

## **Executive**

### **Minutes of the meeting held on Wednesday, 29 July 2020**

**Present:** Councillor Leese (Chair)

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

**Also present as Members of the Standing Consultative Panel:**

**Councillors:** Karney, Leech, M Sharif Mahamed, Sheikh and Taylor

**Apologies:** Councillors Ollerhead, Midgley, Ilyas and S Judge

#### **Exe/20/79 Minutes**

##### **Decision**

To approve as a correct record the minutes of the meeting of the Executive on 3 July 2020.

#### **Exe/20/80 COVID-19 Monthly Update Report**

The written report submitted by the Deputy Chief Executive was a compilation of documents and situation reports to give an overview of the recovery work in the city. It included an update on the 'Our Manchester Strategy' reset, progress reports on the 'Residents and Communities work-stream and the 'Future Council' work-stream, a summary of the Chancellor of the Exchequer's Summer Statement that had been delivered earlier in July, and a summary of projects that were included in bids for funding.

At the meeting the Director of Public Health reported that the overall situation in the city remained dynamic. The latest figures he had were that 20,174 people in Manchester had contracted the virus, with the latest weekly rate of infection being 22.2 people / 100,000, which was below the rates being experienced in other Greater Manchester boroughs. He stressed that the trends in cases in Manchester was increasing, that the virus had not gone away, and so it was very important to maintain the control measures of social distancing, hand washing, isolation of suspected cases. He also reported that the Council Outbreak Prevention Board had had its first meeting and would now meet regularly to develop the messages and communications with residents on how to control and limit the spread of the virus.

Other members of the Executive then gave updates on matters within their portfolio, including:

- the national shielding arrangements were coming to an end but the Council was to continue providing local support to those who needed it, with 1,300 households still being supported across the city;

- the hospitality industry was beginning to resume and thanks were given to all who had been involved in the planning and preparation for the reopening of those businesses;
- the Council and Greater Manchester Police were continuing to respond to unlawful social gatherings and raves when they were reported;
- work was continuing to ensure that victims and survivors of domestic violence still had access to support and help when they needed it;
- a campaign was underway to encourage people to wear masks when using public transport;
- it is the Council's desire to put zero-carbon at the heart of the city's recovery plans;
- the work of neighbourhood officers across the city on both recovery and on more routine matters such as the annual student exodus from the city;
- the work of children's social services during the pandemic and an increase in referrals that were coming back towards the levels experienced before the virus outbreak;
- the work that had been done to keep schools open for the children of key workers, and thanks were given to all who had played a part in that;
- the plans for the reopening of schools in the new term in September including the sending of a 'transition read' book to every child that was to start in secondary school in September;
- 95% of play areas in parks had been reopened after safety checks with guidance provided;
- work was underway to allow leisure centres to reopen safely, and they should start to reopen this week;
- work on the cultural recovery plan was also reported, and the recent funding announcements from the Arts Council and the Government;
- 109 people who had been supported by the 'everyone in' scheme for homeless people had now moved on to more stable and permanent accommodation, and the priority for the service remained for no one to have to return to the living on the streets;
- It was reported there had been an 89% increase of benefits claimants and it was estimated that a third of the workforce in the city was furloughed or in receipt of self-employment support, and there were concerns for how the situation would change as the furlough scheme was wound-down by the Government;
- construction activity in the city was still underway which was seen as a good indicator of the future health of the city's economy; and
- the Council's future finances were still of significant concern and it was felt that the risk that the Council would need to issue a Section 114 Notice was increasing. Such a notice would mean that no new Council expenditure would be permitted, with the exception of safeguarding vulnerable people and statutory services.

## **Decision**

To note the report.

