

Manchester City Council Report for Information

Report to: Executive – 14 February 2024

Subject: Neighbourhoods Directorate Budget 2024/25

Report of: Strategic Director - Neighbourhood Services

Summary

Local Government is under profound financial pressure, largely due to externally driven cost and demand pressures at a national level particularly affecting Adults Services, Children's Services and Homelessness. It is in this context that the Council must set a balanced budget.

Following the provisional finance settlement announced 18 December the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduces to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m will be delivered next year.

This report provides a further update to members on the priorities for the Neighbourhood Services Directorate and details the changes to the initial revenue budget options proposed by officers in November 2023. Each scrutiny committee has been invited to consider the proposed budget changes that are within their remit and to make recommendations to the Executive as part of the budget process.

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
- (3) The Executive is recommended to approve these budget proposals.

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.
Equality, Diversity and Inclusion - the impact of the issues addressed in this	Consideration has been given to how the proposed savings could impact on different

report in meeting our Public Sector Equality Duty and broader equality commitments	protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment
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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	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.
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	
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

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the final 2024/25 revenue budget set by Council on 1 March 2024.

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.

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

1. Introduction and purpose

- 1.1 The report sets out the service overview and key priorities along with the latest proposed budgets for the Neighbourhood Services Directorate. The proposed budgets have already been through the relevant scrutiny committee for each service area within the Neighbourhood Directorate. The draft budget contains details of the already approved savings and investments, along with initial thoughts on other areas for consideration and comment as part of the budget process in order to help ensure an overall balanced budget.

This report should be read with the covering budget report to this committee.

2. Service overview and priorities

- 2.1 Neighbourhood Service Directorate has a wide range of services and employs over 1,916 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.

- 2.2 The services under the remit of this committee includes the following services:

Community Safety, Compliance and Enforcement

- 2.3 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.

- 2.4 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.

Parks, Leisure Events and Youth

- 2.5 Responsible for providing strong strategic leadership which focuses relentlessly on improving outcomes for residents. The service is seeking to make the best use of parks and open spaces, increase sport and physical activity levels to help residents lead healthy, active lifestyles, strengthen youth provision, and establish Manchester as an eventful city – making a significant contribution to Manchester being a world class place to work, live and visit and where companies want to invest.

- 2.6 The service area continues to deliver an exciting programme of work to support residents increase activity levels and reach their full potential. The

team deliver greater resident involvement, strengthen partnership working, and build capacity in the voluntary sector in the main through commissioning arrangements and collaborating with partners to deliver events.

- 2.7 As part of our vision for Manchester to be in the topflight of world-class cities by 2025, our Parks team ensure that residents and visitors can regularly enjoy relaxation and sports in green, open spaces, parks, and riversides - rich in wildlife. This contributes to helping residents lead healthy, active lifestyles and bringing people together to enjoy their leisure time across the city.

Libraries, Galleries and Culture

- 2.8 Responsible for providing all the city-wide libraries, information and archive services, the Manchester Art Gallery, Platt Hall, Queen's Park Conservation Studio and a range of cultural activities and organisations across the city.
- 2.9 The service operates the Central Library, 15 neighbourhood libraries and 6 community libraries, HMP Manchester prison library as well as Books to Go service for housebound library users. The Archives Service operates the Greater Manchester County Record Service on behalf of GMCA supporting all ten districts.
- 2.10 The library strategy and renewal programme has seen 80% of Manchester libraries being refurbished and co-located in recent years. The services have developed the Manchester standard for national, regional and Greater Manchester initiatives, supporting the Universal Public Library Offers which aim to connect communities, improve wellbeing and promote equality through learning, literacy and cultural activity as well as working closely with several city wide and local partners.
- Culture and Creativity
 - Health and Wellbeing
 - Information and Digital
 - Reading
- 2.11 A new vision for Manchester Libraries was agreed in February 2023 and over the past 12 months three new libraries have been opened across the city and a number of refurbishments have been completed or about to commence.
- 2.12 The service has been successful in securing external funding and Manchester At Gallery is the lead organisation for Manchester Museums Partnership, which an Arts Council England National Portfolio Organisation with The University of Manchester. This year will see significant capital works commencing across the estate.

