

Executive

Minutes of the meeting held on Wednesday, 19 January 2022

Present: Councillor Craig (Chair)

Councillors: Akbar, Bridges, Midgley, Rahman, Rawlins

Also present as Members of the Standing Consultative Panel:

Councillors: Butt, Karney, M Sharif Mahamed, Ilyas and Taylor

Exe/22/1 Minutes

Decision

The Executive approved as a correct record the minutes of the meeting on 15 December 2021.

Exe/22/2 COVID19 updates - Population Health and Economic Recovery

The Executive considered a report of the Director of Public Health and the Director of City Centre Growth and Infrastructure, which provided an update on the COVID-19 situation within the city and the progress that was being made with the city's economic recovery.

The Deputy Leader (Adult Care and Health) advised that over Christmas and New year there had been a significant increase in infection rates, with Omicron replacing Delta as the dominant variant. Infection rates within the city were now 937 per 100,000 of the population and Manchester was currently 6th amongst Greater Manchester's Local Authorities in terms of infection rates. The infection rate amongst the over 60's was 720 per 100,000 , placing Manchester 4th across Greater Manchester. Hospitals and care homes continued to face severe pressure and as such all health partners were working tirelessly to aid the discharge process from hospitals. Rates had increased in school children following the Christmas break but the roll out of 12-17 vaccination programme was well under way. Further announcements were expected on vaccinations for 5 to 11 years olds.

The Deputy Leader commented that whilst it had been announced that Plan B measures would and as of 27 January 2022, the Council would consider what this would mean for staff and provide clear communication to all council employees and communities in advance of this date.

In relation to the city's economic recovery, the Director of City Centre Growth and Infrastructure reported that the increase in inflation to 5.4% (as of the end of December 2021), which was the highest level for 30 years, coupled with the increasing cost in energy prices would have a detrimental impact on real living standards for Manchester residents, putting pressure on both lower and middle income families and creating greater levels of poverty and less spending power which would have a further impact on the economy and jobs in a number of key sectors.

Councillor Karney praised the dedication and work of all council staff, public health teams, care staff and NHS workers over the last 22 months alongside all Manchester residents who abided by the national restrictions in looking after the health of their families. He criticised the recently reported actions of the Prime Minister in the breaking the lockdown restrictions and recommended that the Council wrote to the Prime Minister seeking an apology and his resignation for failure to uphold his moral responsibility.

Decision

The Executive note the report

Exe/22/3 Our Manchester progress update report

The Executive considered a report of the Chief Executive which provided an update on key areas of progress against the Our Manchester Strategy – Forward to 2025 which reset Manchester's priorities for the next five years to ensure the Council could still achieve the city's ambition set out in the Our Manchester Strategy 2016 – 2025.

The Leader reported that the Glade of Light memorial to those who lost their lives in the 22 May 2017 Manchester terror attack had a soft opening to the public on 5 January 2022. The garden space was designed as a living memorial and a place for quiet contemplation and remembrance. An official opening event for the memorial was being planned for this spring, ahead of the fifth anniversary.

The Executive Member for Housing and Employment reported that the Manchester College had officially opened its new £25m state-of-the-art facilities for Construction and Engineering, Health and Social Care, Childhood Studies and Sport at its Openshaw Campus in East Manchester. The Campus was a key part of the Manchester College's estates transformation project and will complement the forthcoming £95m City Campus. He advised on the completion of the two zero carbon social properties (the first of their kind in the UK) which had been passed over to the first residents as part of a wider 22 two and three bed low carbon homes for social rent on Blackrock Street in Beswick. He also reported on the work that had commenced to restore and redevelop what remains of Ancoats Dispensary, creating 39 new one and two-bed apartments for affordable rent. The plans looked to protect the heritage legacy of the building, incorporating its listed Old Mill Street and Lampwick Lane facades, while providing much needed affordable homes in the area.