**Exe/20/81 Revenue Budget Monitoring 2020/21**

The Deputy Chief Executive and City Treasurer presented a review of the 2020/21 revenue budgets. The report provided an overview of the Council's financial position as at the end of May 2020 and the work underway to develop a balanced budget for 2020/21. The report identified a projected deficit for 2020/21 of £5.476m. That was based on the financial implications of COVID-19, government funding confirmed to date, other identified budget changes, in year efficiencies and mitigations. The anticipated financial cost of the COVID-19 pandemic to the Council so far was £166.26m. It was anticipated the deficit could be met through the Council's share of the third tranche of emergency funding for income loss that had yet to be allocated by the Government. The report also anticipated that the consequences of the COVID-19 pandemic were expected to have a significant impact on the council's finances for a number of years. With the likely scale of funding pressures and future resource reductions, the report stressed that it would be important for the Council to hold a robust position on reserves, and to maintain the ability to deal with issues that might arise during the financial year. The overall revenue forecast for 2020/21 was:

2020/21 Budget Position as at May 2020	Original Approved Budget £000	Revised Budget £000	Forecast Outturn £000	Total P2 Forecast Variance £000
<b>Total Available Resources</b>	<b>(666,125)</b>	<b>(821,252)</b>	<b>(806,419)</b>	<b>14,833</b>
<b>Total Corporate Budgets</b>	<b>126,761</b>	<b>264,855</b>	<b>264,479</b>	<b>(377)</b>
Children's Services	130,320	130,485	137,164	6,679
Adult Social Care	221,253	229,213	237,578	8,365
Homelessness	15,285	15,306	22,450	7,144
Corporate Core	69,958	76,918	80,136	3,218
Neighbourhoods	93,802	94,306	102,802	8,496
Growth and Development	8,746	10,169	15,701	5,532
<b>Total Directorate Budgets</b>	<b>539,364</b>	<b>556,397</b>	<b>595,831</b>	<b>39,434</b>
<b>Total Use of Resources</b>	<b>666,201</b>	<b>821,252</b>	<b>860,310</b>	<b>39,058</b>
<b>Total forecast over / (under) spend</b>	<b>0</b>	<b>0</b>	<b>53,891</b>	<b>53,891</b>
COVID-19 Government grant income (tranche 1 and 2) -Confirmed				(33,367)
Proposed Corporate measures				(7,963)
<b>Sub-Total Pre July Funding Announcement</b>				<b>12,561</b>
COVID-19 Government grant income (tranche 3)				(7,085)
<b>Net forecast over / (under) spend</b>				<b>5,476</b>

And the means of addressing the impacts of COVID-19 in the current year were:

	<b>2020/21 £000</b>
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<b>COVID-19 Budget impact of Additional Costs and Net income losses</b>	<b>64,456</b>
P2 - Savings, mitigations and other changes	(10,565)
<b>COVID - Budget shortfall after in year measures</b>	<b>53,891</b>
<b>COVID 19 Emergency Funding Tranches 1 and 2</b> (Note £389k applied in 2019/20)	(33,367)
Corporate measures identified	(7,963)
Original budget shortfall	
<b>COVID - Budget shortfall after in year measures</b>	<b>12,561</b>
<b>Forecast COVID 19 Emergency Funding Tranche 3</b> (Confirmed to date)	(7,085)
<b>Budget shortfall after confirmed funding and mitigations</b>	<b>5,476</b>

However, the projected budget deficit for 2021/22 was much greater, £162.5m.

Should further tranche 3 funding be awarded it was proposed and agreed that authority to allocate that funding to services should be delegated to the Deputy Chief Executive and City Treasurer.

The report explained that the Council had been awarded £225k of the Local Authority Business Rates Grant Administration (New Burdens) funding. It was proposed and agreed that this is included in the Revenue and Benefits budget to contribute towards the costs of administering both the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund schemes to provide support to businesses across the city.

The report included an appendix giving a more detailed breakdown of the current year's finances. Within that were a number of proposals that required authorisation.

### **Budgets to be allocated**

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

- £364,000 allocated to in-house foster care as a 2% inflation uplift to be applied as at 1 April 2020.
- £200,000 allocated to care provision as an inflationary uplift for residential care providers
- £805,000 allocated for the waste collection and disposal contract inflation increase
- £91,000 allocated for the annual inflationary increases on the Street Lighting PFI unitary charge

### **Use of an External 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 £15,000 of 'pocket parks' funding to

improve accessibility of Fletcher Moss park and help support social subscribing for those with mild depression, social isolation or health problems.

### **Budget Virements**

The report proposed two funding virements which were both agreed.

