe/18/106).

A report now proposed that an addendum to the framework be considered to address the future development of three specific sites:
- The Little Peter Street site which was 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 operated by NCP as a surface car park. This was envisaged as becoming a high quality, landmark commercial development.
- The One City Road site bounded by City Road to the north, Medlock Street to the west, River Street to the south, and Shortcroft Street to the east; occupied by a 4 storey office building with a private surface car park. This was envisaged as being a commercially-led development with two new buildings.

- The Premier Inn site at the southern end of Medlock Street facing the junction with the Mancunian Way which accommodates the five-storey Premier Inn building, and its associated car parking area of 113 spaces with the future as a commercially led, mixed use development.

It was proposed and agreed that there now be public consultation on the addendum to the Framework.

Decisions

1. To approve in principle the draft First Street Development Framework Addendum.

2. To request that a public consultation exercise on the addendum be undertaken with local stakeholders.

3. That a further report be made setting out comments received during the consultation.

Exe/20/27 St Mary's Parsonage - Strategic Regeneration Framework

The proposed St Mary’s Parsonage Strategic Regeneration Framework 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. Immediately to the south of the site is Spinningfields, and to the north is the Ramada Complex, Deansgate. The area benefits from important green space, with Parsonage Gardens being a tranquil green square in the city centre. It is also adjacent to the River Irwell, but with little connection with the river at present.

A report from the Strategic Director (Growth & Development) explained that it was felt that there were significant opportunities for the area to contribute to the Council’s zero carbon target by improving the environment for walking and cycling and the reduction of motor vehicles from the area. There was the opportunity to create carbon neutral buildings of the highest standard of energy efficiency and to refurbish and redevelop the area’s existing heritage buildings to significantly reduce their carbon footprint.

A draft Strategic Regeneration Framework (SRF) for the area had been developed. The report explained that there are a number of buildings in the neighbourhood felt to be no longer fit for purpose. Replacing these buildings should positively contribute to the area, with high quality design and materials, whilst respecting listed buildings. The report addressed specific proposals for keys sites within the overall area including:
- Kendal Milne building & Multi Storey Car Park
- Reedham House & No.3 St Mary’s Parsonage
- Albert Bridge
- Alberton House & Cardinal House
- No.1 North Parade

It was explained that the indicative phasing of the redevelopment of the sites within the SRF area was likely to be dependent on the aspirations of the landowners within the SRF area. The phasing being anticipated was

- 2021-2023: - Kendal Milne building refurbishment and the 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

It was thought to be crucial for the first phase of development to be supported by a public realm strategy and delivery plan.

It was agreed that the St Mary's, Parsonage areas was an important but underutilised city centre neighbourhood with potential to significantly contribute towards the regeneration and growth ambitions of the city. The intention was for there to be public consultation on the draft SRF for the area, with the outcomes of that reported to a future meeting. That was agreed.

Decisions

1. To approve in principle the draft St Mary's Parsonage Strategic Regeneration Framework.

2. To request the Strategic Director undertake a public consultation exercise on the addendum with local stakeholders.

3. That a further report be made setting out comments received during the consultation.

Exe/20/28 Empty Houses to First Time Buyer Homes - Update Report

In October 2017 approval had been given for the approve the establishment of the Housing Affordability Fund to allow the Council to invest directly into the provision of affordable homes in Manchester (Minute Exe/17/129). The fund would allow the Council to support new-build scheme in the city and also to help purchase existing properties to allow them to be made into affordable homes.

In March 2018 two schemes were approved developed to utilise the fund to improve the availability of affordable housing in the city. These were: a "Rent to Purchase" scheme, and an "Empty houses to First Time Buyer Homes" (Minute Exe/18/026).

A report was now considered that provided an update on the Empty Houses Scheme, proposing the use of some of the Fund to grant funds to a registered social landlord so that could bring empty properties back into use as affordable homes.

The report explained the social landlord Mosscare St Vincent's could acquire the empty properties and undertake their refurbishment. The homes would then be marketed to first time buyers or residents, on or below the average household income, who wish to become owner-occupiers. Based on combined acquisition and refurbishment costs of around £120,000 and a sales programme which would require a 10% non-recoverable subsidy, an initial investment by the Council of £2m could potentially deliver 90 homes from empty properties in the city.

The grant payment would be secured under the provisions of Section 22 of the Housing Act 1996 which grants the Council the power to provide financial assistance in the form of grants or loans to a registered social landlord for the provision of housing. This proposal was agreed.

Decisions

1. To approve the giving of grant funding to Mosscare 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. To authorise the City Solicitor to enter into any agreements to give effect to this decision.

Exe/20/29 Northern Gateway Strategic Business Plan (Part A)
(Having introduced this item of business Councillor Leese left the meeting at this point. Deputy Leader Councillor N Murphy took the Chair)

In March 2017 we had authorised the City Solicitor, City Treasurer and Strategic Director (Development) to enter into an agreement with the Council's preferred investment partner for the regeneration of the Northern Gateway lands, Far East Consortium International Limited (FEC). We had also delegated authority to the Chief Executive to dispose of the Council's interest in land at the Northern Gateway Site (Minute Exe/17/064).