The Executive Member for Environment reported on the launch of a fleet of electric cargo bikes, offering businesses and residents a viable and affordable emission-free alternative to cars. The scheme was part of the Council's commitment to exploring and providing alternatives to polluting forms of transport to support the goal of the city becoming zero carbon by 2038. She also advised that the Council had published a range of sustainable events guides to help organisers of events whether large or small, commercial or community, outdoor or indoor, to reduce their carbon footprints. The guides were intended to help organisers in the city to review their approaches, share good practice and contribute towards the city's aim to become zero carbon by 2038.

The Deputy Leader reported that since opening in March 2021, Apex House, a new Council accommodation located in Levenshulme, to support homeless families getting back on their feet had helped 75 families. A former office building, it had been converted to a high standard into 20 flats where families who had become homeless were given advice and assistance to enable them to move into their own homes, with support workers based on site.

Decision

The Executive note the report

Exe/22/4 Finance Settlement and Budget Position

The Executive considered a report of the Deputy City Treasurer, which provided and update on the main announcements from the provisional local government finance settlement 2022/23 announced 16 December 2021, with a focus on the impact on the Council and its budget for 2022/23. It also outlined the main budget assumptions behind the Medium-Term budget position 2022/23 to 2024/25.

The Leader commented that whilst the overall settlement announcement was towards the positive end of expectations, this did not constitute being a good settlement and the Council had lost over £400m from its budget since 2010. If the Council had received the average level of cuts in funding, this year it would have at least £85m in its budget. The Council was also still dealing with the legacy of the Covid pandemic and the promise from government that it would compensate local authorities with whatever they needed. She added that it was not possible to undo a decade of cuts with a settlement in one year that was not as severe as anticipated and looking beyond next financial year there was significant worries which meant that the Council needed to continue its call for fair and sustainable funding.

The Deputy Chief Executive and City Treasurer commented that whilst the settlement was better than anticipated, the Council still faced a very challenging three year budget position. In 2022/23 the Council would be using the last of its commercial income reserve to help balance the budget and there was a remaining budget gap of approximately £37m in 2023/24 and £58m in 2024/25. As the settlement announcement was for only one year, the Council was facing increasing uncertainty with proposals around fairer funding reforms and the implications of these.

A full Medium Term Financial Plan would be presented to Executive in February and insofar as the savings required, It was expected that mitigations in the region of £7.7m, as previously identified, would be sufficient to balance the 2022/23 budget.

The Deputy Leader (Adult Health and Care) commented that the Adult Social Care (ASC) budget accounted for 35% of the Councils overall budget as it was required to provide statutory services and the settlement provided no additional funding for increased demand in ASC. A fair, sustainable plan was needed in order to plan effectively to provide essential services for Manchester residents as the raising of the Adult Social Care precept element of the Council Tax and increase in the rates of national insurance contributions were a regressive tax placing a heavier burden on low income earners.

The Executive Member for Housing and Growth highlighted the cuts in funding to deliver new affordable housing and called on government to redress this imbalance and provide appropriate funding to build social rent and affordable rent homes that were needed.

Councillor Karney commented on the increase in levels of poverty and inequalities in communities just outside of the city centre which had grown over the last ten years as a result of the austerity measures placed on the Council by the government.

The Executive Member for Children and Schools commented on the national increase in child poverty as a result of government policy, which was evident in Manchester by the increase in children receiving free school meals.

Decision

The Executive note the report.

Exe/22/5 Capital Programme Update Report

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which informed Members of requests to increase the capital programme. The report also sought approval for those schemes that could be approved under authority delegated to the Executive and asked the Executive to recommend to Council proposals that required specific Council approval.

The proposals which required Council approval were those which were funded by the use of reserves above a cumulative total of £2 million, where the use of borrowing was required or a virement exceeded £0.5m. These included the following proposed changes:-

- Neighbourhoods – Beswick Hub RFL. A capital budget increase of £2.577m was requested, funded by Waterfall Fund, to build a new rugby league coaching and educational facility on the existing rugby ground on land to the rear of The East Manchester Academy; and
- ICT – EYEs Phase 2. A capital budget decrease of £1.352m was requested funded from borrowing along with a corresponding revenue budget increase of £1.352m funded from Capital Fund to further embed the EYES system and improve business processes. It would also include a full review of reporting requirements and capabilities of the system to ensure data/workflows/systems and reports were aligned, accurate and efficient, enabling more proactive reporting