- allocation £300K in each of 2020/21 and 201/22 from Neighbourhood Services to Communications in the Corporate Core
- allocation £600 of uncommitted inflation funding to Adult Social Care Services in 2020/21

### **Use of a Reserve**

The report also addressed the use of the Council's reserves. Three new draw-downs from the Adult Social Care reserve had been requested, totalling £1m. Those were approved, being: £550k to support the demand from increased placement costs within the Learning Disability Service, a further £300k to support the immediate implementation of a Brokerage function to embed new commissioning arrangements resulting from the implementation of the Liquidlogic IT system; and a further £150k due to the demand diagnostics work which will support the future funding work for Adult Social Care in 2021/22.

### **Decisions**

1. Note the global revenue monitoring report and a forecast outturn position of a £5.476m deficit, which it is anticipated will be balanced by government funding.
2. Approve the use of budgets to be allocated as set out above.
3. Approve the use of grants in addition to that already planned, as set out above.
4. Approve the proposed virements set out above
5. To approve an increase in Growth and Development Directorate budget of £0.957m for the Local Welfare Assistance Fund.
6. To approve an increase in the Corporate Core Directorate budget of £225k for New Burdens funding in respect of the costs associated with administering the business rates grants schemes (Small Businesses Grant Fund and Retail, Hospitality and Leisure Grant Fund).
7. To delegate to the Deputy Chief Executive and City Treasurer the allocation of the COVID-19 tranche 3 grant funding to individual services, in consultation with the Executive Member for Finance and Human Resources.
8. To approve, under the emergency provision of the Council Decisions on 25 March 2020 - "Constitutional Amendments and Other Matters for Council Business Continuity - Part 7", the use of £1m of reserves as set out above.

## Exe/20/82 Capital Budget Monitoring 2020/21

The Deputy Chief Executive and City Treasurer's report informed us of the revised capital budget 2020/21 to 2023/24 taking account of agreed and proposed additions to the programme, profiling changes, and the latest estimates of forecast spend and resources for the 2020/21 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 2020/21 for the Manchester City Council capital programme was £471.4m, compared to a proposed revised budget of £471.5m. Spend as of 2 July 2020 was £140.2m, which included financial support of £106.5m provided to the Manchester Airport Group, which had been agreed by the Deputy Leader of the Council in April 2020.

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 approve all the proposed virements, including those over £500,000.

The report also proposed changes to some of the capital expenditure, financing and borrowing prudential indicators. These changes were agreed.

Indicator	Original	Revised
Forecast Capital Expenditure (Non-HRA)	£339.6m	£453.7m
Forecast Capital Financing Requirement (Non-HRA)	£1,543.1m	£1,637.1m
Maturity Structure of Borrowing - Upper Limit for 10 years and above	40%	20%

A means of assigning relative priority to capital projects within the overall programme was put forward in the report so as to incorporate role that capital investment would play in the recovery plan for the City and the number of strategic priorities the Council was committed to. It was proposed that priority be given to projects that would:

- be catalytic for growth;
- support job creation;
- reduce of carbon emissions
- encourage housing development
- bring about place-based transformation of health, economic and social outcomes

These addition factors would also be taken into account:

- creating or supporting the delivery of revenue savings;
- avoiding additional revenue cost; or
- increasing revenue income through, for example, increasing the council tax or business rates tax base.

That proposal was supported.

## Decisions

1. To approve, under the emergency provision of the Council Decisions on 25th March 2020 - "Constitutional Amendments and Other Matters for Council Business Continuity - Part 7", the virements over £0.5m between capital schemes as set out in the appendix to these minutes.
2. To approve the revised prudential indicators as shown above.
3. To approve virements under £0.5m within the capital programme as set out in the appendix to these minutes.
4. To support the prioritisation process proposed in the report and to approve that these projects should proceed accordingly:
  - Piccadilly Gardens phase 1
  - Hammerstone Road depot redevelopment - subject to a full review of the requirements of what the Council needs from the depot and the scale of the office space to be reconsidered.
  - Medieval Quarter investment
  - Abraham Moss rebuild - it is estimated that there is an inflationary cost increase of £2.7m following the deferral and due to the impact of COVID-19. This is one of the proposals in the update report elsewhere on the agenda
  - Gorton Hub - subject to contract review to include provisions for COVID, and potential rescoping of the scale of the project with partners
  - West Gorton Park
  - Manchester Aquatic Centre - agree to progress to RIBA Stage 4, subject to review of potential maintenance costs if start date for works is deferred
  - National Cycling Centre - agree to progress to RIBA Stage 4
6. To note that approvals of movements and transfers to the capital programme, will reflect a revised budget total of £471.5m and a latest full year forecast of £471.4m. Expenditure to the end of June 2020 was £30.7m. Expenditure as at 2nd July 2020 was £140.2m which includes the support for Manchester Airport Group.
7. To note the prudential indicators at Appendix C of the report.

