

## **Manchester City Council Report for Resolution**

**Report to:** Council – 3 March 2023

**Subject:** Council Tax Resolution for 2023/24

**Report of:** Deputy Chief Executive and City Treasurer, Chief Executive and City Solicitor

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### **Summary**

To advise the Council of the recommended Council Tax resolution and Collection Fund Budget for 2023/24.

### **Recommendations**

The Council is recommended to:

1. Adopt those proceedings of the Executive on 15 February 2023 which contain details of the following:
  - Medium Term Financial Strategy and Revenue Budget 2023/24
  - Corporate Core Budget 2023/24
  - Children and Education Services Budget 2023/24
  - Public Health Budget 2023/24
  - Adult Social Care Budget 2023/24
  - Neighbourhoods Budget 2023/24 (1 – Communities and Equalities committee)
  - Neighbourhoods Budget 2023/24 (2 – Environment and Climate Change committee)
  - Zero Carbon Budget 2023/24
  - Homelessness Budget 2023/24
  - Growth and Development Budget 2023/24
  - Housing Revenue Account 2023/24 to 2025/26
  - Schools Budget 2023/24
  - Capital Strategy and Budget 2023/24 to 2025/26
  - Treasury Management Strategy Statement 2023/24, including Borrowing Limits and Annual Investment Strategy
2. Note the proposed Savings and Efficiencies as detailed in Appendix 1 to this report.
3. Note the proposed Growth and Investments as detailed in Appendix 2 to this report.
4. Note the position on Reserves as detailed in Appendix 3 to this report.

5. Note that the Council Tax determination included at Appendix 4 reflects the budget position.
6. Note the information on the referenda as detailed in Section 3 of this report.
7. Approve the Council Tax determination attached as Appendix 4. The Council Tax determination:
  - Calculates the Council Tax requirement in accordance with Section 31A of the Local Government Finance Act 1992 as amended by the Localism Act 2011.
  - Calculates a basic amount of Council Tax and an amount of tax for each valuation band (the Council element) in accordance with Sections 31B and 36 of the Local Government Finance Act, 1992, as amended.
  - Sets an amount of Council Tax for each category of dwellings in each valuation band in accordance with Section 30 of the Local Government Finance Act, 1992.
8. Approve the Treasury Management Strategy including borrowing requirement and strategy, Annual Investment Strategy, Prudential and Treasury Indicators, Minimum Revenue Provision strategy included at Appendix 5.
9. Approve the Collection Fund Budget for 2023/24 as set out in Appendix 6 to this report.

**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.

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report presents to Council the proposed Revenue Budget and consequent Council Tax for the City. Whilst this has no direct implications for the Our Manchester Strategy outcomes a balanced budget is a pre-requisite to the provision of the council services that support the outcomes and includes some transfer
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by	

unlocking the potential of our communities	of resources to support key council objectives.
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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### **Financial Consequences – Revenue**

The approval sought above is a pre-requisite to setting a revenue budget for 2023/24. The revenue budget incorporates provision for financing of borrowing undertaken to fund capital expenditure.

### **Financial Consequences – Capital**

Details of the proposed Capital Programme for the next five years were approved at Executive on 15 February 2023 and any financial implications are contained within the body of the report and attached schedules.

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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.

Provisional and final Local Government Finance Settlement papers;

Final Levy and Precept notifications from the Greater Manchester Mayoral Police and Crime Commissioner Precept and Greater Manchester Mayoral General Precept (including Fire Services);

Reports to the Executive on 15 February 2023, including appendices, available [here](#), entitled;

- [Medium Term Financial Strategy and Revenue Budget 2023/24](#)
- [Corporate Core Budget 2023/24](#)
- [Children and Education Services Budget 2023/24](#)
- [Public Health Budget 2023/24](#)
- [Adult Social Care Budget 2023/24](#)
- [Neighbourhoods Budget 2023/24 \(1 - Communities and Equalities Scrutiny Committee\)](#)
- [Neighbourhoods Budget 2023/24 \(2 - Environment and Climate Change Scrutiny Committee\)](#)
- [Zero Carbon Budget 2023/24](#)
- [Homelessness Budget 2023/24](#)
- [Growth and Development Budget 2023/24](#)
- [Housing Revenue Account 2023/24 to 2025/26](#)
- [Schools Budget 2023/24](#)
- [Capital Strategy and Budget 2023/24 to 2025/26](#)
- [Treasury Management Strategy Statement 2023/24, including Borrowing Limits and Annual Investment Strategy](#)

