

Manchester City Council Report for Resolution

Report to: Executive – 17 February 2021

Subject: Neighbourhoods Directorate Budget Proposals 2021/22

Report of: Strategic Director (Neighbourhoods)

Summary

As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17 December mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.

This report provides an updated Neighbourhoods Service 2021/21 budget and sets out the Neighbourhoods savings proposals that have been considered by the Communities and Equalities Scrutiny Committee, Neighbourhood and Environmental Scrutiny Committee and Resources and Governance Scrutiny Committee, this reflects any feedback from both the November and January round of Scrutiny committees.

Recommendations

Both Committees and the Executive are each invited to review and comment on the directorate budget report.

The Executive is recommended to approve the budget proposals.

Wards Affected: All

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

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

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

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

Financial Consequences – Capital

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

Contact Officers:

Name: Fiona Worrall
Position: Strategic Director Neighbourhoods
Telephone: 0161 234 3926
Email: fiona.worrall@manchester.gov.uk

Name: Paul Hindle
Position: Head of Finance

Telephone: 0161 234 3025

E-mail: paul.hindle@manchester.gov.uk

Background documents (available for public inspection):

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

Neighbourhoods Directorate Budget 2020/21 - Executive 12 February 2020

Neighbourhoods Directorate Budget Options 2021/22 – Executive 11 November 2020

Neighbourhoods Directorate Budget Proposals 2021/22 – Executive 20 January 2021

1.0 Introduction

- 1.1 This report should be read in conjunction with the covering City Council budget report and sets out the budget reductions proposed to support the work required to deliver a balanced budget in 2021/22. As a result of additional demand for services and impact on the Council's income as set in previous meetings to both Executive and scrutiny committees the Council has had to identify budget reductions of c£50m for 2021/22 onwards.
- 1.2 Following on from previous Scrutiny Committees, all Directorates have continued to develop and work through the budget proposals, and this work has taken into consideration the feedback from the two previous scrutiny committee meetings Original Directorate savings proposals totalled c.£50m, but after accounting for additional Adult Social care funding through both additional precepts and grants the revised savings proposals from all Directorates total around c.£41m. Wherever possible consideration has been given to protecting front line services in order to protect the capacity to support the recovery planning. The Neighbourhoods Directorate has identified savings of **£7.376m** which will require a reduction of 2fte. Due to lead in time around investments etc, the £7.376m would be phased over the period 2021/22-2024/25, with an initial £6.683m being delivered in 2021/22.
- 1.3 All savings proposals have been considered by the relevant Scrutiny Committee. Further details on the savings and other changes are set out in section 3, with a summary table included in table 3 below.
- 1.4 The Neighbourhoods Directorate has a revenue budget of circa £95.5m of which £47m relates to waste collection, street cleansing and waste disposal. Outside of these areas the majority of the budget relates to staffing.
- 1.5 Although it is anticipated that the overall c£41m budget savings will be sufficient to ensure a balanced budget in 2021/22, it is anticipated that there will be a requirement for further savings in future years. As part of developing the current budget reductions, attempts have been made to minimise the impact on residents and communities wherever possible, but this will become even more difficult if further savings are required in future years.

2.0 About the Neighbourhoods Directorate Background and Context

- 2.1 The Neighbourhood Directorate plays a pivotal role in delivering the Council priorities, working with Manchester's communities to create and maintain clean, safe and vibrant neighbourhoods that residents can be proud of and where businesses and investors want to invest, bringing employment opportunities for our residents.
- 2.2 Teams work collaboratively with partners and local members within our neighbourhoods to enable people living in our communities to be healthy, well and safe and reduce demand by integrating neighbourhood teams that are connected to other services and assets locally.