## **Exe/20/83 Capital Programme Update**

A report concerning requests to increase the capital programme was submitted. We agreed to make four change under emergency powers established by the Council in March 2020, and to make a further six changes under delegated powers. These changes would increase Manchester City Council's capital budget by £25.352m over the next three years, funded by a mixture of government grants, borrowing, 'Invest to Save' funds, and external contributions.

The report also set out details of an approval that the Deputy Chief Executive had made under delegated powers, being £352,000 for survey works at the Ancoats Dispensary funded by an external contribution.

## Decisions

1. To approve, under the emergency provision of the Council Decisions on 25th March 2020 - "Constitutional Amendments and Other Matters for Council Business Continuity - Part 7", the following changes to Manchester City Council's capital programme:
  - (a) Children's Services – EBN Special Educational Needs and Disability (SEND) Programme Additional Costs. A capital budget virement of £0.923m is requested, funded by unallocated Education Basic Needs Grant.
  - (b) Neighbourhoods – Indoor Leisure – Abraham Moss. A capital budget virement of £2.7m is requested from the Inflation budget, funded by borrowing.
  - (c) Neighbourhoods – Electric RCV Infrastructure – Additional costs. A capital budget increase of £0.150m is requested, funded by borrowing.
  - (d) Growth and Development – House of Sport. A capital budget increase of £8.420m is requested, funded by borrowing on an invest-to-save basis.
2. To approve the following changes to the City Council's capital programme:
  - (e) Highways Services – Chorlton to Manchester Scheme. A budget increase of £8.449m is requested, funded by Mayor's Challenge Fund.
  - (f) Highways Services – Northern Quarter Walking and Cycling. A budget increase of £8.183m is requested, funded by Mayor's Challenge Fund.
  - (g) Children's Services – St Peters RC High School Expansion. A capital budget virement of £0.383m is requested, funded by Unallocated Education Basic Needs budget.
  - (h) Neighbourhoods – Gateley Brook Pre-Development Fees. A capital budget virement of £0.116m is requested, funded by Parks Development Programme budget.
  - (i) Neighbourhoods – Angel Meadow. A capital budget increase of £0.150m is requested, funded by S106 External Contribution, and a capital budget virement of £0.042m is requested, funded by Parks Development Programme budget.

- (j) Adult Services - Technology Enabled Care (TEC) Digital Platform. A capital budget virement of £0.157m is requested, funded by ICT Investment budget.
3. To note the increase to the programme of £0.352m as a result of a delegated approval.

### **Exe/20/84 Northern Gateway: Progress Update & Housing Infrastructure Fund**

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).

In February 2020 consideration was given to an outline Strategic Business Plan for the Joint Venture, and authority was delegated to the Chief Executive to approve the full initial Development Area Business Plan (Minute Exe/20/29).

A report now submitted provided an update on the successful outcome of the City Council's bid for £51.6m into the Government's Housing Infrastructure Fund Programme. It also reported on progress with finalising the Joint Venture's Initial Development Area Business Plan. The £51.6m of Housing Infrastructure Fund money had been announced as part of the Budget in March 2020 and the report set out the terms and conditions for that funding to be made available. We agreed to delegate the final acceptance of those terms and conditions to the appropriate council officers.

