

**Manchester City Council
Report for Information**

Report to: Communities and Equalities Scrutiny Committee – 8 November 2022

Subject: Neighbourhood Directorate 2023/24 Budget

Report of: Strategic Director Neighbourhood Services

Summary

The Council is forecasting an estimated budget shortfall of £44m in 2023/24, £85m in 2024/25, and £112m by 2025/26. After the use of c£16m smoothing reserves in each of the three years, this reduces to £28m in 2023/24, £69m in 2024/25 and £96m by 2025/26. Officers have identified potential savings options to reduce the budget gap totalling £42.3m over three years.

This report sets out the priorities for the services in the remit of this committee and details the initial revenue budget changes proposed by officers.

Even after these proposals there remains a budget gap of £7m to close to get to a balanced budget in 2023/24 and further savings and cuts options will be required to be worked between now and January and be reported back to Scrutiny committees in February. Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals in February 2023.

Recommendations

The Committee is recommended to:-

- (1) To consider and comment on the forecast medium term revenue budget.
 - (2) Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee.
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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.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti Poverty Assessment.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.</p> <p>Providing the leadership and focus for the sustainable growth and transformation of the City's neighborhoods and highways</p>
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 any implications for:

- Equal Opportunities Policy
- 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.

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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.

[Revenue Budget Report - Executive Meeting 16 February 2022](#)

[Medium Term Financial Strategy 2022/23 to 2024/25 -Executive Meeting 16 February 2022](#)

[Neighbourhoods Directorate Budget 2022/23 - Executive 16 February 2022](#)

[Housing Revenue Account 2022/23 to 2024/25 - Executive 16 February 2022](#)

[Resource and Governance Scrutiny – 6 September 2022](#)

[Revenue Monitoring to the end of July 2022 and Budget update 2023/24 to 2025/26 - Executive 14 September 2022](#)

1. Introduction and Purpose

- 1.1. The report is the first in the cycle for the budget programme 2023-26. It sets out an overview of the services within the remit of this scrutiny committee and their key priorities. The budget growth assumptions in the MTFP are set out. The report provides a draft set of officer proposals for further savings for 2023-26, developed in the context of the financial challenge facing the Council.

2. Service overview and priorities

- 2.1. The Neighbourhood Directorate has a net budget of c£119m, with 1,800 budgeted FTE's.
- 2.2. The remit of this scrutiny committee oversees a gross budget of £80.801m, and a net budget of £31.034m, the breakdown of which is provided in the table below. In addition to this Homelessness budgets are reported separately.

Table 2: Base budget 2022/23

Service Area	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE) £'000
Compliance	11,252	8,440	233
Community Safety	4,657	2,665	49
Libraries, Galleries and Culture	13,018	9,310	299
Management and Directorate Support	1,134	1,134	27
Neighbourhood Teams	4,012	3,486	56
Other Neighbourhoods	1,460	266	4
Leisure, Youth and Events	19,168	5,733	27
Housing Operations	26,100	0	244
Total	80,801	31,034	939

- 2.3. Neighbourhood Service Directorate has a wide range of services and employs over 1,800 staff. The Directorate works to improve the lives of Manchester residents and showcase the city to our millions of visitors every year. Our services work directly with the people of Manchester and together We want to make Manchester a better place to live, work and play. We have committed, via the Our Manchester Strategy to creating sustainable, safe, resilient, and cohesive neighbourhoods, with more affordable housing, good quality green spaces, and accessible culture and sporting facilities. We will work with colleagues and partners to achieve our zero-carbon ambition by 2038 at the latest, via green growth, low- carbon energy, retrofitting of buildings, green infrastructure, and increasing climate resilience. The services under the remit of Communities and Equalities Scrutiny Committee are as follows:-

Community Safety, Compliance and Enforcement

- 2.4. Protect the public and the environment and keep citizens safe through reducing crime, safeguarding vulnerable people, building community resilience, and preventing vulnerable people from being drawn into extremism.
- 2.5. Enforce the law in a fair and consistent manner, helping businesses to meet their legal obligations and taking firm action against those who disregard the law or act irresponsibly.