- 2.3 Libraries, art galleries, leisure centres, parks, play areas, events and youth services as well as our cultural activity provide an offer to the city that enhances the experience of people living and working in the city; as well as supporting our children and young people, to be happy, healthy and successful, fulfilling their potential and contributing to their educational attainment.
- 2.4 Our world class offer also contributes to the vibrancy of the City and its neighbourhoods. Widening participation to ensure that the users of our community services reflect the diverse communities of Manchester remain a key priority.
- 2.5 The development of commercial activity across our parks and leisure and events have previously reduced the demand on revenue as well as increasing investment in our community assets impacting positively on the perception of the city and the opportunities for our residents.
- 2.6 The Directorate is fully committed to Zero Carbon Manchester and to reducing carbon throughout all programmes of work and raising awareness of carbon usage and looking for 'greener' alternatives. Key initiatives include driving forward the electric fuelling infrastructure, plant and equipment for all Council services.
- 2.7 The quality of our highways, number of potholes repaired and gully cleansing remains a priority for our residents and road resurfacing is now happening at a greater scale. We are currently on target to deliver the 5 year highway investment programme. Investment and the maintenance of our highways beyond the current 5 year programme will be an essential consideration in our future strategy.
- 2.8 Waste and recycling is the largest budget area for the Directorate including both the cost of waste disposal and collection/street cleansing (almost 50%) The current contract for Waste collection and street cleansing will come to the end of the first 8 years in 2023 and decisions on the future delivery model for this service will fall within the timeframe of the 5 year budget strategy. We have achieved our highest overall levels of recycling (40%) and lowest levels of residual waste over the last 10 years. However, as the City grows and as more people work at home this will continue to have an impact on the demand for these services which need to be managed. In addition, the impact of COVID over the last 9 months has led to more people being required to stay at home and this has led to increased levels of waste and contaminated recycling bins.
- 2.9 Investment in compliance and enforcement resources has led to an increase in business compliance, better managed neighbourhoods and measures to impact on flytipping have seen a positive impact in our neighbourhoods. Demand from anti social behaviour impacting on the quality of the places people live continues to rise and despite investment is still less than 50% of capacity in 2011.

- 2.10 The impact of COVID has impacted on our Parks, Leisure and Events functions which rely on income as well as the Cultural sector in the city. The latter in particular will take some time to recover if this is even possible in all areas.
- 2.11 The priority for the Directorate remains supporting communities and building resilience whilst maintaining safe, clean, well managed and connected neighbourhoods in line with the expectations of local members and residents in a city that continues to grow and within the limitations of resources available.
- 2.12 Developing partnerships to enable more effective models of delivery through The Bringing Services together for People in Places programme remains key to improving the offer at a local level for residents and to support a reduction in demand on key public services.
- 2.13 Our universal youth, leisure and culture offer combined is an offer to our residents that sets Manchester apart. The refreshed strategy has set out the city's commitment to our young people however this is an area that has struggled with the impact of COVID 19 and will take some time to recover.

3.0 Neighbourhoods Revenue Budget Strategy

- 3.1 The Neighbourhoods Directorate has a gross budget of £167m, and a net budget of c.£95.5m, with 1,470 FTE's employees. The breakdown by service area is provided in the table below:

Table 1: 2020/21 base budget

| Service Area | 2020/21 Gross Budget £'000 | 2020/21 Net Budget £'000 | 202/21 Budgeted Posts (FTE) |
|------------------------------------|---|---|--|
| Compliance | 12,163 | 8,581 | 248 |
| Community Safety | 4,850 | 2,322 | 49 |
| Libraries, Galleries and Culture | 12,853 | 9,316 | 270 |
| Management and Directorate Support | 1,120 | 1,120 | 18 |
| Neighbourhood Teams | 2,854 | 2,627 | 51 |
| Other Neighbourhoods | 1,649 | 455 | 4 |
| Parks, Leisure, Youth and Events | 19,316 | 7,563 | 83 |
| Operations and Commissioning | 54,849 | 18,730 | 461 |
| Waste Disposal Levy | 30,051 | 30,051 | |
| Highways | 27,403 | 14,738 | 286 |
| Total | 167,108 | 95,503 | 1,470 |

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

Current In year forecast Position at December 20 (Period 9)

- 3.3 As at December 2020 the Directorate is forecasting a net overspend of c£11.163m, although this includes Covid-19 related pressures of c£15.224m, offset by in- year mitigation of £4.091m.
- 3.4 The Covid-19 pressures are made up of a combination £4.731m increased cost pressures, with the main pressure being the in year financial support of £3.32m being provided to the external leisure operator to fund the ongoing costs of maintaining the City Council leisure assets during the initial closure, and subsequent reduced operations through until March 2021. Sport England have made funding of £100m available to Local Authorities who partner with external providers in delivery of Leisure services. Manchester submitted a bid for c£1.3m financial support and the outcome of the bid should be notified to each local authority before the end of February 2021.
- 3.5 In addition to the additional costs, there is £10.493m reduced income through sales, fees and charges. This includes a combination of reduced trading income (£5.389m) within operations and commissioning services, reduced Highways income (£3.263m) through reduced off street parking income following lockdown in December, and fees and permit income, reduced sales income (£203k) in libraries because of closure of venues, and subsequent lower footfalls, loss of events and other income (£1.132m) in Leisure, Parks and Events, and reduced income of (£0.506m) from penalty notices and license income in Community Safety and Enforcement.
- 3.6 As part of the ongoing work seeking to mitigate the above pressures in year forecast savings of £4.091m have been identified, this is largely due to staff savings because of vacant posts, reduced running costs across all services and increased income in some areas.
- 3.7 The Neighbourhood's budget broken down over subjective headings is provided at Appendix 1