Waste and Street Cleansing

Work very closely with the collections provider to improve street cleansing standards across the city and reduce bin collection issues, work with

Neighbourhood Teams, Neighbourhood Compliance Teams, and other services to develop, coordinate, and monitor a range of programmes and activities to encourage residents and businesses to manage their waste legitimately and increase recycling.

Waste Disposal Levy

- 2.13 The monies paid over to Greater Manchester Combined Authority to fund the costs of recycling and waste disposal across GM (Greater Manchester), including the operation of the Household Waste Recycling centres (tips).

Neighbourhood Teams

- 2.14 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.

Homelessness

- 2.15 Preventing people from becoming homeless and supporting individuals and families who find themselves homeless, to secure new permanent homes and better outcomes. Considerable work has been undertaken to reduce the number of families in B&B which contrasts with other Local Authorities where Temporary Accommodation numbers overall are increasing to levels not seen previously. This highlights the pressures faced in this area both now and in the coming years.

Priorities:

- Significantly increasing the prevention of homelessness in the first instance.
- Improving the quality-of-service provision for people and families who find themselves homeless
- Reducing rough sleeping
- Reducing the cost of the service by creating more innovative and sustainable housing options in temporary and permanent accommodation
- Delivering better outcomes for families and single people

Housing Services

- 2.16 Housing Services was previously managed by the Council's arm's 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. These budgets are ringfenced to the Housing Revenue Account (HRA) and are therefore not a cost to the Neighbourhoods mainstream

budgets. There is a separate HRA budget report be taken to Resources and Governance Scrutiny Committee 8th February.

Highways

2.17 The Highways Service works to improve the city's road networks and public spaces, delivering a range of work that keeps traffic flowing, maintains the public realm and designs major new highway schemes to benefit residents and visitors in Manchester. The Highways Service is made up of several teams:

- Network Management - keeping the city moving, managing parking, and other aspects of road safety.
- Design, Commissioning and Project Management Team (PMO) - managing and developing our highways.
- Public Realm - maintaining monuments, water features and keeping users safe.
- Reducing congestion and supporting business and economic recovery.
- Supporting active travel options of walking and cycling.
- Delivering a programme of highway improvements

2.18 Parking Services directly supports the transport strategy for the city and our operational highway activities with the aim to keep the city's roads moving. Work is ongoing to update the Parking Strategy and undertake a review of parking pricing and of the City's strategic approach to parking in light of the emerging City Centre Movement Strategy.

2.19 Neighbourhood Services Directorate has a gross budget of £262m and a net budget of £139.225m. The Directorate employs 1,916 fte. The 2023/24 base budget and fte numbers for the services within the Neighbourhood Services Directorate are shown below broken down by service area in the table below.

Table One: Base budget 2023/24

Service Area	2023/24 Gross budget £'000	2023 / 24 Net Budget £'000	2023 / 24 Budgeted posts (FTE) £'000
Community Safety	4,817	2,836	50
Leisure, Youth and Events	20,471	7,069	29
Libraries, Galleries and Culture	14,841	10,565	279
Neighbourhood Teams	5,102	4,703	79
Management and Directorate Support	1,340	1,271	27
Other Neighbourhoods	1,469	1,066	3

Homelessness and Asylum	77,183	31,861	422
Housing Services	2,129	0	255
Parking Services and CCTV	8,555	(6,263)	0
Highways	27,463	19,577	246
Parks and Green Spaces	3,877	1,864	63
Compliance	11,521	8,937	220
Waste Disposal Levy	30,632	30,632	0
Grounds Maintenance	4,810	4,372	101
Waste and street cleaning	31,408	27,996	16
Advertising	190	(4,742)	0
Business Units	16,655	(2,519)	126
Total	262,463	139,225	1,916

3 Service budget and proposed changes

Savings Plan 2024-27

- 3.1 Savings of £3.937m have already been approved for 2024/27 as part of prior year budget approvals and these remain on track to be delivered, however the ability to deliver these savings is being reviewed on an ongoing basis and provision has been made in the budget position to offset £1m of this risk. The table below sets out the already approved savings and further details are set out in Appendix 1.

