

## **Executive**

### **Part Proceedings A of the meeting held on Wednesday, 17 February 2021 – 2021/22 Budget agenda items**

**Present:** Councillor Leese (Chair)

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

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

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

**Apologies:** Councillor Ollerhead

**Also present:** Councillor Newman

#### **Exe/21/18 Revenue Budget Monitoring to the end of December 2020**

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 December 2020 and the work to develop a balanced budget for 2020/21. The report continued to project a balanced budget outturn for 2020/21, reflecting what had been the situation reported in December 2020 (Minute Exe/20/134). The forecast budget shortfall from COVID-19 pressures was £58m this financial year, which was being mitigated through the Council's share of the sales, fees and charges emergency funding. The overall impact of the pandemic was forecast as being £164.4m of which £23.6m related to additional expenditure and £140.8m to loss of income. Of that total, £58m related to 2020/21 and the rest was to have a significant impact on the 2021/22 and future budgets, as the other business of the meeting was to show.

#### **Additional COVID-19 related funding**

The report detailed the additional grants that had been announced or received from the Government since the previous report in December. These were

- Adult Social Care - £1.333m Workforce Capacity Fund to enable the council to supplement and strengthen adult social care staff capacity to ensure the delivery of safe and continuous care.
- Adult Social Care - £0.842m to support increased testing in care homes, with the bulk of this to be passed on to the care homes
- Neighbourhood Services – £0.882m for cultural recovery to Manchester Art Gallery being severely financially impacted by COVID-19.
- Neighbourhood Services - £0.621m Community Champions Fund to be used to work with community-based organisations to protect those most at risk from COVID-19.

- Corporate Core - £0.379m Self Isolation Support for the administration of the Test and Trace Support Payment Scheme, which awards £500 to some individuals who are told to self-isolate by the NHS Test and Trace or the COVID-19 App.
- Corporate Core Administering Business Rates Relief New Burden - £12k for the software and administration costs of implementing the extended retail relief scheme.
- Corporate Core Council Tax Hardship New Burdens - £58k for the software and administrative costs associated with implementing the Council Tax hardship fund, which deducts £150 from council tax support claimant's council tax liability.
- Corporate Core Local Authority Discretionary Grant Fund New Burdens - £101k for the administration of the Local Authority Discretionary Grant scheme, which has provided £5.4m of support to 957 businesses not registered for business rates bills.

The use of all those grants was supported.

The report also explained that the Government had announced that the Council was to receive an Additional Restrictions Grant (ARG) top-up of £4.911m. This was in addition to the £11.698m already received, giving total ARG funding of £16.609m. The ARG could be used to facilitate a discretionary grant scheme to support those businesses that are closed but do not have a rateable value, or those who are severely impacted rather than closed and are not eligible for other forms of support. It was proposed and agreed that the support offered be expanded to include:

- £2.5m for strategically important cultural, entertainment or convention facilities in the city,
- £1.0m additional support to charities,
- £2.0m for strategically economically important businesses in the city,;
- £1.9m for childcare and day care providers,
- £460k for independent retailers with no business rates liability that have been mandated to close and can show fixed property related costs,
- £1.0m for taxi drivers, and
- £4.74m for businesses affected by a reduction in daytime or commuter trade, within the tourism and culture sector, in the airport supply chain, and self-employed company directors of small businesses without fixed property related costs.

### **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 two further use of some of these budgets to be allocated. These were agreed:

- £15,000 for Education Short breaks, being a 10% uplift due to increase in National Living Wage and the implications of Pension auto enrolment on the befriending service which supports many children and young people who may be on the edge of care.
- £441,000 for inflationary increase on the waste and street cleaning contract, mainly relating to pay award increases.

## **Virements**

The report proposed four funding virements. All those were supported and agreed:

- £489,000 from City Centre Regeneration to Policy, Partnership and Resource for the reallocation of the High Street Recovery Grant
- £276,000 from Facilities Management to several directorates, being the reallocation of security cost increases
- £387,000 from Policy, Partnership and Resource to City Centre Regeneration being the transfer of staff from planning and policy to City Centre Regeneration
- £190,000 from Education Attendance (within Children's Services non pay to pay budget transfer). The Early Help Hub and Prosecutions activity within One Education had now ended, the services had been brought in-house and this transferred the non-pay budgets to the pay budgets.

## **Other Non-COVID Related Grants in Addition to that Already Planned**

The report explained that notifications had been received in relation to specific external grants. These allocations had not been confirmed at the time of the 2020/21 budget setting processes, so confirmation of them was now being sought. These two were both supported:

- £854,000 for MHCLG Rough Sleeping and alcohol treatment for Taskforce Priority areas which have the highest numbers of people sleeping rough who have been moved into emergency accommodation during the pandemic.
- £34,000 DEFRA port health transition fund to improve performance and capacity for the airport team to deal with additional work created by EU exit.

## **Decisions**

1. To note the global revenue monitoring report and a forecast outturn position of a breakeven position.
2. To approve additional COVID-19 grants to be reflected in the budget, with £1.333m workforce capacity fund and £0.842m to support increased testing in care homes applied to the Adult Social Care as set out above.
3. To approve application of Additional Restriction Grant support for businesses, as set out above.
4. To approve the use of budgets to be allocated, as set out above.
5. To approve budget virements as described above.
6. To approve the use of unbudgeted external grant funding (non COVID-19) as set out above.

## **Exe/21/19 Capital Budget Monitoring to the end of December 2020**

The Deputy Chief Executive and City Treasurer's report informed the Executive 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 £372.1m compared to a current revised budget of £446.7m. Spend as of 31 December was £249.1m.

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 the virements of more than £500,000 to the Council for approval, and to approve those below £500,000.

The prudential indicators as at the end of December 2020 were appended to the report and were noted.

