

## **Appendix 2 - Revenue Budget Strategy**

The Neighbourhood Directorate has a gross budget of c£227.9m and a net budget of c£91.5m, with 2,018 budgeted FTE's. This is net of the £6.683m savings that were approved as part of the 2021/22 budget process.

This now includes operational housing which is the cost of managing and maintaining the housing stock following the bringing in house of Northwards with effect from July 2021. The operational housing gross budget is £22m, which is funded entirely through the ringfenced Housing Revenue Account, so is a net nil cost to the Council's general fund budget.

**Table 1**

	<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>	<b>£'000</b>
Leisure, Events and Youth	19,627	6,122	27
Compliance and Community Safety	15,674	10,310	283
Libraries, Galleries and Culture	12,851	9,312	268
Management and Directorate Support	1,253	1,093	19
Neighbourhood Area Teams & Other Neighbourhoods	5,043	3,208	58
Northwards Housing Operations	22,112	0	299
Homelessness	61,683	27,403	303
Waste and Street Cleaning	24,655	21,197	13
Grounds Maintenance	4,639	3,841	101
Parks and Green Spaces	3,608	1,991	62
Advertising	63	(4,175)	0
Business Units	24,007	(1,933)	351
Highways	32,665	13,117	234
<b>Grand Total Exc Waste Levy</b>	<b>227,880</b>	<b>91,486</b>	<b>2,018</b>
Waste Levy	28,731	28,731	0
<b>Grand Total</b>	<b>256,611</b>	<b>120,217</b>	<b>2,018</b>

### **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. There were an initial £6.683m savings profiled for 2021/22 and most of these are on track to be achieved. A further net £493k savings are profiled for 2022/23 and details are set out below: -

- Leisure Services **£155k** to be achieved through a combination of increased collaboration with other Leisure providers, and increased income.
- Compliance & Community Safety one off savings of (**£137k**) being reversed after time limited use of external grant funding.
- Parks **£100k** to be achieved through increased income following ongoing investment to improve parks assets and increase commercial opportunities.
- **£225k** advertising income from the proposed screen in Piccadilly Garden. This was not delivered during 2021/22 and revised plans to meet the advertising income budget target are being developed.
- Highways **£150k** further reduction in the accidents and trips budget to reflect the lower volume of claims against the Council due to the improvements to the roads and footways because of the ongoing investment.

### **Demand and Demographic Growth Pressures**

As part of the 2021/22 budget setting process ongoing demographic funding for Homelessness had been included for 2022/23 at £1.7m, increasing to £6.7m by 2024/25. In addition, a further £7m was added to the initial 2021/22 budget to reflect the additional impact of covid-19 on demand for homelessness services, in anticipation of the impact of the removal of the universal credit uplift and the tenant eviction ban ending.

Whilst the £7m has been utilised, this has been in response to the pandemic and action taken in 2021/22. It is expected that the changes to the service and additional government grant funding around the rough sleeper initiative (yet to be allocated to Councils) will mean that the budget will be sufficient for 2022/23, and that demand reductions and therefore budget reductions will be possible in future years. Further details will be provided as the Transformation Programme progresses in the coming months.

It is therefore not expected that the further planned £1.7m per annum increase that was originally budgeted for 2022/23 will be required and this has now been removed from the budget assumptions, although the position will be kept under review.

To manage risk in this area a £1.5m homelessness contingency reserve remains.

### **Growth/Investment**

**£495k** has already been approved for 2022/23 as a permanent budget increase to reflect ongoing commitments to tackling anti-social behaviour.

The waste disposal levy is paid over to Greater Manchester Combined Authority (GMCA) and this contributes towards their costs of funding Greater Manchester Waste Disposal Authority (GMWDA). Based on figures provided by GMCA the 2021/22 levy costs are to increase by **£1.225m**, due to changes in costs, recycling rates and market prices for recyclates. The budget has been uplifted to reflect the increased costs.

**£150k increase for waste disposal costs due to the higher volume of waste being disposed of.**

## Covid Implications on Income

As part of the 2021/22 budget, a number of services were provided one off budget support to allow for reduced income due to the impacts of Covid-19. This was one off support in 2021/22 and has been removed in 2022/23 from the following areas: -

- **£321k** and this was made up of Leisure, Libraries and Compliance Services.
- **£3.136m** to support the reduction in car parking income, in operations and commissioning.
- Business Units **£0.903m**, across the following areas Markets
  - £0.717m, catering £172k and Pest Control \$14k.

In addition to the support for lost income in Leisure there was also support of £1.2m provided to our Leisure provider, GLL, in order to offset the lost income, they incurred due to reduced users of the facilities, and ensure they had sufficient resources to maintain the City Council facilities. Whilst customers numbers have increased following the relaxing of restrictions, they are still not back to pre-Covid levels and it is proposed that support of **£0.6m** is provided for 2022/23. This is an estimate based on the latest forecast and any support can be adjusted if actual performance is better than forecast.