Description of savings	2024/25 £000's	2025/26 £000's	2026/27 £000's	Total £000's
Parks & Open Spaces	100	0	0	100
Waste & Street Cleansing	0	400	0	400
Homelessness	2,070	1,332	0	3,402
Highways	35	0	0	35
Total Already Approved Savings	2,205	1,732	0	3,937

- 3.2 As part of the 2023/24 budget process savings were identified over a three-year period and it was intended that the 2024/25 budget would be light touch and no further savings would be required. The original plan to deliver the Homelessness savings was based on a reduction in Temporary Accommodation numbers, although significant reductions have been made for the number of families supported in B&B the pressures faced remain significant. Agreement has been reached with DLUHC to review longer term leasing options for Temporary Accommodation units which would allow full housing benefit recovery and ease a significant proportion of the Housing Subsidy loss faced by the service. The first phase of this relates to converting existing tenancies for the 800 temporary accommodation units in Manchester.

- 3.3 It is a key priority for the Homeless service to minimise out of area temporary accommodation placements given the impact on children's education, health and wider welfare. It is estimated that it will take a number of years to replace properties outside of Manchester with properties in the city. The intention is that the Homeless Service can deliver a better spread of properties across the city.
- 3.4 In light of the current financial years pressures and ongoing high inflation rates it has been necessary to revisit the initial assumptions and identify further savings options for consideration.
- 3.5 As part of identifying further savings options the initial priority has been to protect service delivery wherever possible, and this has included looking to increase income generation opportunities where possible.
- 3.6 Review of our existing workforce structures and capacity and in particular how we budget for staffing costs in light of high levels of turnover and allowing for all posts at top of grade.
- 3.7 The proposed savings from services within the remit of this scrutiny committee are summarised below and details are set out in the table at Appendix 1.

Cross Cutting Staff Savings

- 3.8 Historically there have been staffing underspends across all Council Directorates, 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 reduce staffing budgets by £1m across the council, and Neighbourhood Services contribution to this is £198k. This will be achieved by deleting long term vacant posts.

Sales, Fees and Charges

- 3.9 As part annual budget process all sales, fees and charges have been reviewed to ensure that they are services are fully recovering fees where appropriate, and also to ensure that budgets are uplifted where possible to reflect any realignment of budgets because of increased activity, or any increased income from proposed price increases.

Business Units

- 3.10 Bereavement services charge for their services which includes, burials, cremations and memorials. The overall income budget is £4.155m. It is proposed to increase this by £406k in 2024/25 and this will be achieved by a combination of reviewing the existing activity levels and applying an uplift to the existing prices. Of the £406k increased income £100k will contribute towards the savings requirements, and the remaining £306k will contribute

towards the increased costs within the service due to inflationary increase to costs, including payroll costs.

- 3.11 The City Council currently operates two large advertising contracts for sites across the city. The annual contract value is subject to annual uplifts in respect of inflationary increases in line with RPI, and work is ongoing to identify further opportunities for new sites. It is proposed to increase the existing advertising income budget by a further £0.602m to reflect the forecast inflationary increase in 2024/25.
- 3.12 As part of the review it is proposed that some external charges are increased by up to 5% from 1st April, and as part of these increases' additional income of £470k is forecast from across the Neighbourhood Services Directorate and this has been reflected within the overall budget as part of the £1m increased income from sales fees and charges. Details of these changes are set out in the table below:

Income Generating Area	Proposed Increase £000's	Comments
Advertising	152	Annual contractual upift
Compliance	97	Increase fees and charges by 5%
Waste	37	5% inflationary increase applied to bulky waste collections
Highways	184	5% increase for fees and permits
Total	470	

- 3.13 In addition to the above price increases that contribute to wider council savings there are other services that will be increasing prices by up to 5% in order that the additional income can fund increased costs arising from inflationary increases.

Community Safety

- 3.14 A temporary reduction in the annual £40k contribution to the security measures for the Christmas Markets whilst Albert Square is unavailable, it is proposed that this will be re-introduced once the markets return to Albert Square. An action from November scrutiny was that the Neighbourhoods directorate 2024/25 budget report in February 2024 provides further breakdown of the budget allocated to tackle crime and disorder, this is included in Appendix 5.