The report then went on to detail the proposals that did not require Council approval which were funded by the use of external resources, use of capital receipts, use of reserves below £2million, where the proposal could be funded from existing revenue budgets or where the use of borrowing on a spend to save basis was required. These included:-

- Highways Services – Levenshulme Burnage Active Neighbourhood. A capital budget increase of £3.586m was requested, funded by External Contribution to

- reduce traffic in the area, through interventions such as modal filters, one-way systems, and vehicle gates
- ICT – Ransomware Protection. A capital budget decrease of £0.383m is requested and approval of a corresponding transfer of £0.383m to the revenue budget, funded by Capital Fund, to implement a technical solution that could pro-actively detect and isolate malicious behaviour
- ICT - VEPS RPA (Verify Earnings and Pensions Service Robotic Process Automation). A capital budget decrease of £0.047m is requested and approval of a corresponding transfer of £0.047m to the revenue budget, funded by Capital Fund to eliminate a manual process of downloading daily files from Department of Work and Pensions (DWP) and manually updating current software with information for benefits, improving efficiencies in the service.

The report highlighted that there had been increases to the programme totalling £0.599m as a result of delegated approvals since the previous report to the Executive on 17 November 2021 and if the recommendations in the report were approved the General Fund capital budget would increase by £4.381 across financial years which would also result in an increase in the prudential indicator for Capital Expenditure in corresponding years.

Approval had also been given for the following capital budget virements:-

- £0.679 from Strategic Acquisitions budget for Site Acquisition - The Yard, Vaughan St for the purchase of land adjoining Space Studios, making way for potential future expansion and continued economic development in West Gorton.
- £0.024 to ensure the bridge works at New Islington Marina could commence.
- £1.5m for Traffic Free Deansgate Permanent Works utilising the Highways Improvement budget.
- £0.451 from the Parks Development Programme for the Wythenshawe Cycling Hub project.
- £2.174 for Road Collapse Emergency Works across three sites funded by borrowing via the Bridges and Structures budget within Highways Services .
- £40k for Lincoln Square Public realm - Mulberry Street from the Sustaining Key Initiatives budget

Decisions

The Executive

- (1) Recommend that the Council approve the following changes to Manchester City Council's capital programme:
 - Neighbourhoods – Beswick Hub RFL. A capital budget increase of £2.577m is requested, funded by Waterfall Fund.
 - ICT – EYEs Phase 2. A capital budget decrease of £1.352m is requested funded from borrowing along with a corresponding revenue budget increase of £1.352m funded from Capital Fund.
- (2) Approves the following changes to the City Council's capital programme:

- Highways Services – Levenshulme Burnage Active Neighbourhood. A capital budget increase of £3.586m, funded by External Contribution.
 - ICT – Ransomware Protection. A capital budget decrease of £0.383m and of a corresponding transfer of £0.383m to the revenue budget, funded by Capital Fund
 - ICT - VEPS RPA (Verify Earnings and Pensions Service Robotic Process Automation). A capital budget decrease of £0.047m and a corresponding transfer of £0.047m to the revenue budget, funded by Capital Fund
- (3) Notes the increases to the programme of £0.599m as a result of delegated approvals.
- (4) Notes the virements in the programme of £4.867m as a result of virements from approved budgets

Exe/22/6 School Budgets report

The Executive considered a report of Strategic Director (Children and Education Services), which recommended changing the basis for the funding allocation across individual primary and secondary school budgets from 2022/23, in order to allow schools a longer adjustment period before introduction of the direct national funding formula (NFF).

The Dedicated School Grant (DSG) was a ring-fenced grant to support the education of children across the city. It was divided into four blocks, the largest of which was the Schools' Block element, used to fund individual school budgets in maintained schools and academies.

DSG arrangements for 2022/23 remained unchanged with the grant continuing to be allocated to local authorities in four blocks based on a national formula, but Local Authorities could continue to fund schools on the local formula. Manchester's Schools Forum had previously opted to maintain the local funding formula.

In the summer of 2021 the Government re-confirmed the intention to implement a National Funding Formula which meant that primary and secondary school funding longer term was likely to be determined by the Department of Education (DfE).

