

Manchester City Council Report for Resolution

Report to: Communities and Equalities Scrutiny Committee – 8 February 2022
Environment and Climate Change Scrutiny Committee – 10 February 2022
Executive – 16 February 2022

Subject: Neighborhoods Directorate Budget 2022/23

Report of: Strategic Director (Neighbourhoods)

Summary

Following the Spending Review announcements and provisional local government finance settlement 2022/23 the Council is forecasting a balanced budget for 2022/23, a gap of £37m in 2023/24 and £58m by 2024/25. This report sets out the high-level position.

The finance settlement was towards the positive end of forecasts and no actions beyond those outlined in November are required to balance next year's budget.

As reported to November Scrutiny meeting officers identified savings and mitigations totalling c£7.7m which are subject to approval.

The settlement was for one year only and considerable uncertainty remains from 2023/24. A longer-term strategy to close the budget gap is being prepared with an estimated requirement to find budget cuts and savings in the region of £60m over the next three years. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences

Appended are the priorities for the services in the remit of this committee, details on the initial revenue budget changes proposed by officers and the planned capital programme.

Recommendations

The Scrutiny committee is recommended to:

1. Note the forecast medium term revenue budget position.
2. Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee.

The Executive is recommended to approve these budget proposals.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Manchester Strategy Outcomes	Summary of the Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Providing the leadership and focus for the sustainable growth and transformation of the City's neighborhoods and highways
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Ensuring residents are connected to education and employment opportunities across the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Creating places where residents actively demonstrate the principles of Our Manchester through participation and take responsibility for themselves and their community whilst encouraging others to do the same, supported by strong and active community groups.
A liveable and low carbon city: a destination of choice to live, visit, work	Creating places where people want to live with good quality housing of different tenures and effective use of the highways network; clean, green, safe, healthy, and inclusive neighbourhoods; a good social, economic, cultural offer and environmental infrastructure.
A connected city: world class infrastructure and connectivity to drive growth	Ensuring residents, neighbourhoods, businesses, and goods connect to local, national, and international markets. Through working with partners both internally and externally maximise the impact of the provision of new and enhanced physical and digital infrastructure.

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The changes included within this report are officer proposals and, subject to Member comments and consultation, these will be included as part of the 2022/23 budget preparation.

Financial Consequences – Capital

None directly arising from this report.

Contact Officers:

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

Name: Paul Hindle
Position: Head of Finance
Telephone: 0161 234 3025
Email: paul.hindle@manchester.gov.uk

Name: Chris Thomas
Position: Head of Group Finance
Telephone: 0161 234 3851
Email: chris.thomas@manchester.gov.uk

Name: Sue Davison
Position: Directorate Support, Service Lead
Telephone: 07904 478730
Email: sue.davison@manchester.gov.uk

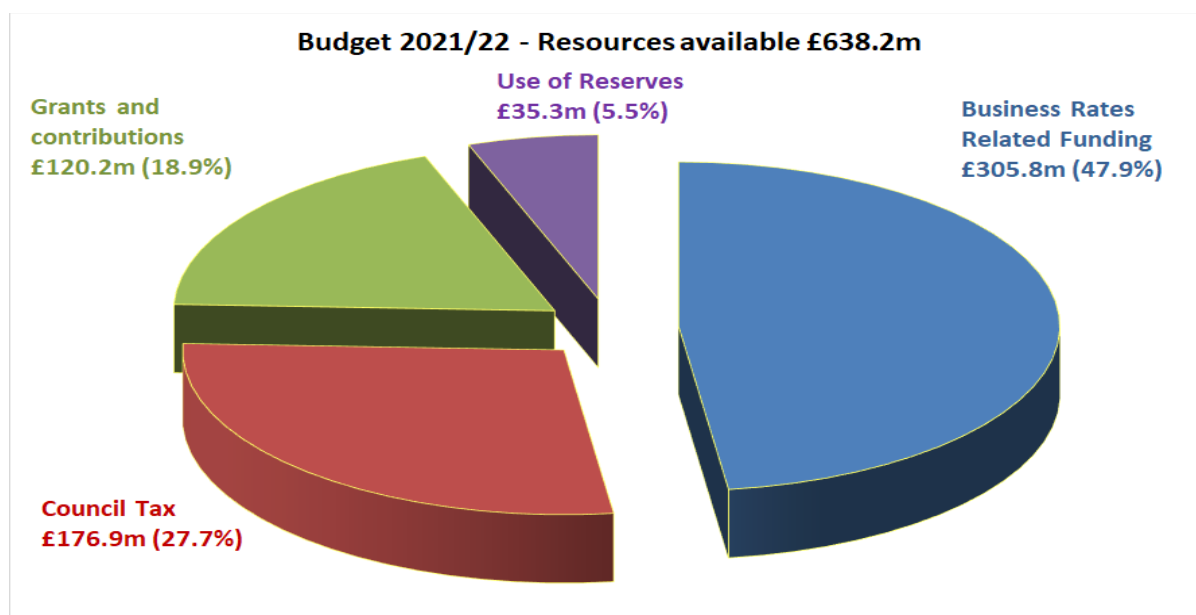
Background documents (available for public inspection):