Libraries, Galleries and Culture

- 2.6. Responsible for providing all the city wide libraries, information and archive services, the Manchester Art Gallery and a range of cultural activities and organisations across the city.
- 2.7. The service operates the Central Library, 15 neighbourhood libraries and 6 community libraries, HM prison library as well as Books to Go service for housebound library users.
- 2.8. The library strategy and renewal programme, has seen 80% of Manchester libraries being refurbished and co-located in recent years. The services has developed the Manchester standard for national, regional and Greater Manchester initiatives, supporting the Universal Public Library Offers (digital, health, information, learning and reading) as well as working closely with several city wide and local partners.

Neighbourhood Teams

- 2.9. Neighbourhood teams (North, Central, and South) are responsible for the management and development of neighbourhoods, and for making sure that services delivered at a neighbourhood level maintain a strong place-based focus by working closely with elected members, residents, community groups, local businesses and partner organisations.

Sports, Leisure, and Events

- 2.10. Helping residents lead healthy, active lifestyles and bringing people together to enjoy their leisure time across the city. As part of our vision for Manchester to be in the topflight of world class cities by 2025.
- 2.11. Manchester continues to deliver an exciting programme of work to support residents increase activity levels and reach their full potential.

Housing Operations

- 2.12. Housing Operations was previously managed by the Council's arms length management organisation, Northwards Housing, and in July 2021 the service was brought back into the Council. The move sees the Council manage c.15,000 social homes and is therefore the largest provider of social housing in

the city, with the aim to provide good quality homes to and with local communities.

3. Service budget and proposed changes

- 3.1. The Neighbourhood's Directorate has been looking to identify savings options of c£10m over the three years to 2025/26, and these are in addition to £200k savings that have already been approved from across the Neighbourhood budgets in previous budgets.
- 3.2. As part of identifying options the initial priority has been to protect service delivery wherever possible, however, given the scale of the budget cuts requirement there are some savings that can only be delivered by reductions in services across the Council. There are no savings options proposed for Homelessness which are a reduction in service.
- 3.3. Wherever possible we have looked to ensure we are maximising external income generation, and this includes both reviewing the existing level of fees and charges, as well as the volume of activities in order to ensure income is being maximised.
- 3.4. Review of our existing workforce structures and capacity and recognise the potential savings from changing how we budget for staff cost and make an allowance for staff turnover, staff not being at top of grade or not in the pension scheme.
- 3.5. All heads of service have been asked to review their own service areas to identify any opportunities for cost reductions or efficiencies through good housekeeping
- 3.6. The proposed savings from services within the remit of this scrutiny committee are summarised below and are set out in more detail in Appendix 1, with further narrative provided in the following paragraphs.

Communities and Equalities – Excluding Homelessness	Amount of Saving				Indicative FTE Impact
	2023/24	2024/25	2025/26	Total	
	£'000	£'000	£'000	£'000	
Compliance	99	0	0	99	0
Community Safety	40	0	(40)	0	0
Libraries, Galleries and Culture	315	221	35	571	8.8
Management and Directorate Support	0	0	0	0	0
Neighbourhood Teams	764	0	0	764	0
Other Neighbourhoods	0	0	0	0	0
Leisure, Youth and Events	90	40	0	130	0
Housing Operations	0	0	0	0	0
Total	1,308	261	(5)	1,564	8.8

Community Safety and Compliance

- 3.7. There are total savings of £139k proposed and these are through a combination of:-
- 3.8. A temporary reduction in the annual £40k contribution made to Greater Manchester Police for policing of the Christmas markets, it is proposed that this will be re-introduced once the markets return to Albert Square.
- 3.9. Community Safety and Compliance has historically underspent on staffing costs by c£0.5m per annum, this is because of a combination of ongoing vacant posts, the high level of staff turnover because of the unsocial hours and staff not being at the top of the grades. A new structure is currently being developed in order to support the recruitment and retention of staff across the teams. The proposed increased vacancy factor is reflective of the proposed changes and will save £99k per annum.