The school budget report normally formed part of suite of budget papers that were submitted to the Executive in February for approval prior to the financial year they related to, however, the Council had to submit school budgets to Department for Education by January 2022.

It was recommended that a 10% transition to NFF values in 2022/23. In addition to the NFF factor for Free School Meal (FSM) at the NFF rate, with larger capping to ensure affordability.

Decision

The Executive approve starting a transition to the National Funding Formula (NFF) in advance of submission of primary and secondary budget to the Department for Education in January 2022.

Exe/22/7 Administration of the Covid 19 Additional Relief Fund (CARF)

The Executive considered a report of the Deputy Chief Executive and City Treasurer that sought agreement on the proposed approach to the administration of the COVID-19 Additional Relief Fund (CARF) which was an additional fund available to support those businesses affected by the pandemic but that were ineligible for existing support linked to business rates.

The Council would receive £23.993m as part of a new discretionary relief that would be paid to the 2021/22 rates bill to reduce the rates payable. It was for all those businesses that had been affected by the pandemic but had not received any rates relief to date and had not been able to submit an appeal to the Valuation Office Agency to reduce their business rates because of the pandemic.

Subject to approval, the scheme would launch immediately with an indicative closure date for applications being 28 February 2022. The scheme would be reviewed on a weekly basis to consider the budget position and the status of the economy and the covid related local and national restrictions.

It was proposed that when the scheme closed the number of applications would be considered based on the available budget and credits were expected to be transferred into the business rates accounts during March and April 2022.

The decision to close the scheme would be made by the Deputy Chief Executive and City Treasurer in liaison with the Leader of the Council.

Decisions

The Executive:-

- (1) Notes the funding of £23.993m that will be available and supports the development of the COVID-19 Additional Relief Fund scheme providing rates relief to reduce chargeable amounts for the 2021/22 financial year to businesses in the city.
- (2) Notes the challenges administering the grant and the limited funding which means that the Council will have to prioritise awards.
- (3) Notes that this scheme will be developed and delivered using only the government funding that will be fully reimbursed using discretionary relief powers under section 47 of the Local Government Finance Act 1988.
- (4) Grants delegated authority to the Deputy Chief Executive and City Treasurer to finalise and implement the scheme in accordance with the principles within this report and any further government guidance (in consultation with the Leader).

- (5) Grants delegated authority to the Deputy Chief Executive and City Treasurer, in consultation with the Leader of the Council, to develop and implement new or extended schemes involving further tranches of this funding that sit within the same government policy intention for the remainder of the municipal year. This will include decisions up to and including the May 2022 Executive meeting.

Exe/22/8 Grants to businesses in response to the Omicron variant

The Executive considered a report of the Deputy Chief Executive and City Treasurer which sought agreement on the proposed approach to the administration of a new business rates support scheme, Omicron Hospitality and Leisure Grants (OHLG) and an extension to the Additional Restrictions Grant (ARG) to support a discretionary element of the above scheme.

The schemes were announced on 21 December 2021 with the formal notification and guidance issued on 30 December 2021. The Council had received £6,090,174 for the OHLG scheme. This represented 90% of the Government's estimated requirement. When this had been fully allocated Government would top up funding to local authorities if required. For the ARG scheme the Council had received £999,017. This would not be enough to meet the demand in the city and the Council would have to prioritise applications.

It was reported that the Council would only be administering funds and budget identified by the government and would not be providing any funding from within Council resources to support these schemes.

The Leader placed on record her thanks to officers who had worked incredibly hard in relation to this scheme and the previous item in ensuring arrangements were in place for issuing funding as quickly as possible.

In addition, the Leader advised the Executive that Julie Price, Director of Customer Services and Transactions, would be retiring from the Council at the end of January and took the opportunity to place on record hers and the Executive's thanks for all her hard work, commitment and dedication to the Council and people of Manchester and wished her all the best for the future.