## 1. Introduction

- 1.1 At its meeting on 15 February 2023 the Executive received a series of reports which outlined the position for 2023/24 setting a balanced one-year budget in line with the Government's one year funding announcement. This reflected the budget position of the Council after the announcement of the final Local Government Finance Settlement on 6 February 2023. These reports included:
- (i) A Medium Term Financial Strategy which set out the framework for the budget strategy and the implications for the Council from the Finance Settlement. The report also set out the issues and legal requirements members need to consider prior to Council finalising the budget and setting the Council Tax for 2023/24.
  - (ii) The budget report for 2023/24 and a detailed report from each Directorate on proposals for service change to ensure they continue to meet the Council's objectives whilst managing services within the available resource envelope.
- 1.2 Resources and Governance Scrutiny Committee met on 15 February 2023 to consider the full suite of budget reports along with the outcomes from the budget consultation and the Equality Impact Assessment. The Committee also considered the issues arising from individual budget reports that the chairs of the scrutiny committees wished to draw their attention to. The proceedings of the meeting and the recommendations made are set out in the minutes elsewhere on this agenda. The full suite of budget reports are listed as background documents. Members should take the contents of these into account when considering the recommendations in this report.

## 2. The Revenue Budget

- 2.1 The financial considerations contained within this report are based on the final Local Government Finance Settlement issued on 6 February 2023 which provided a one-year finance settlement.
- 2.2 The Finance Settlement was towards the positive end of expectations, although it assumes that local authorities will increase council tax by 4.99% being the 2.99% referendum limit and the 2% Adult Social Care precept.
- 2.3 The final budget cuts proposals are detailed in the directorate budget reports elsewhere on this agenda and listed in Appendix 1. The summary position by directorate is shown in table one.
- 2.4 In addition to the £15.396m new savings there were £2.872m of savings approved in 2021/22 (for 2023/24) which brings the total savings and mitigations for 2023/24 budget year to £18.268m.

**Table 1: Savings Proposals for financial year 2023/24**

	<b>Savings Approved Last MTFP</b>	<b>Savings Proposed as part of 2023/24 budget setting</b>	<b>Total 2023/24 savings</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's	1,309	(4,411)	(3,102)
Adult Social Care	(3,477)	(4,142)	(7,619)
Public Health	0	(730)	(730)
Corporate Core	(304)	(565)	(869)
Neighbourhoods (inc. Homelessness)	(100)	(1,789)	(1,889)
Growth and Development	(300)	(959)	(1,259)
Corporate budgets	0	(2,800)	1,000
<b>Total</b>	<b>(2,872)</b>	<b>(15,396)</b>	<b>(18,268)</b>

2.5 The final investment and growth proposals are detailed in the directorate budget reports elsewhere on this agenda and listed in Appendix 2. The summary position by directorate is shown in table two.

**Table 2: Investment, Pressures and Growth Proposals 2023/24 to 2025/26**

<b>Directorate</b>	<b>Amount of Investment</b>			
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Social Care	20,450	8,806	2,011	31,267
Public Health	0	0	0	0
Children's Services	6,927	0	0	6,927
Neighbourhoods	1,200	0	0	1,200
Homelessness	4,000	0	0	4,000
Corporate Core	6,511	0	0	6,511
Growth and Development	300	0	0	300
<b>Total Growth, Pressures, and Investment Proposals 2023/24</b>	<b>39,388</b>	<b>8,806</b>	<b>2,011</b>	<b>50,205</b>

2.6 The updated position is set out in Table 3 below.

**Table 3: Summary of Budget Position 2022/23 (latest) and 2023/24 (proposed)**

	<b>Revised 2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Resources Available</b>		
Business Rates Related Funding	235,553	374,725
Council Tax	208,965	217,968

