

## **Appendix 2 – Revenue Budget Strategy**

### **Growth and Development Revenue Budget Strategy**

The Growth and Development Directorate has a gross budget of £38.737m and a net income budget of £9.643m, employing 427.6 FTEs. The breakdown by service area is provided in the table below:

#### **Base budget 2021/22**

<b>Service Area</b>	<b>2021/22 Gross Budget</b>	<b>2021/22 Net Budget</b>	<b>2021/22 Budgeted Posts (FTE)</b>
	<b>£'000</b>	<b>£'000</b>	
Investment Estate	8,595	(12,879)	28.8
Manchester Creative Digital Assets	1,172		
Growth & Development	364	164	2.6
City Centre Regeneration	3,249	1,275	25.8
Housing & Residential Growth	3,419	1,155	34.9
Planning, Building Control & Licensing	7,430	(981)	122.1
Work & Skills	2,177	1,623	25.6
MAES	9,946	0	182.0
Our Town Hall Project	2,385	0	5.8
<b>Total</b>	<b>38,737</b>	<b>(9,643)</b>	<b>427.6</b>

In addition to the Growth and Development Directorate, the Highways service falls under the remit of this scrutiny panel and details of the Highways revenue budget and capital investment is set out at Appendix 4

#### **Changes to the 2022/23 Budget Approved 2022/23 Savings.**

Members will recall that the 2021/22 approved City Council budget identified over £48m savings over the three years 2021/22 - 2023/24. Of these savings £1.408m related to Growth and Development. The 2021/22 savings of £1.108m are on track to be achieved in 2021/22, although the £393k savings from holding/deleting Planning and Building control vacancies is not ongoing and is included in the paragraph below.

The approved savings did not include any additional savings for 2022/23, but there are a further £300k of investment estate savings approved for 2023/24 and this is to be delivered through establishing a new ground rental portfolio secured against long leasehold disposal of land as part of the Victoria North development.

MAES is funded through external Government grants and following a change in the funding regime the approved funding is not sufficient to meet the existing costs of the service. To ensure the service is sustainable and reduce the requirement to use reserves a service redesign has been undertaken and this has resulted in a reduction in staff numbers. This has been managed by a combination of voluntary severance scheme and the M people process. In 21/22 (29) staff have already left and further staff reductions are proposed for 2022/23 to ensure a sustainable budget going forward.

### **Proposed Changes to the 2022/23 Budget**

As referenced above the 2021/22 budget process included £393k savings in respect of holding/deleting 11 posts in planning and building control. Whilst the service redesign is expected to be completed in the first quarter of 2022, it will take time to implement the changes and recruit to all the posts. To allow for service delivery, and succession planning it is necessary to amend the structure and invest in some areas, therefore is anticipated that ongoing savings of c£150k will be realised from reduced staffing costs across planning and building control. This will require alternative savings of £243k to be identified and delivered in 2022/23.

To allow the Strategic Director time to review service options it is planned that the ongoing savings requirement of £243k will be managed through a combination of staff savings from vacant posts while posts are recruited to and income in 2022/23 whilst longer term ongoing options are developed.

### **Covid Implications on Income**

As part of the 2021/22 budget, additional support was provided to allow for reduced income due to Covid. Growth and Development received one off budget support of £0.7m and this was made up of investment estate (£301k) and planning building control (£399k). This was one off support in 2021/22 and has been removed in 2022/23.

### **Inflationary Pressures**

Budgets have been updated to reflect the employers National Insurance increase of 1.25%, (£40k) to fund the 'social care levy'.

Provision has been made for inflationary price increases and potential pay awards. This is held centrally and will be allocated to service budgets when the details are available.

### **Increased Vacancy Provision**

A 1% increase to the vacancy factor would more accurately reflect the fact that many employees are not at the top of the grade and the current levels of turnover and would generate budget savings of c.£2m across the council. Growth and Development services have been allocated £59k of this which is reflected in the 2022/23 indicative budget

## Demand and Demographic Pressures

With the changes to the Building Safety Act and in relation to Fire Safety following the Hackitt Review, Building Control will be at the forefront of delivering new mandatory standards and a review of the team has commenced. The review will be looking to address existing issues around staff retention, and future proofing the service, but also the additional demands that the changes will take place on Building Control. This will require an upskilling to ensure competency at a much greater level and this will include all surveyors having to be licensed. The review is expected to be completed by Autumn 2022 and prior to implementing any changes the financial implication will be identified. Building Control is responsible for safeguarding the safety and protection of our city. It provides all specialist advice on public safety, safety at sports grounds, dangerous structures and routine work with the emergency services and other functions such as the Health and Safety Executive (HSE). In Manchester there is an added statutory responsibility for Safety at Sports Grounds, which has recently been audited by the Sports Ground Safety Authority. The team is also intrinsic in supporting the Councils objectives for place making.

The impact of the above would result in a proposed net budget for 2022/23 of (£9.752m) as detailed below:

Service Area	Cash Limit	COVID Funding	New Savings proposed 22/23	New pressures identified 22/23	Cash Limit
	2021/22 £000's	2022/23 £000's	2022/23 £000's	2022/23 £000's	2022/23 £000's
City Centre Regen	1,275		(9)	7	1,273
Strategic Development	156		(1)	2	157
Housing and Residential Growth	1,147		(11)	8	1,144
Planning, Building Control and Licensing	(744)	(301)	(25)	4	(1,066)
Investment Estate	(12,487)	(399)	(8)	11	(12,883)
Work and Skills and MAES	1,620		(5)	8	1,623
	<b>(9,033)</b>	<b>(700)</b>	<b>(59)</b>	<b>40</b>	<b>(9,752)</b>