Decisions

The Executive:-

- (1) Notes the funding that will be available and supports the delivery of both the OHLG and the ARG top up schemes to provide grants to businesses in the city as detailed within the body of this report.
- (2) Notes the challenges of administering the grants and the limited funding which means that the Council will have to limit and prioritise awards.
- (3) Notes that the Leader has granted delegated authority to the Deputy Chief Executive and City Treasurer, in consultation with the Leader, to further develop

and implement both the core scheme and an extension to the additional restrictions grant (top-up).

- (4) Grants delegated authority to the Deputy Chief Executive and City Treasurer, in consultation with the Leader of the Council, to develop and implement new or extended schemes involving further tranches of this funding that sit within the same government policy intention for the remainder of the municipal year. This will include decisions up to and including the May 2022 Executive meeting.
- (5) Place on record its thanks to Julie Price, Director of Customer Services and Transactions, for all her hard work, commitment and dedication to the Council and people of Manchester

Exe/22/9 Culture in the City Levelling Up Fund Project

The Executive considered a report of the Director of City Centre Growth & Infrastructure, which informed Members of the details of the Culture in the City Levelling Up Fund project and the Council's successful bid to the Department for Levelling Up, Housing & Communities (DLUHC) for £19.8 million of grant funding. The report also sought approval to enter into an agreement with DLUHC for the grant, and an accompanying onward funding agreement for up to £17.5m with Allied London, in order to facilitate the delivery of the Campfield element of the project, and an increase in the capital budget to reflect the receipt of the external grant funding.

The Executive Member for Housing and Employment and the Deputy Leader both welcomed the funding for the project. The Deputy Leader commented that the bid focused on nurturing new talent and providing skills and opportunities for Manchester residents. The Leader commented that the project embodied what Manchester was excellent at doing by having clear and coherent plans across the city and securing investment through national or its own means.

Decisions

The Executive

- (1) Approve the Council accepting a £19.82 million Levelling up Fund grant from the Department for Levelling Up, Housing & Communities (DLUHC) and entering into all necessary agreements in order to receive the funding;
- (2) Delegate authority to the Strategic Director (Growth and Development), the Deputy Chief Executive and City Treasurer and the City Solicitor to negotiate and agree the detailed terms of a Memorandum of Understanding (MOU) and any other agreement necessary with DLUHC to secure this funding.
- (3) Approve the Council entering into an onward funding agreement for a maximum sum of £17.52m with Allied London, in order to facilitate the delivery of the Campfield element of the project;
- (4) Delegate authority to the Strategic Director (Growth and Development), the Deputy Chief Executive and City Treasurer and the City Solicitor to negotiate

and finalise the detailed terms of the onward funding agreement and any other necessary agreements with Allied London in respect of the Campfield element of the project.

- (5) Approve a capital budget increase of £19.82m (£17.52m for Campfield and £2.3m for the Arches), funded from the external grant funding, for the activities included within the Culture in the City application, noting that spend will not be incurred until the completion of the necessary agreements.
- (6) Authorise the City Solicitor or the Deputy Chief Executive and City Treasurer, as applicable, to complete and enter into all necessary agreements or documents to give effect to the above recommendations

Exe/22/10 Public Realm Strategy for the back of Ancoats

The Executive considered a report of the Strategic Director (Growth and Development), which provided an update on activity that had been taking place to support the delivery of the Ancoats and New Islington Neighbourhood Development Framework (NDF), by bringing forward investment and development to deliver up to 1500 new residential units and the Ancoats Mobility Hub that would contribute to the sustainability of the neighbourhood and promote a modal shift towards cycling and walking.

The Leader commented on the fantastic emerging neighbourhood that Ancoats was becoming and the plans being brought forward addressed the concerns that had been brought forward

The Executive Member for Growth and Employment supported the Leaders comments on the Ancoats area of the city and whilst acknowledging some of the challenges faced by residents in this area, welcome the strategy and its aims.

Councillor Karney noted that the Sunday Times newspaper had ranked Ancoats amongst the coolest places you could possibly move to right now and there was a unique opportunity for a green and sustainable area that would garner more awards and accolades.