	<b>Revised 2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Grants and other External Funding	104,559	126,439
Use of Reserves	141,522	17,087
<b>Total Resources Available</b>	<b>690,599</b>	<b>736,219</b>
<b>Resources Required</b>		
<i>Corporate Costs:</i>		
Levies *	67,871	70,060
Contingency	600	600
Capital Financing	39,507	39,507
Transfer to Reserves	24,638	1,335
<i>Sub Total Corporate Costs</i>	<i>132,616</i>	<i>111,502</i>
<i>Directorate Costs:</i>		
Additional Allowances and other pension costs	7,316	8,566
Insurance Costs	2,004	2,004
Inflationary Pressures and budgets to be allocated	(7,169)	22,586
Directorate Budgets	555,832	591,561
<i>Subtotal Directorate Costs</i>	<i>557,983</i>	<i>624,717</i>
<b>Total Resources Required</b>	<b>690,599</b>	<b>736,219</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>0</b>

*\*Although included within the table of levies / charges above, the Waste Levy is administered by the Neighbourhoods Directorate and will be included within their published budget. This is to recognise that the actions within the directorate to reduce the levels of waste delivered impact on future levies which are tonnage based. It has been included above to give a complete view of the levies / charges paid.*

- 2.7 The budget report for 2023/24 also provided details of proposed movements to and from reserves including those being used to support the revenue budget. The detailed updated schedule of reserves is attached at Appendix 3.

### **3 Setting the Council Tax for 2023/24**

- 3.1 The Localism Act 2011 abolished council tax capping powers and replaced them with a requirement for an authority to hold a council tax referendum if it increases its council tax by an amount exceeding the limit set out in principles determined by the Secretary of State and approved by the House of Commons.
- 3.2 The final Local Government Finance Settlement on 6 February 2023 confirmed that for 2023/24, local authorities will be able to increase their relevant basic amount of council tax (average Band D council tax, excluding local precepts) by up to 3% without having to hold a referendum.
- 3.3 Local authorities with responsibility for Adult Social Care can increase their council tax by up to 2% on top of the 3% core principle.

- 3.4 The Council Tax bill and the information that accompanies it, must highlight the part of the increase that is being used to fund adult social care. Further information about spending on adult social care must be provided with the demand notice.
- 3.5 This report is prepared on the basis that Manchester's Council Tax will increase by 4.99% in 2023/24; 2.99% attributable to the Council element and 2% for the Adult Social care precept. This equates to a Band D charge of £1,618.25 (an increase of £76.91 from 2022/23).
- 3.6 The Greater Manchester Mayoral General Precept has been confirmed at £107.95 for a Band D property, comprising of £76.20 for functions previously covered by the Fire and Rescue Authority (an increase of £5.00 from 2022/23) and £31.75 for other Mayoral General functions including bus reform (no change from 2022/23).
- 3.7 The Greater Manchester Mayoral Police and Crime Commissioner Precept will increase by £15.00 to £243.30 for a Band D property which is in line with the flexibility provided by the Government to all Police and Crime Commissioners.
- 3.8 The Council Tax resolution is attached as Appendix 4.

#### **4 Prudential indicators**

- 4.1 As part of the Prudential Framework the council is required to prepare a number of financial indicators to show that capital investment and treasury management activity is prudent, affordable and proportionate. The proposed Prudential Indicators for 2023/24 to 2025/26 are shown in Appendix 5.

#### **5 Collection Fund Budget**

- 5.1 Attached for approval at Appendix 6 is the proposed collection fund budget for 2023/24. The collection fund budget includes income and expenditure relating to council tax and business rates.

#### **6 Robustness of the Budget**

- 6.1 The budget report to Executive set out the Council's legal duties to which members must have regard in formulating the budget and setting Council Tax. The report referred not only to the need for the Council to continue to meet its statutory duties but also to any remaining requirements for consultation, legal processes and equality impact assessments before a final decision can be taken.
- 6.2 The Deputy Chief Executive and City Treasurer has a duty to report on the robustness of the estimates made for the purposes of the calculation of Council Tax and the adequacy of the financial reserves. The detailed assessment is set out in the S25 Report which forms part of the Medium Term Financial Strategy. As reported to the Executive the Deputy Chief Executive and City Treasurer remains satisfied that the assumptions on which the budget has been



proposed are manageable within the flexibility allowed by the General Fund balance. This and the fact that the Council holds other reserves that can be called on if necessary, means that the Deputy Chief Executive and City Treasurer is confident that overall the budget position of the Council can be sustained within the overall level of resources available. However, to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, the future year's savings will be prejudiced, and further savings will need to be identified and implemented, including to replace reserve drawn downs, in order to ensure these are sufficient for future years.