### **Decisions**

1. To recommend that the Council approve the virements over £0.5m within the capital programme as set out in Appendix 1 of these minutes.
2. To approve virements under £0.5m within the capital programme as outlined in appendix 1 of these minutes.
3. To note that approvals of movements and transfers to the capital programme, will result in a revised budget total of £372.0m to and a latest full year forecast of £372.1m. Expenditure to the end of December 2020 is £249.1m.
4. To note the prudential indicators as set out in Appendix B of the report.

### **Exe/21/20 Budget Overview and Strategy for 2021/22**

In January a report had been considered on the budget implications of the Provisional Local Government Finance Settlement 2021/22 (Minute Exe/21/5). That had given an early assessment of the Council's financial position in the next year. The Deputy Chief Executive and City Treasurer now presented a report on the Council's overall financial strategy for 2021/22 which brought together the various components of the proposed 2021/22 budget: the Revenue Budget, the Capital Strategy, and the Housing Revenue Account, showing how these would jointly continue to reflect the Our Manchester Strategy and Corporate Plan priorities.

The report explained that the Council's net revenue budget is funded from five main sources: business rates, Council Tax, government grants, dividends, and use of reserves. In recent years the on-going reductions in central government funding had increased the importance of growing and maintaining local income and local funding sources, which was now integral to the Council's financial planning. Between 2010/11 and 2021/22 the Council's spending power (as defined by government) had reduced

by £129m (21%), the average council reduction in England for the same period was 7%. For 2021/22 the situation was especially difficult: as well as the need to continue to deal with and plan for the chronic withdrawal of government funding to the Council, the Council had to address the more acute financial impacts of the COVID-19 pandemic on the Council's finances in 2021/22. The funding announced by the government in the Local Government Finance Settlement had been for a single year only, so the proposals were for the Council to adopt a one-year budget. Previously the Council had normally budgeted using a three-year financial plan.

The report presented in more detail the main elements that had been part of the Local Government Finance Settlement, which had been outlined in the January report. The assumption on the Council Tax remained as had been reported in January: that the Council would apply a 1.99% Council Tax increase in general, and a further 3% increase to provide extra funding for Adult Social Care, so a 4.99% Council Tax increase overall. In January the expected impact of the settlement on the council's 2021/22 budget was estimated at £58.87m. Since then the collection Fund position had been finalised and the estimated receipt for the Local Tax income guarantee scheme updated. The total impact on budget was now estimated at £58.7m. The summary of the being:

<b>Table 1 – The 2021/22 Settlement Budget Impacts</b>	<b>2021/22 £'000</b>
<b>Spending Power Changes:</b>	
Revenue Support Grant inflation	320
Business Rates Adjustments	752
New Homes Bonus Scheme	4,104
Lower Tier Services Grant	1,236
<b>One off COVID-19 support:</b>	
COVID-19 Emergency funding - Tranche 5	22,229
<b>Collection Fund Announcements:</b>	
Local Council Tax Support grant	5,709
Local Tax Income guarantee scheme	10,288
Continuation of the 100% Business Rate Pilot	5,131
<b>Other Announcements:</b>	
Remove pay award assumption in 2021/22	6,403
Reduced contract cost of min wage	2,529
<b>Total Impact on council budget</b>	<b>58,701</b>

The report explained that in bringing forward the final proposals for the 2021/22 budget, that shortfall had been addressed through a prudent approach to investment income, the use of fortuitous or one-off grants and income received, and through the proposed cuts that had been identified and considered over the past few months. The overall proposed revenue budget was:

<b>Table 2 – Proposed Revenue Budget</b>	<b>2021/22 £'000</b>
<b>Resources Available</b>	
Business Rates Related Funding	155,537
Council Tax	176,857

<b>Table 2 – Proposed Revenue Budget</b>	<b>2021/22 £'000</b>
Grants and other External Funding	120,243
Dividends	0
Use of Reserves	184,667
<b>Total Resources Available</b>	<b>637,304</b>
<b>Resources Required</b>	
<i>Corporate Costs:</i>	
Levies / Statutory Charge	66,580
Contingency	4,719
Capital Financing	39,507
Transfer to Reserves	1,557
<i>Sub Total Corporate Costs</i>	<i>112,363</i>
<i>Directorate Costs:</i>	
Additional Allowances and other pension costs	9,066
Insurance Costs	2,004
Inflationary Pressures and budgets to be allocated	3,230
Directorate Budgets	510,641
<i>Subtotal Directorate Costs</i>	<i>524,941</i>
<b>Total Resources Required</b>	<b>637,304</b>
<b>Shortfall / (surplus)</b>	<b>0</b>

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 set out in the report.

It was the opinion of the Chief Finance Officer that any significant budget risks to the General Fund and the Housing Revenue Account had been identified and that suitable proposals were in place to mitigate against these risks where possible. The Council's budget monitoring procedures were effective and designed to monitor high-level risks and volatile budgets. An assessment of anticipated business rates income had been carried out based on the information available and provision had been made for outstanding appeals. This was considered to be a prudent provision.

The Chief Finance Officer considered that the assumptions on which the budget has been proposed, whilst challenging, are manageable within the flexibility allowed by the General Fund balance. This, and the fact that the Council holds other reserves that could be called on if necessary, meant the Chief Finance Officer was confident that the overall budget position of the Council could be sustained within the overall level of resources available. However, to the degree that the budget savings were not achieved in a timely manner and reserves were called on to achieve a balanced position, further savings would need to be identified and implemented in order to ensure the Council's future financial stability was maintained.

## **Decision**

To note the report and the context it provided for the detailed budget reports also being considered at the meeting.

## **Exe/21/21 The 2021/22 Revenue Budget**

The previous item of business had set out the financial strategy and the approach that had been taken to develop the proposed budget for 2021/22. This joint report from the Chief Executive, and Deputy Chief Executive and City Treasurer set out the Revenue Budget proposal in more detail.