The Council had entered into the Joint Venture (JV) with the Far East Consortium (FEC) in April 2017 for the comprehensive redevelopment of the Northern Gateway for housing and ancillary development. As part of the delivery arrangements, the Council and FEC established a JV company, Northern Gateway Operations Limited (OpCo), to have strategic input into and oversight of the development of the Northern Gateway.

In February 2019 we approved the Strategic Regeneration Framework for the Northern Gateway, the 155 hectare land area made up of the adjacent neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This Framework was to support the opportunity to deliver up to 15,000 new homes over a 15-20 year period (Minute Exe/19/25).

In June 2019 consideration was given to the preferred approach to facilitating strategic land acquisitions within the Northern Gateway SRF area, and approval given to making a loan of up to £11 million to FEC (Minutes Exe/19/52 and Exe/19/57).

A report now submitted by the Strategic Director, Growth and Development described in outline the Strategic Business Plan for the Joint Venture. A copy of the plan was appended to the confidential Part B report on this item of business (Minute Exe/20/32). The purpose of the plan was to set the strategic context for the Northern Gateway and to set the parameters for the subsequent Development Area Business Plans. The Strategic Business Plan was to be updated annually to ensure that it could take account of any changes in national and local policy, market sentiment or wider economic implications. It was to be used to monitor the progress of the Northern Gateway project.

The report explained that the Financial Model contained in the Strategic Business Plan was currently showing a minimal return against the overall projected Gross Development Value. The overall plan would not be at a sufficiently viable for a developer to undertake the overall development without additional external public sector investment. This low level of return and high level of development risk was a consequence of the costs associated with the huge site-wide infrastructure requirements which needed to be addressed to tackle abnormal costs and support the delivery of housing at the scale set out in the plan. In total the investment into necessary “place-making” infrastructure to support development across the entire Northern Gateway was currently estimated at circa £165m. A bid of £51.6m to the Government’s Housing Infrastructure Fund (HIF) would, if successful, support the delivery of such infrastructure, but additional investment would still need to be secured from a range of sources including Section 106 developer contributions. It was however fully anticipated that the initial Development Area Business plan would be financially viable.

The initial Development Area Business Plan had to be for not less than 1,000 homes. Development Area 1 comprises three development phases:

- Collyhurst Phase 1 (Collyhurst Village and Collyhurst South)
- Former Angelgate site
- Addington Street

The total number of homes to be delivered within Development Area 1 was anticipated to be around 1,045 with a mixture of type and tenure, and the majority of homes being provided as open market for sale. The Development Area was to provide a mix of one, two, three and four bed properties in the form of apartments, maisonettes and townhouses. The Joint Venture was committing to delivering 20% affordable homes across Development Area 1. That would include around 130 social rented dwellings delivered in Collyhurst and on-plot shared ownership homes at the former Angelgate site.

The plan assumed that where capital receipts were generated within the Northern Gateway area that those would be ring-fenced for re-investment into supporting the delivery of the Northern Gateway SRF objectives.

Councillor Flanagan addressed the meeting as a councillor for the Miles Planning and Newton Heath ward. He welcomed the significant investment in regeneration, redevelopment and place-making that was to come to the ward and the wider area. He also welcomed the opportunity that local residents were to have to stay in the area, occupying new homes so as to allow the demolition and redevelopment of existing properties. He suggested that a new name for the overall programme be considered as ‘Northern Gateway’ did not have the same relevance for the local community as the names already in use for their neighbourhoods.

It was noted that the Economy Scrutiny Committee had also considered the report at a recent meeting of the committee and had endorsed the recommendations (Minute ESC/20/13).

Decisions

1. To note the summarised content of the Strategic Business Plan, the detail of which was explained in another report (Minute Exe/20/32 below).

2. To note the summary of the intended content for the production of the initial Development Area Business Plan which was to focus on the delivery of up to 1,000 homes in the neighbourhoods of New Cross, Red Bank and Collyhurst.

3. To 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.

4. To 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.

5. To 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.

6. To 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.

7. To 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, with any such strategy being the subject of a future report and public consultation.

8. To 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.

9. To 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.

10. To note that, subject to a positive announcement from Government relating to the Housing Infrastructure Fund, a further report will be made regarding the specific terms and conditions applicable in advance of any decision to enter into a Funding Agreement.

11. To 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.

Exe/20/30 Decisions of the GMCA 7 January and 31 January 2020
(Councillor N Murphy in the Chair)

Decision

To note the decisions made by the GMCA on 1 and 31 January 2020.