Decisions

The Executive:-

- (1) Endorse the draft public realm strategy as a basis for a consultation exercise with landowners, developers and local stakeholders, which will be undertaken in February 2022.
- (2) Note that the outcomes of the consultation and a final version of the Back of Ancoats public realm strategy will be reported to a future meeting of the Executive and that once adopted, the public realm strategy will be used as a material consideration for the City Council when considering all future planning applications relevant to the Back of Ancoats.

- (3) Note progress on the preparation of a full business case to Homes England for essential enabling infrastructure including the Ancoats Mobility Hub.
- (4) Delegate authority to the Strategic Director (Growth and Development) and the Deputy Chief Executive and City Treasurer to finalise the business case for the Ancoats Mobility Hub.
- (5) Delegate authority to the Strategic Director (Growth and Development) and Deputy Chief Executive and City Treasurer to negotiate contractual terms for the delivery and operation of the Ancoats Mobility Hub.
- (6) Delegate authority to the Strategic Director (Growth and Development) and Deputy Chief Executive and City Treasurer to agree the detailed grant funding terms and conditions relating to the Homes England grant funding bid.
- (7) Delegate authority to the City Solicitor to finalise the terms and conditions of all contractual documentation to give effect to the above recommendations.
- (8) Note that, whilst the Council will seek to acquire the necessary land and property interests to deliver the Ancoats Mobility Hub and public realm strategy by agreement, this may not be possible and a future report may need to be brought back to the Executive in the future to seek authority to promote a Compulsory Purchase Order.

Exe/22/11 Large Scale Renewable Energy Generation

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which sought support for a proposal to secure a delegation from Executive for the Council to enter commercial negotiations to progress the purchase of a suitable solution with options being a solar asset and / or a Power Purchase Agreement (PPA).

In October 2021, Executive approved a recommendation for the Deputy Chief Executive and City Treasurer to establish a delivery team to develop the options, with a view to returning to the Executive with a proposal to progress the work. This included updating the findings of the feasibility study to reflect current prices and market availability, to carry out future energy demand analysis and to further explore financing options.

There were several potential sites currently available to purchase. At this stage there was sufficient information to model two different scenarios, both located in the south of the country as there were no potential schemes identified within the Council boundary or local surrounding areas:-

- Option 1 – 45.3 MW scheme (south of England). would provide sufficient CO₂e savings above the Council's demand in the early years and would meet the 2025 target. However, from 2035 onwards, the Council's forecast Scope 2 emissions exceeded the available CO₂e savings from the asset. It would offer 95% of the 2038 target.

- Option 2 – 58MW across two sites (southern England) offered additional capacity for CO2e savings above the Council's demand in the early years. The 2038 target would be met in full. Whilst production meant the supply and demand become closer in the later years, the assets always produced more electricity than the forecast demanded and surplus could be supplied to third parties locally (e.g. schools) or traded directly.

Other options would be considered as discussions moved forward with Developers.

Based on the Council's projected future energy demand, Local Partnership's assessment of the Council's needs was a solar generation asset of between 45MW and 60MW at current market rates costs of c. £30m to £39m. This would be sufficient to meet the Council's current target to reduce emissions by 7,000 tonnes CO2 by 2025 and to contribute to its overall target to be Zero Carbon by 2038.

The feasibility study and business case development work to date demonstrated that the direct purchase of the solar generation asset delivered a stronger Net Present Value (NPV) than a PPA, although all options demonstrated a positive return versus do nothing. Both an asset purchase and a PPA should also deliver revenue savings. As negotiations moved forward and actual costs became known, a full financial model would be constructed and the NPV calculations updated accordingly.

Decisions

The Executive:-

- (1) Note the options in Section 4 of the report.
- (2) Note that should the direct purchase of a solar asset be pursued this will be funded via borrowing and require Council approval.
- (3) Agree to grant delegation for the Deputy Chief Executive and City Treasurer, in consultation with the Leader and the Executive Member for Environment to negotiate for the purchase of a solar asset / PPA and any associated corporate documentation to establish a Special Purpose Vehicle if required, to meet the Council's 2020-25 CO2 emissions reduction target and contribute positively to our longer term zero carbon 2038 target through:-
 - The development/purchase of a suitable large-scale solar PV facility; or
 - a suitable direct PPA of renewable energy.