Prior to COVID-19 there had been a forecast of a £22m funding shortfall for the Council in for 2021/22. That had been forecast to rise to £80m by 2024/25. The intention had been to address those in the Medium-Term Financial Planning process. However, the significant financial impact from the COVID-19 pandemic now had to be added to those original forecasts, giving an underlying gross budget pressure of £166m for 2021/22.

Prior to the spending review mitigations and corporate measures of £57m had already been identified. In addition, it was proposed that £12m of airport dividends be re-profiled from 2020/21 to support the 2021/22 budget. This had resulted in pre-Spending Review budget gap of £97m. That was to be balanced through the additional funding announced in the Finance Settlement, other budget cuts and the proposed use of the 3% Adult Social Care precept. A breakdown of the budget cuts to be made was included in the report:

<b>Table 1 – savings proposals</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>Total £'000</b>	<b>Indicative FTE reduction</b>
Adults Services	11,597	3,326	3,477	0	18,400	0.0
Children Services	12,359	(152)	(1,309)	100	10,998	14.0
Homelessness	2,335	0	0	0	2,335	7.0
Neighbourhoods (Incl. Highways)	6,683	493	100	100	7,376	2.0
Growth and Development	2,024	591	604	(905)	2,314	22.4
Corporate Core	5,719	562	0	0	6,281	115.6
<b>Total Savings Options</b>	<b>40,717</b>	<b>4,820</b>	<b>2,872</b>	<b>(705)</b>	<b>47,704</b>	<b>161.0</b>

The budget being put forward had a total funding requirement of £637.304m, compared to the funding requirement in 2020/21 of £661.125m. The revised budget for 2020/21 now stood at a total of £859.289. The comparison of the budgets being

<b>Table 2 – Budget Comparisons</b>	<b>Original Budget 2020/21 £'000</b>	<b>Revised Budget 2020/21 £'000</b>	<b>Proposed 2021/22 £'000</b>
<b>Resources Available</b>			

<b>Table 2 – Budget Comparisons</b>	<b>Original Budget 2020/21 £'000</b>	<b>Revised Budget 2020/21 £'000</b>	<b>Proposed 2021/22 £'000</b>
Business Rates Related Funding	339,547	514,696	155,537
Council Tax	174,465	174,465	176,857
Grants and other External Funding	66,642	131,823	120,243
Dividends	15,810	900	0
Use of Reserves	69,661	37,405	184,667
<b>Total Resources Available</b>	<b>666,125</b>	<b>859,289</b>	<b>637,304</b>
<b>Resources Required</b>			
<i>Corporate Costs:</i>			
Levies / Statutory Charge	71,327	67,851	66,580
Contingency	860	300	4,719
Capital Financing	44,507	44,507	39,507
Transfer to Reserves	18,263	199,474	1,557
<i>Sub Total Corporate Costs</i>	<i>134,957</i>	<i>312,132</i>	<i>112,363</i>
<i>Directorate Costs:</i>			
Additional Allowances and other pension costs	9,580	9,066	9,066
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	10,271	970	3,230
Directorate Budgets	509,313	535,117	510,641
<i>Subtotal Directorate Costs</i>	<i>531,168</i>	<i>547,157</i>	<i>524,941</i>
<b>Total Resources Required</b>	<b>666,125</b>	<b>859,289</b>	<b>637,304</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>

This budget was based on the assumption that the Council's element of Council Tax would increase by 1.99% along with a further 3% 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 4.7%.

The assumption for the council tax collection rate was 94.5%. This was reduced from 2020/21 as a result of the reduced collection being experienced due to the pandemic.

The details of the business rate calculations, forecasts and assumptions were set out in the report, as well as the financial changes arising from the business rate related grants and funding the government had provided to support businesses, and the reliefs provide to business badly affected by the measures to control the COVID-19 pandemic.

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

<b>Table 3 - Other Non-Ringfenced Grants and Contributions</b>	<b>2021/22 £'000</b>
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<b>Table 3 - Other Non-Ringfenced Grants and Contributions</b>	<b>2021/22 £'000</b>
Better Care Fund (Improved)	30,815
Children's and Adult's Social Care Grant	23,877
Lower Tier Services Grant	1,236
New Homes Bonus	8,330
Contribution from MHCC	4,000
GMCA Rebate	0
Education Services Grant	1,200
Housing Benefit Admin Subsidy	2,514
Fortuitous Income (one off)	0
R&B additional grants (New Burdens)	0
Council Tax Support Admin Subsidy	856
Care Act Grants	95
Business Rates Returned Levy	
COVID 19 Emergency funding	22,229
Local Council Tax Support grant	5,709
COVID grant for Sales, fees and charges losses	4,481
Loan Income from Airport	14,901
<b>Total Non Ring-fenced Grants</b>	<b>120,243</b>

Use of reserves to support the corporate revenue budget was £34.461m in 2020/21 and was proposed to be £187.141m in 2021/22. The report noted that the 2021/22 amount included £139.075m relating to Business Rates Section 31 grant for Extended Retail relief.

No new Airport Dividend from the Manchester Airport Group was being budgeted for in 2021/22. Likewise, no dividend income was being budgeted for Manchester Central, NCP Manchester Central, and Manchester Piccadilly. The report explained the plan to utilise the 2020/21 closing balance of the Airport Dividend Reserve over the next three years.

The report then went on to examine the use of resources and the proposed revenue expenditure by the Council in 2021/22. The forecast of levy payments the Council would have to make to other authorities in 2021/22 was:

<b>Table 4 – Levy Payments to other Bodies</b>	<b>Proposed 2021/22 £'000</b>
Transport Levy	37,525
GM Waste Disposal Authority	28,731
Environment Agency	230
Probation (Residual Debt)	7
Magistrates Court (Residual Debt)	9
Port Health Authority	78
Statutory Charge to GMCA	0
<b>Net Cost of Levies</b>	<b>66,580</b>

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.