Exe/20/31 Exclusion of the Public
(Councillor N Murphy in the Chair)

Decision

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exe/20/32 Northern Gateway Strategic Business Plan (Part B)
(Public excluded, Councillor N Murphy in the Chair)

The Executive considered a report of the Strategic Director (Growth and Development), which set out the Northern Gateway Strategic Business Plan as prepared by the Development Manager, FEC, on behalf of the Northern Gateway Operations Limited joint venture company. A copy of the plan was appended to the report. The report also provided detail on the scale of FEC investment to date and the level of further investment required.

It was noted that the Economy Scrutiny Committee had also considered the report at a recent meeting of the committee and had endorsed the recommendations (Minute ESC/20/15).

Decisions

1. To approve the Strategic Business Plan on behalf of the City Council as one of the two Shareholders in the Northern Gateway Joint Venture.

2. To note the financial commitments made to date by the Development Manager, FEC, since the signing of the Joint Venture legal agreements in April 2017.

Appendix A - Proposed Capital Virements

Project Name	**2019/20 In yr virement proposed**	**2020/21 In yr virement proposed**	**2021/22 In yr virement proposed**	**2022/23 In yr virement proposed**
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)				-1,070
Total Private Sector Housing Programme	0	0	0	-1,070
Charlestown - Victoria Ave multistorey window replacement and ECW			345	
External cyclical works phase 3a	-7	-15		
Renewal of 4 automatic pedestrian gates at Victoria Square	-45			
External cyclical works Harpurhey - Jolly Miller Estate		-82		
External cyclical works Ancoats Smithfields estate	47	25		
External cyclical works Cheetham Appleford estate			2	
External cyclical works Higher Blackley South	-22	-29		
External cyclical works New Moston (excl corrolites)		-29		
Environmental improvements Moston corrolites	8	21		
Charlestown - Victoria Ave multistorey replacement door entry systems		-18		
ENW distribution network phase 4 (various)	-160	5		
Newton Heath - Croyden Drive Security Improvements	-100	-88		
Delivery Costs		-55		
2/4 Blocks Heating replacement with Individual Boilers		-7		
Ancoats - Victoria Square lift replacement	54			
Boiler replacement programme	-13	-6		
Kitchen and Bathrooms programme	-265	-924		
Newton Heath - Multies Internal Works	200	3,153	250	
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works		47		

Project Name	**2019/20 In yr virement proposed**	**2020/21 In yr virement proposed**	**2021/22 In yr virement proposed**	**2022/23 In yr virement proposed**
Fire precautions multi storey blocks	-341	-885		
Installations of sprinkler systems - multi storey blocks	-458	-623		
Multi Storey blocks door entry system renewal Sandyhill/Bradford Crts	-5	-31		
Fire Risk Assessments	-760			
Delivery Costs	156	367	404	
Bringing Studio Apartments back in use		-8		
Various Locations - bringing bedsits back into use			8	
Delivery Costs		-1		
Delivery Costs		-19		
Northwards Acquisitions		-3		
Stock Acquisitions		-28		
Delivery Costs		-4		
Northwards Housing Programme	1,711	-763	-1,009	
Collyhurst Estate Regeneration	-100		-9,580	
North Manchester New Builds 2		-7,850		
Collyhurst	100	7,850	9,580	1,070
Total Public Sector Housing (HRA) Programme	0	0	0	1,070
Plymouth Grove Refurbishment	-5			
Beaver Rd Primary Expansion	-19			
Lily Lane Primary	-19			
St. James Primary Academy	-26			
Webster Primary Schools	-19			
Basic need - unallocated funds	88			
Universal Infant Free School Meals (UIFSM) - Allocated	266			
Universal Infant Free School Meals (UIFSM) - Unallocated	-266			
Crowcroft Park PS-Rewire	-2			
Broad Oak Primary School Kitchen		146		
All Saints Prim Rewire	-58			
Armitage Prim Windows	-20			
Bowker Vale Prim Heating	5			
Buton Lane Prim Roof	-9			
Cheetwood Prim Heating	16			
Crosslee Comm Heating	1			
Crowcroft Park Roof Repairs	-26			
Higher Openshaw Rewire	-76			
Moston Fields Joinery	-37			

Project Name	**2019/20 In yr virement proposed**	**2020/21 In yr virement proposed**	**2021/22 In yr virement proposed**	**2022/23 In yr virement proposed**
Ringway Prim Roof	-56			
Sandilands Prim Windows	-17			
St Mary's Junior Windows	-9			
Ringway Primary School	10			
Schools Capital Maintenance - unallocated	278	-146		
Total Children's Services Programme	0	0	0	0
Core Infrastructure Refresh	-26			
Care Leavers Service	-14			
Replacement Coroners System	-60			
ICT Investment Plan	100			
Total ICT Programme	0	0	0	0
Total Manchester City Council Capital Programme	0	0	0	0

Appendix B – Capital Approvals under authority delegated to the Deputy Chief Executive and City Treasurer

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	Total £'000
Highways Services	Great Ancoats Improvement Works	External Contribution		231	231
Public Sector Housing	Chimebank S106	External Contribution	34		34
Totals			**34**	**231**	**265**