### **Decisions**

1. To approve the Council entering into a Grant Determination Agreement with Homes England for the receipt of up to £51.6m Housing Infrastructure Fund grant to deliver major infrastructure in the Northern Gateway area, a high level summary of which is set out in the body of this report.
2. To delegate authority to the Strategic Director, Growth and Development, the Deputy Chief Executive and City Treasurer and the City Solicitor to finalise the terms of this Grant Determination Agreement to secure this funding.
3. To delegate authority to the City Solicitor to enter into and complete all necessary documents to give effect to the recommendations set out in i) and ii).
4. Subject to the finalisation of the Grant Determination Agreement, to approve a £51.6m increase to the Capital Budget to be expended on the delivery of infrastructure works that will facilitate the delivery of new homes.
5. To note overall progress being made towards the delivery of new homes as part of an Initial Development Area Business Plan in the neighbourhoods of Collyhurst, New Cross and New Town.
6. To note the approach being taken to identify and deliver social and economic benefits and the alignment with the broader piece of work being developed at a North Manchester level with partners leading on plans for the North Manchester General Hospital site.

### **Exe/20/85 Honorary Recorder to the City**

The Chief Executive reported to us on the retirement of His Honour Judge David Andrew Stockdale QC, the senior Judge in Manchester and Honorary Recorder of the city.

The Courts Act 1971 empowered the city to appoint a Court Recorder or a Circuit Judge to be Honorary Recorder of the City. The City Council has always exercised its power under the Act and invited the Senior Judge to be Honorary Recorder. The appointment of an Honorary Recorder for Manchester is recognition of the status of the city as a major legal centre.

The report explained that the Lord Chief Justice had appointed His Honour Judge Nicholas Dean QC, to be Senior Judge at Manchester Crown Court with effect from 6 July 2020. Accordingly we agreed to invite His Honour Judge Nicholas Dean QC, to accept the office of Honorary Recorder of the City.

### **Decisions**

1. That the City Council place on record its sincere appreciation of the services of His Honour Judge David Andrew Stockdale QC, as Honorary Recorder of the City from 20 November 2013 to 21 March 2020.

2. That the new Senior Judge at Manchester, His Honour Judge Nicholas Dean QC, be appointed to the office of Honorary Recorder of the City.

**Exe/20/86 Decisions of the GMCA and the AGMA Executive meetings on 26 June 2020**

**Decision**

To note the decisions made by the GMCA and by the AGMA Executive at their meetings on 26 June 2020.

**Exe/20/87 Appendix to the Minutes**

**Appendix**

**Minute Exe/20/82 – Capital Programme Virements from the Capital Programme Update**

<b>Project Name</b>	<b>2020/21 In year virement proposed £000</b>	<b>2021/22 In year virement proposed £000</b>	<b>2022/23 In year virement proposed £000</b>
Carriageway Resurfacing	836	8,385	
Footway schemes	-836	-3,561	
Carriageway Preventative		-4,824	
<b>Total Highways Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>
Harpurhey Lathbury and 200 Estates external cyclical works		-13	
Harpurhey Shiredale Estate externals		-15	
External cyclical works Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq)		-2	
External cyclical works Cheetham Appleford estate		-2	
External cyclical works Higher Blackley South		-1	
External cyclical works Newton Heath Assheton estate		-27	
Electricity North West distribution network phase 4 (various)	162		
Delivery Costs			229
Newton Heath - Multi Internal Works	-87		
Higher Blackley - Liverton Court Internal Works	-13		
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	-74		
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	283	49	
Installations of sprinkler systems - multi storey blocks		-274	
ERDF Heat Pumps	108	391	101
Fire Risk Assessments	-758	-42	
Rushcroft and Pevensey Courts Ground Source Heat Pumps	13		
Delivery Costs	-81		
Delivery Costs	4		
Stock Acquisitions	2		
Delivery Costs	-10		

<b>Project Name</b>	<b>2020/21 In year virement proposed £000</b>	<b>2021/22 In year virement proposed £000</b>	<b>2022/23 In year virement proposed £000</b>
Northwards Housing Programme - Unallocated	451	-64	-330
<b>Total Public Sector Housing (HRA) Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>
Brookside Road Moston		324	
North Hulme		266	
Roundwood Road		333	
Basic need - unallocated funds		-923	
Moston Lane Reroof	6		
Schools Capital Maintenance -unallocated	-6		
<b>Total Children's Services Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>