2021/22 Budget Pressures

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

of £12m and expected to increase this over the life of the contract and reduce the level of subsidy required from the Council. Due to the initial closure of leisure facilities, and subsequent reduced capacity as part of the conditions on the reopening of facilities which is expected to continue into 2021/22 it is extremely unlikely in light of the impact of COVID 19 that the original income projections as part of the tender submission will be achieved and further support from the Council could be required. Based on work done to date with GLL, indications are that additional costs of c£2.5m funding support may be required in 2021/22, and it is proposed that a budget of £1.2m, along with upto £1.3m of additional support from Sport England is earmarked to fund these costs in 2021/22. Work is ongoing with the contractor to identify any options for mitigating any additional costs.

- 3.10 **Waste Collection** – Due to the ongoing requirements for individuals to stay at home wherever possible this has led to an increased volume of domestic waste to be collected and disposed of. In addition, and unlike other areas in Greater Manchester it was agreed to collect any additional side waste left out by residents. This has created a pressure on the existing waste collection contractor to collect the increased volumes and has also increased the volume of waste requiring disposal and therefore the costs to the Council. In this financial year the additional costs of waste disposal have been offset by a rebate from the Greater Manchester Waste Disposal Authority (GMWDA). If the current position continues into 2021/22 this will likely result in further cost pressures that will need to be managed as part of the overall Council budget. This will be retained under review during 2021/22. A budget of c£1.2m has been established in 2021/22 and this is held as a Corporate contingency budget, and will be drawn down in year if required.
- 3.11 **External Income** – As part of the Directorate overall net budget there is an income budget of c£47m. If the restrictions linked to COVID 19 continue or are increased into 2021/22, then the external income budgets will be adversely affected into 2021/22. MHCLG have indicated as part of the recent finance settlement that the support to local authorities through the sales fees and charges return will be extended through until the end of June 2021, and based on the most up to date forecasts, loss of c£4.265m income have been provided for in respect of income losses in quarter 1 that will be claimed as part of the claim to MHCLG.

2021/22 savings Proposals

- 3.12 The Neighbourhoods Directorate has a net revenue budget of circa £95.5m of which £47m relates to waste collection, street cleansing and waste disposal. Outside of these areas the majority of the budget relates to staffing. In response to the identified Council wide budget gap all budgets have been reviewed in order that any efficiency savings or opportunities for increased income are identified and included for consideration by members. As part of the wider £50m savings The Neighbourhoods Directorate has identified an initial **£6.683m** in 2021/22 increasing to **£7.376m** by 2024/25 with an **FTE impact of 2** across the Neighbourhoods Directorate.

- 3.13 In seeking to minimise the impact on residents and neighbourhoods, all opportunities for maximising external income sources were considered and the overall Directorate proposals includes £5.985m of increased income generation, and these proposals will be considered by Resources and Governance Scrutiny Committee as part of the budget process. The proposals to be considered in this report total **£1.391m** and further details of the savings under the remit of this Committee are set out in more detail in table 2 below.
- 3.14 Within the **Compliance and Enforcement function total savings of c£164k** have been identified and this is made up of, the following;
- 3.15 £80k increased income from a combination of (£60k) fixed penalty notices, and (£20k) from introducing new charges for providing advice to businesses.
- 3.16 As part of looking at the overall staffing costs, savings of £20k are proposed this will be achieved through a small number of staff voluntarily taking up part reductions in their working week. This is forecast to provide savings of up to **£20k**
- 3.17 The **animal welfare service** is currently provided in house, and it is proposed to look at an alternative delivery model for this service which would impact on **2FTE's**. A tender exercise will be undertaken in order to move the service provision onto a contracted basis which is likely to reduce the flexibility that currently exists but could provide cost reductions of **£64k** subject to tender.
- 3.18 It is proposed to use additional time limited **grant funding of £137k** to replace existing mainstream budget provision within Compliance and Enforcement, particularly around the food inspection activity at Manchester Airport. This will be a one year saving only because of the time limited funding.
- 3.19 **Parks and Leisure service have identified** savings of **£0.582m**, these will be delivered through a combination of continuing to develop and increase the level of commercial income generated and increasing collaboration across leisure operators. There would be a lead in time to delivering these proposals with **an initial c£127k** being delivered in 2021/22 and the savings would increase over the following three years, the total £0.582m savings would be achieved through the following;
- Within the current approved capital programme there is c.£12m approved for investment in parks, and as part of developing the business cases to utilise this funding it is proposed that any investment decisions will include the ability to increase the income generation opportunities. Given the need for capital investment, and the time required to implement the required changes the £427k savings will be phased over a four year period, with an **initial £127k in 2021/22**. The year 1 savings are to be achieved based on the investment that has taken place in previous years and the successful commercial activities that already exist within the City's parks. Given the need to generate more commercial income the required capital investment will be focused on the larger parks, rather than the community parks.