A contingency provision of £4.719m was being proposed, including:

- £1.254m in relation to risks around the waste levy and collection;
- a £2.8m contingency until the pay negotiations for local government employees had been concluded; 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 £39.507m was to cover the costs of borrowing. In 2021/22 that was forecast to include:

- interest costs of £22.8m;
- interest receivable of £43.9m;
- Minimum Revenue Provision (MRP) of £31.1m, being the provision for the repayment of debt incurred to fund an asset, spread over the useful economic life of the asset;
- Debt Management Expenses of £3.5m; and
- contributions to the Capital Fund Reserve of £26.0m.

Specific transfers to reserves of £1.557m were being proposed in 202/22, and those were explained in the report.

Allowances of £9.066m 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 £3.23m, broken down into:

<b>Table 5 – Inflationary Pressures to be Allocated</b>	<b>2021/22 £'000</b>
Non-Pay Inflation	1,981
Pay Inflation	0
Pension Contribution	0
Apprenticeship Levy 0.5%	999
Further pressures including Domestic Violence Prevention	0
Digital City work	250
Electricity and gas savings	
Contribution to Cemeteries Reserve	0
<b>Total</b>	<b>3,230</b>

Not included in these figures was the allocation relating to the Health and Social Care pooled budget as they had been included within Adult Social Care cash-limit budget: £1.9m for the National Living Wage and £1.6m for non-pay inflation.

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 as part of the Council's risk management approach or where it is appropriate to meet corporate costs.
- 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
- 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
- Schools reserves – direct schools funding which the Council cannot utilise

The report set out the planned use of reserves in 2021/22 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 2021 was £11.573m. It was estimated that £10.174m would be added to these reserves during 2021/22 and £5.092m used to support the transport levy and £4.694m to fund eligible spend with the Neighbourhoods directorate. This would leave a balance of £11.961m at the year-end.

The total planned use of reserves was:

<b>Table 6 – Planned use of Reserves</b>	<b>2021/22 £'000</b>
<b>Reserves directly supporting the revenue budget:</b>	
COVID-19 Emergency Funding tranche 1	
Business Rates Reserve	155,633
Budget smoothing reserve	11,266
Bus Lane (supporting Transport Levy)	5,092
Capital Fund - Supporting the revenue budget	7,763
Airport Dividend Reserve	4,913
<b>Sub Total reserves directly supporting the revenue budget</b>	<b>184,667</b>
<b>Smoothing prior to mainstreaming in 2022/23</b>	
Anti Social Behaviour Team	540
Social care Reserve – to fund investment into Children's Social Care	7,446
Adult Social Care - to fund investment into the Improvement Plan	6,150
Our Manchester Reserve	2,802
<b>Sub Total to be mainstreamed</b>	<b>16,938</b>
Bus Lane and Parking reserves	4,694
Other Statutory Reserves	308

<b>Table 6 – Planned use of Reserves</b>	<b>2021/22 £'000</b>
<b>Balances Held for PFI's</b>	349
<b>Reserves held to smooth risk / assurance:</b>	
Transformation Reserve	333
Other Reserves held to smooth risk / assurance	6,717
<b>Reserves held to support capital schemes:</b>	
Capital Fund	13,137
Investment Reserve	1,819
Manchester International Festival Reserve	1,060
Eastlands Reserve	5,248
Enterprise zone reserve	1,061
Other reserves held to support capital schemes	0
<b>Reserves held to support growth and reform:</b>	
Clean City Reserve	0
Better Care Reserve	3,375
Town Hall Reserve	3,075
Other Reserves to support growth and reform	1,150
Direct grants for Grants COVID-19 responsibilities	12,588
<b>Grants and Contributions used to meet commitments over more than one year</b>	1,958
<b>Small Specific Reserves</b>	671
<b>School Reserves</b>	0
	<b>259,149</b>

The report set out the purpose of these and Appendix 3 of the report showed the annual movement and projected balances to April 2025. Earmarked reserves were forecast to reduce from £349m to £98m.

The proposals for the Directorates' cash limit budgets were detailed in the Directorate Budgets 2021/22 reports that were also being considered at the meeting (Minute Exe/21/22 to 21/27 below). The overall position was:

<b>Table 7 – Directorate Budgets</b>	<b>Gross Budget 2021/22 £'000</b>	<b>Net Budget 2021/22 £'000</b>
Children's	509,879	118,761
Health and Social Care Pooled Budget contribution for ASC	273,383	218,911
Adult Social Care - services out of scope of Pooled Budget	7,781	4,856
Homelessness	56,087	27,495
Corporate Core	323,773	65,501
Neighbourhoods	168,588	64,535
Growth and Development	58,508	10,582
<b>Total</b>	<b>1,397,999</b>	<b>510,641</b>

The report explained that the budget proposals would have a direct workforce impact. In order to support the delivery of the required budget there was a need to deliver

savings of £5.442m from the workforce. This required an indicative FTE reduction of 161 positions, split between vacant and occupied posts. This was an indicative FTE reduction and the exact number and split between vacant and occupied posts was to be determined as the workforce savings proposals were implemented. The detailed proposals were set out within the individual Directorate Budget Reports elsewhere on the agenda for this meeting.

To support the achievement of the workforce savings an Efficiency Early Release Scheme (comprising Efficiency Severance and Early Retirement) had been approved by Personnel Committee in November 2020 (Minute PE/20/22). The scheme had now closed. The success of that scheme would be dependent on the numbers of staff accepting their severance offers and the ability of the organisation to facilitate workforce movement where required.