## Proposed Changes to the 2022/23 Budget

### Inflationary Pressures

As part of the November scrutiny process cost pressures of £464k were identified and the budget has been updated to reflect these, the pressures are: -

The current winter services contract is up for renewal in 2022/23 and indications are that the contract is likely to cost c**£200k** more than the existing contract, this is due to increased costs of HGV drivers.

The provision of CCTV monitoring has been provided by Mitie since January 2021, and the costs of the contract are c**£264k** higher than the previous contract. A review of the service provision has recently been undertaken to ensure any increased costs can be mitigated as far as possible, and the £264k is net of the proposed changes.

### National Insurance

Budgets have been updated to reflect the employers National Insurance increase of 1.25%, **£305k** 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. Services under the remit of this scrutiny panel have been allocated **£453k** of this which is reflected in the 22/23 indicative budget

## **New Growth/Investment**

The report to January Executive set out that the funding announced for 2022/23 makes available £12m to fund additional pressures and emerging risks and that, in line with the agreed approach, "this is used across a three-year period. Full detail of suggested priorities for funding will be presented to the Executive in February 2022. This could include priorities such as anti-poverty measures, waste and street cleaning".

In line with the updated Corporate Plan included elsewhere on the agenda and reflecting the political priorities of the Council, the following priorities have been identified that fall within the remit of this Scrutiny Committee, and total investment of £2.1m is proposed for 2022/23, this includes:

**£200k Domestic Violence Against Women and Girls** - as part of the Council's response to the issues and concerns around gender-based violence additional funding is being provided to fund a MCC lead post to co-ordinate, engage on and lead the overall delivery of this work.

**£0.7m Supporting the delivery of neighbourhood priorities** – Whilst existing funding is in place to support the work of community groups in local wards a key issue that has emerged through the recent ward visits is the lack of funding to address small local priorities, such as a minor improvement to a park. In order to address this, it is proposed to allocate a small amount of funding of £20k per ward that can be used for agreed capital or revenue priorities that would make a real difference to the ward. The use would be agreed with the neighbourhood team who would ensure any proposals are aligned with other capital and revenue developments within the ward. The learning from 2022/23 will be used to inform how the funding could best be used in future years.

**£0.5m Leisure Investment in Youth Provision** - Over the last three years c.£1.4M per annum has been invested into core youth and play activities in community settings. A Needs Assessment is currently being undertaken to prioritise how the limited funding will be prioritised from 2023 onwards, however, data analysed from quarterly performance returns has revealed that the investment should be strengthened, particularly in those areas that have medium to high needs. To address this, it is proposed that this Youth and Play Commissioning Fund is increased by £500K per annum to:

- strengthen the universal youth and play offer to ensure access for children and young people across the city.
- support capacity building of grassroots groups and leadership training for youth work in community-based organisations.

**£0.7m Investment in Clean and Attractive Places to Live and Work** - It is proposed that £0.7m is made available to support a range of additional measures to ensure the city remains a clean and attractive place to live and work are being developed including council owned land not covered by the waste collection contract, as well as additional capacity to improve the cleanliness of district centres and streets.

The impact of the proposed changes identified above would result in a net budget for 2022/23 of £89.094m and the detail is set out in the table below:

**Table 2**

Service Area	Cash Limit	21/22	COVID Funding	Growth / Other Adj	New Savings Options	New Growth	New pressures	Cash Limit
		Savings						
	2021/22 £000's	2022/23 £000's	2022/23 £000's	2022/23 £000's	2022/23 £000s	2022/23 £000's	2022/23 £000's	2022/23 £000's
Compliance	8,352	137	(127)	0	(86)	0	49	8,325
Community Safety	1,958	0	0	495	(19)	200	11	2,645
Libraries, Galleries and Culture	9,312	0	(51)	0	(89)	0	40	9,212
Management and Directorate Support	1,093	0	0	0	(10)	0	6	1,089
Neighbourhood Teams	2,768	0	0	0	(27)	700	17	3,458
Other Neighbourhoods	440	0	0	0	0	0	0	440
Leisure, Youth and Events	6,122	(155)	(743)	0	(11)	500	7	5,720
Homelessness	27,403	0	0	0	(117)	0	60	27,346
Waste and Street Cleaning	21,197	0	0	150	(7)	700	4	22,044
Grounds Maintenance	3,841	0	0	0	0	0	15	3,856
Parks and Green Spaces	1,991	(100)	0	0	(24)	0	12	1,879
Business Units	(1,933)	0	(903)	0	0	0	24	(2,812)
Advertising	(4,175)	(225)	0	0	0	0	0	(4,400)
Highways	13,117	(150)	(3,136)	0	(63)	0	524	10,292
<b>Grand Total Exc Waste Levy</b>	<b>91,486</b>	<b>(493)</b>	<b>(4,960)</b>	<b>645</b>	<b>(453)</b>	<b>2,100</b>	<b>769</b>	<b>89,094</b>
Waste Levy	28,731	0	0	1,225	0	0	0	29,956
<b>Grand Total Exc Waste Levy</b>	<b>120,217</b>	<b>(493)</b>	<b>(4,960)</b>	<b>1,870</b>	<b>(453)</b>	<b>2,100</b>	<b>769</b>	<b>119,050</b>