- Within the **Leisure sector** there are a number of different arrangements in place, both within Manchester and wider across Greater Manchester, this includes both different operators and different operating arrangements. In an attempt to streamline the existing arrangements and deliver savings through economies of scale work will be undertaken to look at opportunities for collaborating with other Authorities in an effort to generate savings or increase income depending on the model adopted. Initial analysis indicates that savings of **c£155k** could be achieved but given the lead in time this would not be achieved until 2022/23. As part of the work to look at the proposals the impact of Covid-19 on leisure operations would need to be considered, and as referred to above, the likely ongoing support could make this saving more difficult to achieve, but this would be looked at as part of developing any business case.
- 3.20 Within the **Highways service** significant work has progressed over the last two years to restructure and reorganise the function to enable it to better deliver for the residents of the city. Savings of **c£0.645m** over 2021/22 and 2022/23 have been identified with minimal impact on the quality of service delivered, this includes a combination of reviewing existing charges and ensuring that income is maximised where possible, the initial proposals include identifying further opportunities to make eligible charges to the capital programme - **£270k**, seeking to ensure that any damage to highways infrastructure is recovered from the perpetrator or insurance company - **£25k**, increase the existing rates for permits and other rechargeable works. - **£75k** and increase the volume of commercial arrangements for provision of winter gritting service - **£25k**.
- 3.21 In addition to the savings above a further saving of **£250k** is proposed through a reduction in costs of accident claims/legal fees over the period. This is due to a combination of the ongoing highways investment and improved roads and footways and the reduced footfall level within the City. This would be phased £100k in 2021/22 and £150k in 2022/23.
- 3.22 **Operations and Commissioning - £5.985m**, - In continuing to develop the commercial offer and seeking to maximise external income, proposals have been identified that could provide **income of c£5.985m**, although £225k of this will be only realised in 2022/23, this includes:
- 3.23 Advertising - The tenders for the small format advertising contract were received in September and the new contract went live from January 2021. It is proposed that the income target will be increased by £1.3m per annum, following the award of the new contract.
- 3.24 Generation of a further £0.5m through advertising revenue. This will include A New large format site at Dawson St (£50k), and the introduction of a large new advertising screen in Piccadilly Gardens. The latter screen will be developed as part of the Piccadilly Gardens community scheme and could generate around £450k per annum. This will require planning permission and if planning approval is granted there will be a lead time of around six months following planning approval.

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

Other Changes

- 3.28 As referred to at 3.9 above, the Leisure contract provider GLL submitted a tender based on the generation of an initial £12m of income. Due to the impact of Covid-19 and the need for ongoing social distancing it is unlikely that the initial forecast volume of users will be achieved, and this will reduce the overall levels of income generated. Initial estimates are that the likely pressure in 2021/22 will be around £2.5m, and Council resources of £1.2m have been included within the proposed budget, and this will be topped up with any additional support received through the recent Sport England funding submission.
- 3.29 Government have extended the support for any lost income through sales, fees and charges into quarter 1 of 2021/22 and based on the current forecast the overall support to the Neighbourhood Service is likely to be c£4.435m. The largest loss will be in highways (£2.836m), and in particular the loss of off street parking income within the City Council car parks, other income losses include and £127k compliance and safety, £0.518m in parks leisure and Events, and £51k in Libraries and Galleries.
- 3.30 The waste disposal levy is paid over to Greater Manchester Combined Authority, and contributes towards their costs of funding GMWDA. Based on figures provided by GMCA the 2021/22 levy costs are to reduce by £1.320m and the budget has been adjusted accordingly.
- 3.31 As part of the 2020/21 budget ongoing investment of £330k in Domestic Violence support was approved, with an initial £100k in 2020/21 and further £230 in 2021/22. This funding will support earlier identification and intervention

working with key partners and agencies. This is a trauma informed response that provides an opportunity to resolve issues, preventing the escalation of risk and demand on services such as the Independent Domestic Violence Advisory (DVA) and the Multi Agency Risk Assessment Conference (MARAC).