The summary of the workforce implications and staff reductions was:

Table 8 – Workforce Implications	2020/21 Posts	2020/21 Saving Proposals Gross FTE Impact (Indicative)					
		Vacant Posts		Occupied Posts		Total	
	FTE	FTE	£'000	FTE	£'000	FTE	£'000
MHCC Pooled Budget	1,529.11	0.0	0	0.0	0	0.0	0
Adult Social Care – Services out of scope of Pooled Budget	52.50	0.0	0	0.0	0	0.0	0
Homelessness	276.00	3.0	89	4.0	159	7.0	248
Children and Education Services	1,316.00	8.5	191	5.5	247	14.0	438
Corporate Core	1,733.25	53.8	1,978	61.8	2,015	115.6	3,993
Neighbourhoods (including Highways)	1,470.00	0.0	0	2.0	64	2.0	64
Growth and Development	650.40	22.4	699	0.0	0	22.4	699
<b>Total</b>	<b>7,027.26</b>	<b>87.7</b>	<b>2,957</b>	<b>73.3</b>	<b>2,485</b>	<b>161.0</b>	<b>5,442</b>

## Decisions

1. To note that the financial position has been based on the Final Local Government Finance Settlement announced on 4 February together with any further announcements at that date.
2. That the resources available to the Council 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 (including Covid-19 allocations).
3. To note the anticipated financial position for the Authority for the period of 2020/21 to 2021/22 which is based on all proposals being agreed.
4. Note that the Capital Strategy and Budget 2020/21 to 2024/25 have been presented alongside this report (Minute Exe/21/xxx below).

6. To note the Deputy Chief Executive and City Treasurer's review of the robustness of the estimates and the adequacy of the reserves. This is covered in the previous report (Minute Exe/21/xx above).
7. To recommend that the Council approve, as elements of the budget for 2021/22:
  - 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 3% Adult Social Care precept increase. If agreed, it is proposed to prioritise this resource to support care budget pressures and notably the impact of COVID-19 on care for residents both to support new and increased needs and complexity.
  - b. the contingency sum of £1.854m.
  - c. corporate budget requirements to cover levies/charges of £66.731m, capital financing costs of £39.507m, additional allowances and other pension costs of £9.066m and insurance costs of £2.004m.
  - d. the inflationary pressures and budgets to be allocated sum of £3.671m; 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 health and social care elements of these costs have already been included in the Pooled Budget. The use of these budgets will be agreed with the Manchester 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 £9.786m in 2021/22 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.
  - 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 etc.
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 and the Chief Executive of the MLCO.
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 approve the gross and net Directorate cash limits as set out in Table 7 above.
11. To approve the in-principal contribution to the Health and Social Care Pooled Budget, and subject to the future approval of a new S75 Agreement.
12. 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.
13. 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,
14. To approve, in principle, implementation of any new business rate reliefs in 2021/22 or changes as announced by Government in the Chancellor's Spring Budget on 3 March, which will increase the relief offering to businesses, noting that the business rates bills will not be issued until after the Spring Budget announcement and any changes have been actioned.
15. To recommend that the Council approve and adopt the budget for 2021/22.

### **Exe/21/22 Children and Education Services Budget 2021/22**

The report of the Strategic Director explained how the budget proposals for the Directorate had been developed and subjected to analysis by Scrutiny Committees over the previous months. Possible budget saving proposals had been put forward in November and refined and modified in response to the views of councillors and other stakeholders.

For 2021/22 the total of identified savings was £12.359m. There was confidence that those were deliverable. The savings were detailed in the report and listed in the appendix to the report. The options developed by officers had reflected the Directorate's budgetary approach:

- Options for cost avoidance and those associated with the delivery of services to children with high/complex needs through transforming services and increasing the range and choice of placements (sufficiency)
- Options to accelerate the pace and ambition of collaboration with partners
- Options which aim to remove duplication and develop a shared understanding of how services could deliver tasks effectively and efficiently. These include options for service reductions which would enable the Directorate to deliver a balanced budget whilst enabling the Council to meet its statutory duties
- Options for income generation

Having applied the proposed savings, and other changes needed to deal with new demands within the directorate, the net budget for the Directorate was:

	<b>2020/21 Budget £'000</b>	<b>Approved savings £'000</b>	<b>Other Changes £'000</b>	<b>2021/22 Budget £'000</b>
Children's Safeguarding	110,073	-10,220	5,753	<b>105,606</b>
Education	17,466	-1,929	274	<b>15,811</b>
Core and Back Office	4,689	-210	0	<b>4,479</b>
<b>Total</b>	<b>132,228</b>	<b>- 12,359</b>	<b>6,027</b>	<b>125,896</b>

It was noted that the Directorate Budget report had also been considered at a recent meeting of the Children and Young People Scrutiny Committee where the committee expressed its concerns about the Council's financial position and the impact on the Directorate budget (Minute CYP/21/08).

## **Decision**

To approve the Directorate budget proposals as set out in the report.

## **Exe/21/23 Adult Social Care and Population Health Budget 2021/22**

A report by the Strategic Director explained that for 2021/22, the budget plan for Adult Social Care was to be essentially part of the Manchester Local Care Organisation (MLCO) Operational Plan. The MLCO Operating Plan for 2021/22 was currently in development, with a final draft of the plan expected by the end of April 2021. The MLCO Operating Plan for 2021/22 would comprise:

- an overarching organisation-wide Operating Plan for 2021/22;
- 13 INT service plans;
- service plans for the specialist community (health and social care) services provided to the residents of Manchester that would interact with, but may be delivered on a wider scale than in our neighbourhoods, such as specialist podiatry services or our citywide equipment services; and
- a financial strategy and budget plan for 2021/22.

The priorities within the plan were to be:

- A population health driven approach to service planning and delivery; supporting prevention programmes to improve the health of the people of Manchester
- Consolidating and strengthening our neighbourhood approach; supporting our 12 Integrated Neighbourhood Teams (INTs) to make an impact on their communities and continuing to integrate the operations of our community health and social care teams
- Continue to design and deliver safe, effective and efficient services to people in our communities
- Mobilising primary care leadership at the heart of the MLCO; formalising the governance between primary care and MLCO to ensure joint working with the new Primary Care Networks



- Playing a lead role in system resilience; helping people get the right care in the right place with a community first ethos
- Deliver the agreed phased approach to the increasing scope of the MLCO as an integrated health and care organisation; delivering public service reform in the place

The report examined the elements of the Council's own budgets that were within and outside of the pooled budget arrangements for the MLCO. The key changes and pressures that had been addressed in 2021/22 were set out, as were the savings proposals where such had been possible. The overall budget was therefore:

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

It was noted that the budget report had also been considered at a recent meeting of the Health Scrutiny Committee and the committee had endorsed the proposals in the report (Minute HSC/21/09).