Libraries, Galleries and Culture

- 3.10. As part of looking to reduce costs across the service there will have to be a reduction in some services and this includes reviewing the opening hours of the Art Gallery and withdrawal of the Central Library digital media lounge, this will deliver savings of £86k over the three year period.

- 3.11. There are also proposed reductions in the libraries book fund and the public arts programme at the gallery in order to enable savings of £335k over three years.
- 3.12. Historically Libraries and Galleries has underspent on staffing costs, this is because of a combination of ongoing vacant posts, the high number of part time posts and staff not being at the top of the grades. To provide a more realistic staffing budget, without reducing capacity it is proposed to increase the vacancy factor applied to Libraries staffing budgets by £150k.

Neighbourhood Teams

- 3.13. As part of developing savings options, it is proposed to withdraw £0.7m of the Local Investment Funds budget that was agreed as part of the 2022/23 budget process but has not been committed, and reduce the Neighbourhood Investment Funds budgets by £2k per ward (£64k)

Leisure and Events

- 3.14. Savings of £130k are proposed reducing the annual cost of the Christmas Lights and reducing the scale of the lights switch, along with not having any New Years Eve fireworks which in addition to reducing costs will support the carbon reduction agenda.

Emerging Pressures and Growth

- 3.15. There are no known pressures for future years that have been previously approved as part of last year's Medium Term Financial Plan.
- 3.16. Appendix 2 reflects the approved Medium Term Financial Plan for services in the remit of Communities and Equalities Scrutiny.

4. Workforce

- 4.1. The Council's establishment is fully budgeted for at the top of the grade. In reality there are vacancies caused by staff turnover, recruitment difficulties and staff employed throughout the grade scale. In order to avoid budgeting for costs that will not be required and making bigger cuts elsewhere, adjustments are being made to reflect these issues by applying a vacancy factor to recognise that vacancies will always exist. The continued challenges in filling posts also means that the council is working hard on ensuring we are an employer of choice and can attract people and minimise the pressures on our existing workforce.
- 4.2. As part of looking to reduce costs across the service there will have to be a reduction in some services and this includes reducing the opening hours of the Art Gallery and withdrawal of the digital media lounge, this will deliver savings of £86k over the three year period and reduce 3.6 FTE.

- 4.3. There are also proposed reductions in the book fund and the public arts programme at the gallery in order to enable savings of £335k over three years, reducing 5.2 FTE.
- 4.4. Historically both Libraries and Galleries and Compliance and Community Safety have underspent on staffing costs, this is because of a combination of ongoing vacant posts, the high number of part time posts and staff not being at the top of the grades. To provide a more realistic staffing budget, without reducing capacity it is proposed to increase the vacancy factor applied to both Libraries staffing budgets by £150k, and compliance and Community Safety £99k with no impact on overall staffing numbers.

5. **Equality and Anti Poverty Impact**

- 5.1 Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti Poverty Assessment as part of the detailed planning and implementation. At this stage no direct impacts on people and specifically MCC priority protected characteristics have been identified.

6. **Future Opportunities and Risks**

- 6.1. As development continues across the city, this may lead to increased growth pressures for Neighbourhood Services as the number of households grows significantly. The increased demands will include compliance and enforcement, waste collection and disposal and street cleaning.
- 6.2. The Target Operating Model for delivering services on a Neighbourhood footprint is being reviewed along with options for further integration of neighbourhood-based functions across the Council, particularly working with adult services and health. It is anticipated that this will generate savings for others rather than within the Neighbourhoods Directorate and this will be considered as part of future budget rounds.