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

Neighbourhoods Directorate Budget Report 2021/22 – Executive 17 February 2021
Neighbourhoods Directorate Budget 2022/23 – Communities and Equalities Scrutiny Committee 9 November 2021
Executive – 17 January 2022 Subject: Provisional local government finance settlement 2022/23 and budget assumptions

1. Introduction and Context

- 1.1. On 27 October 2021, the Chancellor of the Exchequer, Rishi Sunak MP, delivered the Spending Review and Autumn budget 2021 to the House of Commons. The Spending Review sets the quantum of funding available for local government whilst the Finance Settlement, which followed on 16 December 2021, sets out the distribution to individual local authorities.
- 1.2. The finance settlement has been front loaded and includes a number of one-off distributions of funding. It is also a one-year settlement. Therefore, considerable uncertainty remains in relation to the position after 2022/23.
- 1.3. The Local government funding reform work will be restarted in the Spring. This means that the Fair Funding Review and baseline reset are both going to be under consideration again, for possible implementation in 2023/24. This will impact on how funding between different local authorities is distributed.
- 1.4. The final budget position for 2022/23 and beyond will be confirmed at February Executive. This will be after the key decisions confirming the Collection Fund position and Council Tax and Business Rates base have been made and the Final Finance Settlement is received. It is unlikely that there will be any significant changes to the Provisional Settlement.
- 1.5. The Council's 2021/22 net revenue budget is currently funded from four main sources which are Council Tax, Business Rates, government grants and contributions and use of reserves. In recent years as central government funding has reduced and business rates retention has been introduced the ability to grow and maintain the resources raised locally has become even more important for financial sustainability and is integral to the Council's financial planning.
- 1.6. The following chart shows the current breakdown of resources available.



2. Current budget position

- 2.1. The indicative medium-term position is shown in the table below, full details are provided in the settlement and budget report to 17 January Executive meeting.

	Revised 2021 / 22 £'000	2022 / 23 £'000	2023 / 24 £'000	2024 / 25 £'000
Resources Available				
Business Rates Related Funding	156,416	338,092	322,337	340,330
Council Tax	176,857	208,965	206,620	217,197
Grants and other External Funding	120,243	104,533	87,374	85,374
Use of Reserves	184,667	36,781	30,592	15,573
Total Resources Available	638,183	688,371	646,923	658,474
Resources Required				
<i>Corporate Costs</i>	120,232	133,058	110,211	114,849
<i>Directorate Costs</i>	517,951	555,313	573,494	601,172
Total Resources Required	638,183	688,371	683,705	716,021
Shortfall / (surplus)	0	0	36,782	57,547

- 2.2. The budget assumptions that underpin 2022/23 to 2024/25 include the commitments made as part of the 2021/22 budget process to fund ongoing demand pressures as well as provision to meet other known pressures such as inflation and any pay awards (estimated at 3% from 2022/23). Whilst this contributes to the scale of the budget gap it is important that a realistic budget is set which reflects ongoing cost and demand pressures.
- 2.3. Officers have identified options to balance the budget in 2022/23 which are subject to approval. The detail relevant to this scrutiny remit is included at Appendix 2. If these proposals are supported a balanced budget will be achieved. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences.

3. Scrutiny of the draft budget proposals and budget reports

- 3.1. Each scrutiny committee have considered the service proposals for areas in their remit as shown in the table below, and were invited to consider the proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals in February 2022.

Date	Meeting	Services Included
8 February 2022	Resources and Governance Scrutiny Committee	Chief Executives Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units

8 February 2022	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood working
9 February 2022	Health Scrutiny Committee	Adult Social Care and Population Health
9 February 2022	Children and Young People Scrutiny Committee	Children and Education Services Youth and Play
10 February 2022	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
10 February 2022	Economy Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways

4. Next Steps

4.1. The proposed next steps are as follows:

- February Scrutiny Committees (8-10 February) and Executive (16 February) receive proposed budget
- Resources and Governance Budget Scrutiny – (28 February)
- March Council - approval of 2022/23 budget – (4 March)
- New Municipal Year – early options around 2023/24 & 2024/25 discussed with members

5. Conclusion

- 5.1. Overall, the settlement announcements were towards the positive end of expectations. It is expected that mitigations in the region of £7.7m, as previously identified, will be sufficient to balance the 2022/23 budget.
- 5.2. Officers have estimated the future resources available based on the information available. This results in forecast gap of £37m in 2023/24 increasing to £58m in 2024/25.
- 5.3. The focus will now be on identifying savings and mitigations to keep the council on a sustainable financial footing. It is proposed that budget cuts and savings of £60m over three years are developed for member consideration. £60m equates to just under 12% of 2022/23 directorate budgets. In addition, £30m of risk-based reserves have been identified as available to manage risk and timing differences