## **Decision**

To approve the Directorate budget proposals as set out in the report.

## **Exe/21/24 Neighbourhoods Directorate Budget 2021/22**

The report of the Strategic Director explained how the budget proposals for the Directorate had been developed and subjected to analysis by Scrutiny Committees over the previous few months. Possible budget saving proposals had been put forward in November and refined and modified in response to the views of councillors and other stakeholders. The Neighbourhoods Directorate had identified savings of

£7.376m which would require a staffing reduction of 2 FTE. Due to the lead in time involved in some of the changes that £7.376m would be phased over the period 2021/22- 2024/25, with an initial £6.683m being delivered in 2021/22. Each of the proposed savings was described in the report and a schedule of all the savings was appended to the report. Other changes and investments needed were also set out in the report. Taken together, the budget proposals were:

<b>Service Area</b>	<b>2020/21 Net Budget £'000</b>	<b>Approved Savings £'000</b>	<b>Investment and other changes £'000</b>	<b>2021/22 Net Budget £'000</b>
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
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
<b>Total</b>	<b>95,503</b>	<b>(6,683)</b>	<b>4,545</b>	<b>93,365</b>

One of the proposals in the budget report was to avoid £110,000 of future costs by withdrawing the operating subsidy to the Wythenshawe Indoor Market. It was proposed that the indoor market be closed, and that support be offered to the traders to access alternative sites in the outdoor market or elsewhere within the City. The meeting was addressed by Councillor Newman, a Woodhouse Park Ward councillor, who spoke against this proposed saving. Councillor Newman explained the importance of the indoor market as an iconic feature of the town's centre. Closure of the market at the end of March 2021 would be a blow to the morale of the members of the local community who, like many others in the city, have suffered many hardships and difficulties throughout the pandemic. He asked if the Executive would consider continuing the subsidy for a further six months to allow time for the local councillors and the council's staff to work with the traders and the Wythenshawe Town Centre managers to develop a plan to ensure the financial sustainability of the market.

In response to this the Deputy Chief Executive and City Treasurer explained that the Government had recently announced that the Council was to receive a further £50,000 of New Burdens funding that had not been anticipated, and the application of that money would release the funds from elsewhere to allow the market subsidy to continue for six months. The Executive was therefore happy to support Councillor Newman's request and to recommend the appropriate adjustment be made to the Neighbourhoods Directorate budget.

It was noted that the Directorate Budget had also been considered at a recent meeting of the Communities and Equalities Scrutiny Committee (Minute

CESC/21/08), and also at a meeting of the Neighbourhoods and Environment Scrutiny Committee (Minute NESC/21/09). The views of each committee were noted.

## Decision

To approve the Directorate budget proposals as set out in the report, amended to include the addition of the funds to allow the Wythenshawe Indoor Market subsidy to continue until the end of September 2021.

## Exe/21/25 Homelessness Directorate Budget 2021/22

The report of the Director explained how the budget proposals for the Directorate had been developed and subjected to analysis by Scrutiny Committees over the previous few months. Possible budget saving proposals had been put forward in November and refined and modified in response to the views of councillors and other stakeholders. the Homelessness savings proposals would deliver £2.335m in 2021/22. Each of the proposed savings was described in the report and a schedule of all the savings was appended to the report. Other changes and investments needed were also set out in the report. Taken together, the budget proposals were:

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

It was noted that the Directorate Budget report had also been considered at a recent meeting of the Neighbourhoods and Environment Scrutiny Committee and the committee had endorsed the budget proposals (Minute NESC/21/10).

## Decision

To approve the Directorate budget proposals as set out in the report.

## **Exe/21/26 Growth and Development Directorate Budget 2021/22**

The report of the Strategic Director explained how the budget proposals for the Directorate had been developed over the previous few months, and subjected to analysis by Scrutiny Committees. Possible budget saving proposals had been put forward in November and refined and modified in response to the views of councillors and other stakeholders. The Directorate had identified proposed budget reductions of £2.314m. Those would involve a staffing reduction of 22 FTE. Due to lead in time around required investments and timing on the ability to exit some contracts and leases, the £2.314m would be phased over the period 2021/22- 2024/25, with an initial £2.024m being delivered in 2021/22. Each of the proposed savings was described in the report and a schedule of all the savings was appended to the report. Other changes and investments needed were also set out in the report. Taken together, the budget proposals were:

<b>Service Area</b>	<b>2020/21 Net Budget £'000</b>	<b>Approved savings £'000</b>	<b>Investment and other changes £'000</b>	<b>2021/22 Net Budget £'000</b>
City Centre Regen	1,234	0	2,000	<b>3,234</b>
Strategic Development	164	0	0	<b>164</b>
Facilities Management	9,687	(270)	0	<b>9,417</b>
Housing and Residential Growth	1,445	(190)	(100)	<b>1,155</b>
Operational Property	8,145	(646)	(1,000)	<b>6,499</b>
Planning, Building Control and Licensing	(588)	(393)	751	<b>(230)</b>
Investment Estate	(11,904)	(375)	2,999	<b>(9,280)</b>
Work and Skills and MAES	1,773	(150)	0	<b>1,623</b>
<b>Total</b>	<b>9,956</b>	<b>(2,024)</b>	<b>4,650</b>	<b>12,582</b>

At the meeting it was explained that the proposed saving of £393,000 from Planning and Building Control was linked to a review and restructuring of that service. That review was underway and so the actual extent of the savings that could be achieved would depend on that outcome of that work. The budget being proposed in the report might therefore need to be amended during the year to take account of this.