3.32 Table 2 below is a summary of the Neighbourhoods saving proposals broken down by service area including the FTE impact. Whilst table 3 shows the overall change in budgets broken down by service area.

Table 2

| Service Area | Description of Saving | Type of Saving | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | Total £'000 | FTE's |
|----------------------------------|---|-------------------|------------------|------------------|------------------|------------------|----------------|-------|
| Compliance | Outsource the animal welfare service | Efficiency | (64) | | | | (64) | 2 |
| Compliance | Increase income from fines and advice | Income Generation | (80) | | | | (80) | |
| Compliance | Use EU funding to fund posts for 1 year | Income Generation | (137) | 137 | | | 0 | |
| Compliance | Source volunteers to work reduced hours | Efficiency | (20) | | | | (20) | |
| Parks, Leisure, Youth and Events | Increased Income from investment | Income Generation | (127) | (100) | (100) | (100) | (427) | |
| Parks, Leisure, Youth and Events | Leisure collaborations | Income Generation | | (155) | | | (155) | |
| Highways Service | Reduction in claims for accidents and trips | Efficiency | (100) | (150) | | | (250) | |
| Highways Service | Charge 50% of Development Specialist to capital | Income Generation | (40) | | | | (40) | |
| Highways Service | Bring in a new service to recover costs for damaged highway items | Income Generation | (25) | | | | (25) | |

| Service Area | Description of Saving | Type of Saving | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | Total £'000 | FTE's |
|------------------------------|---|-------------------|------------------|------------------|------------------|------------------|----------------|----------|
| Highways Service | Increase charges for permits | Income Generation | (25) | | | | (25) | |
| Highways Service | Recharge developers for use of the highway | Income Generation | (50) | | | | (50) | |
| Highways Service | Additional Winter gritting service to 3 rd parties | Income Generation | (25) | | | | (25) | |
| Highways Service | Charge remaining 50% of Gully/Drainage staff to capital | Income Generation | (66) | | | | (66) | |
| Highways Service | Increase fees to cover costs on external schemes | Income Generation | (164) | | | | (164) | |
| Operations and Commissioning | Small Format Advertising | Income Generation | (1,300) | | | | (1,300) | |
| | Piccadilly Gardens Adverts | Income Generation | (225) | (225) | | | (450) | |
| | Dawson St | Income Generation | (50) | | | | (50) | |
| | Off St Parking | Income Generation | (4,100) | | | | (4,100) | |
| | Bereavement Services | Income Generation | (85) | | | | (85) | |
| Total Savings | | | (6,683) | (493) | (100) | (100) | (7,376) | 2 |

Table 3

| Service Area | 2020/21 Net Budget £'000 | Approved Savings £'000 | Investment and other changes £'000 | 2021/22 Net Budget £'000 |
|------------------------------------|--------------------------------|---------------------------|---------------------------------------|--------------------------------|
| Compliance | 8,581 | (301) | 357 | 8,637 |
| Community Safety | 2,322 | 0 | 0 | 2,322 |
| Libraries, Galleries and Culture | 9,316 | 0 | 51 | 9,367 |
| Management and Directorate Support | 1,120 | 0 | 0 | 1,120 |

| Service Area | 2020/21 Net Budget £'000 | Approved Savings £'000 | Investment and other changes £'000 | 2021/22 Net Budget £'000 |
|----------------------------------|---|---------------------------------------|---|---|
| Neighbourhood Teams | 2,627 | 0 | 0 | 2,627 |
| Other Neighbourhoods | 455 | 0 | 0 | 455 |
| Parks, Leisure, Youth and Events | 7,563 | (127) | 1,718 | 9,154 |
| Operations and Commissioning | 18,730 | (1,660) | 903 | 17,973 |
| Waste Disposal Levy | 30,051 | 0 | (1,320) | 28,731 |
| Highways Service | 14,738 | (4,595) | 2,836 | 12,979 |
| Grand Total | 95,503 | (6,683) | 4,545 | 93,365 |

4. Capital Strategy

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

5. Workforce Implications

- 5.1 The workforce implications related to the savings require a reduction 2fte, and this will be managed within existing turnover across the service and Directorate.
- 5.2 To support the workforce reductions a time limited targeted Voluntary efficiency scheme was opened, and this closed on 11 December. It is expected that the required reduction in staff numbers will be achieved.