It was noted that the Directorate Budget report had also been considered at a recent meeting of the Economy Scrutiny Committee and the committee had endorsed the proposals in the report (Minute ESC/02/11).

### **Decision**

To approve the Directorate budget proposals as set out in the report.

## **Exe/21/27 Corporate Core Budget 2021/22**

The report of the Strategic Director explained how the budget proposals for the Directorate had been developed over the previous few months, and subjected to analysis by Scrutiny Committees. Possible budget saving proposals had been put forward in November and refined and modified in response to the views of councillors and other stakeholders. The Core Directorate had identified proposed budget reductions of £6.281m which would involve a staffing reduction of 115.1 FTE. As part of advance preparation for the proposed budget reductions, and the need to reduce staff numbers, services had not been recruiting unless the post was considered to be essential. There were currently 54 vacancies identified as being able to contribute towards the overall staff reduction. The report described each of the proposed savings and staffing reductions in detail. It also set out the other changes that had been made as part of developing the overall budget plan for the next year. Taken together the proposed budget was:

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

At the meeting it was announced that a further saving was going to be sought through reductions in the allowances and expenses paid to some councillors. The desire was to suspend the expenses payments to the Deputy Lord Mayors for a period of three years, and also to suspend for three years the Special Responsibility Allowances (SRA) for two Executive Members, two Assistant Executive members, and the Deputy Chair of the Planning and Highways Committee. It was also desired that the SRA payments that applied to roles within the Opposition Group on the Council should be reduced from three to one. If those changes were made then there would be further savings to be applied to the Corporate Core budget on top of those already being proposed in the report.

It was noted that the Directorate Budget report had also been considered at a recent meeting of the Resources and Governance Scrutiny Committee and the committee had endorsed the proposals in the report (Minute RGSC/21/11).

## **Decision**

To approve the Directorate budget proposals as set out in the report, and to recommend that the Council considers how to secure additional savings from councillors' expenses and allowances.

## **Exe/21/28 School Budget 2021/22**

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 2021/22 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 £602.626m. The overall increase in grant compared to 2020/21 was £42.477m. The most significant elements of that increase were

- £10.611m increase in the school block
- £9.184m uplift in the high needs block
- £19.498m for the transfer of the Teacher's Pay Grant and Teacher's Pension Grants into the DSG

The breakdown of the DSG in 2021/22, compared to 2020/21 would be:

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

It was noted that the Schools Budget report had also been considered at a recent meeting of the Children and Young People Scrutiny Committee where the committee expressed its concerns about the Council's financial position and the impact on the education budgets (Minute CYP/21/09).

## **Decision**

To approve the schools' budget proposals as set out in the report.

## **Exe/21/29    Housing Revenue Account 2021/22 to 2023/24**

Councillor Midgely declared a personal interest in this item of business, knowing an employee of Northwards Housing.

A joint report by the Strategic Director (Growth and Development) and Deputy Chief Executive and City Treasurer presented the proposed budget for the Housing Revenue Account (HRA) for 2021/22 and indicative budgets for 2022/23 and 2023/24.

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

- the Council had to formulate proposals for 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 manages around 15,500 properties within the HRA. The arrangements included PFI schemes and the stock managed by either Northwards Housing or other Registered Social Landlords. During 2020/21 the Council was anticipating selling around 80 properties under the Right to Buy scheme.

Included in the report was the forecast for the HRA in 2020/21 to have an in-year surplus of £5.148m, compared to the original balanced budget set in 2020 (Minute Exe/20/18). The main reasons for that variation were explained in the report. They were mainly due to underspending on the revenue contributions to capital outlay (RCCO).

In 2020/21 the Government had allowed local authorities to increase rents by a maximum of the Consumer Prices Index (CPI) plus 1%. That provision was to continue up to 2024/25. The CPI at September 2020 had been 0.5% so the report proposed that tenants' rents for all properties should increase by 1.5% in April 2021.

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 10% with effect from April 2021. 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 vary the current heating charges by between +5% and -20%. 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 2021/22. More than half the properties involved would see their gas heating charge decrease, with the average being around a 5% reduction.

Given that a change in the control of the housing stock currently being managed by Northwards Housing was being considered (Minute Exe/21/15) it was felt that the Management Fee for Northwards should continue at the level agreed 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 2021/22 garage rents be increased by 1.5%, which would see an increase in the rental of between 3p and 7p per week. The charges being:

<b>Table 1 – Garage Rents</b>	<b>Weekly Charge 2020/21</b>	<b>Weekly Charge 2021/22</b>	<b>Weekly Increase</b>
<b>Site Only</b>	£1.90	£1.93	£0.03
<b>Prefabricated</b>	£4.22	£4.28	£0.06
<b>Brick Built</b>	£4.96	£5.03	£0.07

The report also explained the other key changes in the HRA budget for 2021/22, and the full budget was presented as set out below.

<b>Table 2 – the HRA Budget</b>	<b>2020/21 (Forecast) £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
<b>Income</b>				
Housing Rents	(61,027)	(61,617)	(62,813)	(64,034)
Heating Income	(623)	(533)	(543)	(554)
PFI Credit	(23,374)	(23,374)	(23,374)	(23,374)
Other Income	(984)	(1,132)	(1,107)	(1,083)
Funding (from)/to General HRA Reserve	5,148	(16,494)	(15,448)	4,952
<b>Total Income</b>	<b>(80,860)</b>	<b>(103,150)</b>	<b>(103,285)</b>	<b>(84,093)</b>
<b>Expenditure</b>				
R&M & Management Fee	21,097	25,415	24,170	23,368
PFI Contractor Payments	34,084	32,476	33,054	32,303
Communal Heating	607	532	542	553
Supervision and Management	5,391	5,254	5,319	5,356
Contribution to Bad Debts	547	930	1,264	1,611
Depreciation	17,378	18,435	18,602	18,790
Other Expenditure	1,393	1,105	931	949
RCCO	(2,416)	16,241	16,673	(1,539)
Interest Payable and similar charges	2,779	2,762	2,730	2,702
<b>Total Expenditure</b>	<b>80,860</b>	<b>103,150</b>	<b>103,285</b>	<b>84,093</b>
<b>Total Reserves:</b>				
Opening Balance	(111,871)	(117,019)	(100,525)	(85,077)
Funding (from)/to Revenue	(5,148)	16,494	15,448	(4,952)
<b>Closing Balance</b>	<b>(117,019)</b>	<b>(100,525)</b>	<b>(85,077)</b>	<b>(90,029)</b>

It was noted that an earlier version of the HRA budget report had also been considered at a meeting of the Resources and Governance Scrutiny Committee in January where the committee had noted the proposals in the report (Minute RGSC/21/05).

## Decisions



1. To note the forecast 2020/21 HRA outturn as set out in the report.
2. To approve the 2021/22 HRA budget as set out above and note the indicative budgets for 2022/23 and 2023/24.
3. To approve the proposed 1.5% increase to dwelling rents, and to delegate authority to set individual property rents to the Director of Housing and Residential Growth and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.
4. To approve the proposal that where the 2021/22 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 2021/22 changes for communal heating charges as detailed in the report.
6. To approve the proposals for 2021/for the 22 Northwards management fee as set out in the report.
7. To approve the proposed increase in garage rental charges as set out above.

### **Exe/21/30 Capital Strategy and Budget 2020/21 to 2024/25**

Councillor Midgely declared a personal interest in this item of business, knowing an employee of Northwards Housing.

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 2024/25 comprised the continuation of the existing programme. For continuing schemes, the position was based on that set out in the report on Capital Programme Monitoring 2020/21, also being considered at this meeting (Minute Exe/21/19 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 £479.6m in 2021/22, £331.8m in 2022/23, £135.1 in 2023/24 and £36.3m in 2024/25. A summary of the programme was:

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

The proposed funding for the programme in 2021/22 was:

Table 2 – Funding in 2021/22	Housing Programmes		Other Programmes	Total
	HRA	Non-HRA		
	£m	£m	£m	£m
Borrowing	0.0	0.7	257.8	258.5
Capital Receipts	1.6	3.3	25.1	30.0
Contributions	0.0	0.4	36.4	36.8
Grant	1.8	10.4	97.4	109.6
Revenue Contribution to Capital Outlay	36.8	0.0	7.9	44.7
<b>Total</b>	<b>40.2</b>	<b>14.8</b>	<b>424.6</b>	<b>479.6</b>

The revenue budget proposals set out in the report on the Revenue Budget 2021/22 included provision to finance this level of borrowing (Minute Exe/21/21 above).

The report explained that a number of schemes which had been developed and were ready for inclusion in the capital programme. Support was given for five capital budget changes. Taken together these schemes would increase the capital

Programme by £0.186m in 2020/21 and by £32.495m in 2021/22, funded by external contributions and government grant. Approval was given to:

- Highways: City Centre (Triangle) Active Travel Fund Scheme – a capital budget increase of £4.0m in 2021/22.
- Highways: Wythenshawe Active Travel Fund Scheme - a capital budget increase of £1.5m in 2021/22.
- Growth: Public Sector Decarbonisation Scheme - a capital budget increase of £0.041m in 2020/21 and £22.943m in 2021/22.
- Private Sector Housing: Social Housing Decarbonisation Fund - a capital budget increase of £0.075m in 2020/21 and £3.045m in 2021/22.
- Additional Disabled Facilities Grant (DFG) - a capital budget increase of £1.007m in 2021/22.

## **Decisions**

The Executive is requested to:

1. To approve and recommend the report to Council.
2. To approve under delegated powers the five capital budget changes set out above.
2. To note the capital strategy.
3. To note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2020/21.
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 2020/21 to 2024/25 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

## **Exe/21/31 Treasury Management Strategy Statement 2021/22, including Borrowing Limits and Annual Investment Strategy**

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 2021/22 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 recommend 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 these changes to Council.

**Exe/21/38 Appendix to the Minutes**

**Appendix 1 – Capital Project Budget Virements (for Minute Exe/21/19)**

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

<b>Project Name</b>	<b>2020/21 In year virement proposed</b>	<b>2021/22 In year virement proposed</b>	<b>2022/23 In year virement proposed</b>	<b>2023/24 In year virement proposed</b>
Newton Heath Troydale and Croyden Drive Low Rise Estates	-52	-32		
Retirement blocks various works				115
Retirement blocks lift replacement apprentice and edward grant courts		-114		
Delivery Costs	-325	-7		
Improvements to Homeless accommodation city wide		-12		
Improvements to Homeless Accommodation Phase 2			12	
Delivery Costs	-17			
Adaptations		-52		
Various Locations - Adaptations			52	
Delivery Costs	-2	-4		
Northwards Housing Programme - Unallocated	528	163	-96	-133
<b>Total Public Sector Housing (HRA) Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Plymouth Grove Refurbishment	-85			
Piper Hill Special School	15			
SEND Expansions - Melland and Ashgate	3			
Basic need - unallocated funds	67			
Lily Lane Prim Windows		50		
St. Augustine's	-2			
Mauldeth Road Rewire	-94			
Button Lane Primary Fire Alarm	-25			
Charlestown Comm Fire Alarm/Lighting	-38			
Northenden Primary Pipework and Radiators	-23			
Crowcroft Park roof repairs	-79			
Abbott Kitchen ventilation	-60			
Manley Park Primary roof repairs	-50			
Schools Capital Maintenance - unallocated	371	-50		
<b>Total Children's Services Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Internet Resilience	-3			
ICT Investment Plan	3			
<b>Total ICT Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>