6.0 Equality Diversity and Inclusion

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

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

7. Risk Management

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

8. Legal

8.1 There are no legal implications arising from this report.

9. Consultation

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

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

10. Our Corporate Plan

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

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

| Theme | Priority |
|---|---|
| <p>1. Zero carbon Manchester <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i></p> | <p>Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO₂ emissions and improving air quality</p> |
| | <p>Deliver activities to reduce the Council's own direct CO₂ emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25</p> |
| <p>2. Growth that benefits everyone <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i></p> | <p>Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.</p> |
| | <p>Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.</p> |
| | <p>Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities</p> |
| <p>3. Young people <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i></p> | <p>All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.</p> |
| | <p>Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.</p> |
| | <p>Reduce number of children needing a statutory service.</p> |
| <p>4. Healthy, cared-for people <i>Work with partners to enable people to be healthy and well. Support those who</i></p> | <p>Take actions to improve population health outcomes and tackle health inequalities across the city.</p> |
| | <p>Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.</p> |

| Theme | Priority |
|---|---|
| <p><i>need it most, working with them to improve their lives</i></p> | <p>Enable delivery through the MLCO of the Adult Social Care transformation programme – ‘Better Outcomes, Better Lives’ – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.</p> |
| | <p>Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless</p> |
| <p>5. Housing <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i></p> | <p>Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.</p> |
| | <p>Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.</p> |
| <p>6. Neighbourhoods <i>Work with our city’s communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i></p> | <p>Enable all our diverse neighbourhoods to be clean, safe and vibrant.</p> |
| | <p>Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.</p> |
| <p>7. Connections <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i></p> | <p>Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.</p> |
| | <p>Facilitate the development of the city’s digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.</p> |
| <p>8. Equality <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester’s vision to be a progressive and equitable city.</i></p> | <p>Work together with Manchester’s citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.</p> |
| | <p>As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.</p> |
| <p>9. Well-managed council</p> | <p>Development of the future shape of the Council, along with budget reductions and savings.</p> |

| Theme | Priority |
|---|---|
| <i>Support our people to be the best and make the most of our resources</i> | Effectively manage our resources, via budget management and planning, support to managers and performance management. |
| | Carry out the work required to transform our Corporate Core. |

11. Conclusion

- 11.1 The Council continues to face a period of significant change and there are Increased demands for services alongside the need to make budget cuts. The budget strategy provides Members with details of the work that has been undertaken, and is ongoing within the Neighbourhood Directorate to ensure we are able to continue providing quality effective services to neighbourhoods across the City.
- 11.2 The proposed revenue budget for 2021/22 is a one year budget which is aligned to both the Governments one year budget settlement and the Councils one year budget proposals.
- 11.3 The Directorate budget proposals in this report have been refined following feedback from both November and January Scrutiny Committees. The report will be submitted for further Scrutiny prior to going Executive in February 2021 for review prior to going to Council in March 2021 for final approval as part of the overall Councils budget.

Appendix 1

| Subjective Heading | 2020-2021 Budget £'000 | 2021-2022 Indicative Budget £'000 |
|---|------------------------------|--|
| Expenditure: | | |
| Employees | 54,241 | 54,157 |
| Running Expenses | 106,679 | 114,287 |
| Capital Financing Costs | 4,141 | 4,141 |
| Contribution to reserves | 15,937 | 9,893 |
| Total Subjective Expenditure | 180,998 | 182,478 |
| Less: | | |
| Other Internal sales | (13,890) | (13,890) |
| Gross Expenditure | 167,108 | 168,588 |
| Income: | | |
| Government Grants | (5,419) | (2,266) |
| Contributions from Reserves | (16,786) | (23,793) |
| Other Grants Reimbursements and contributions | (2,540) | (483) |
| Customer and Client Receipts | (46,858) | (48,679) |
| Other Income | (2) | (2) |
| Total Net Budget | 95,503 | 93,365 |