Libraries and Galleries

- 3.15 As part of the original budget proposals reviewed by this Committee In November, Members provided a clear indication that they were not supportive

of the book fund budget reduction of £30k to £0.65m per annum. Following this feedback from Members this saving has been removed.

Events Commissioning

- 3.16 The Manchester Events Strategy was adopted in 2019, this strategy set out a vision 'To Be an Eventful City' with a focus on developing a diverse, balanced and benefits driven events portfolio driven by partnerships. The Events Strategy identified how we would re-purpose our funding to support Events and Festivals, differentiating our investment between events that are aimed principally at supporting community cohesion and animating the city and events aimed at generating significant economic value and profile for the City.
- 3.17 The Executive considered in October 2023 a report of the Strategic Director (Neighbourhoods), which sought approval for the formation of an Event Commission. The Executive endorsed the intent to form an Event Commission for the City in order to secure major events in Manchester and to bring in contributions from key partners and supported the proposed budget allocation as part of the 2024/25 budget options.
- 3.18 In line with the recommendations from the Executive, budget approval 2024/25 is to be sought for an annual £2m contribution from the Capital Fund to support the events commission, this will be funded through the growth in retained business rates. The proposed City Council resources will be supplemented by other city partnership funding that will be part of the whole events commission budget and managed by the City Council.
- 3.19 The proposed annual contribution will provide an ongoing budget for commissioning events and will reduce the need for any in year approvals for one off budget requests when opportunities have arisen. The Council's funding will be alongside funding contributions from other partners which are currently being negotiated. The setting up of the events commission budget will enable
- Provision of event pump-prime funding which will attract wider public and private sector partnership funding – and facilitate access to wider funding sources - leveraging a minimum external investment of £4 for every £1 of funding.
 - Opportunities to generate net additional spend/Economic impact benefits through major events - £10 for every £1 invested as a minimum.
 - Achieving National and International media reach and profile.
 - Generating significant social impact for residents beyond the delivery of the event itself.

Growth and Pressures 2024-27

- 3.20 £1m of budget has been set aside to support pressures to the Homelessness budget. In the last two months there has been a worrying trend in asylum seekers, the migrant policy and homelessness. This is in line with national

trends and Core Cities and other GM authorities are all reporting similar issues. Whilst extremely challenging it is important that a realistic and deliverable budget is set which recognises these additional pressures.

- 3.21 As part of the budget proposals an initial £0.9m investment into waste and street cleaning is proposed for 2024/25, this will provide £0.4m investment into waste collection and disposal to provide resources to meet increased demographic needs because of increased numbers of dwellings across the City that will require additional collection rounds.
- 3.22 In addition to the waste collection investment, £400k of investment is proposed for Street Cleaning which recognises the stepped increase in population and footfall whilst providing the ability to deal with hotspots, and £100k to deal with the accumulation of waste on Council land proactive cleansing of land to prevent fly tipping and there is a further £300k in 2026/27.
- 3.23 The annual waste levy costs are driven by forecast tonnages of waste to be disposed of and the costs of disposal. The levy is set by GMCA and based on latest forecasts it is anticipated that this will increase in 2024/25, with the increase to Manchester being £1.177m. Further increases of £1.250m have been assumed for 2025/26 and £1.609m for 2026/27, these increases are reflected in the current budget plans for those years.

Off Street Parking

- 3.24 Whilst the number of off-street car park users has increased post pandemic, it has not returned to pre covid levels and this is largely due to changes in peoples working arrangements and the move to hybrid working. As part of the 2023/24 budget temporary support of £2.1m per annum was approved using reserves. The use of reserves is only temporary for two years and a longer-term parking strategy is being developed that will seek to better align both on street and off-street parking in order to ensure income is maximised.

Traded Services

- 3.25 The temporary closure of Albert Square as part of the Our Town Hall project means that the Christmas Markets are being delivered from a smaller footprint. An additional £1m of funding is being provided until the town hall reopens to offset the lower rental income that can be realised. This funding will then be used to meet some of the increased operating costs of running the civic estate once the town hall is reopened.

Government Grants 2024-27

Grant	2023/2024 Budget	2024/2025 Indicative Budget	2025/2026 Indicative Budget	2026/2027 Indicative Budget
	£'000	£'000	£'000	£'000
Rough Sleeping Initiative	2,432	2,422	2,422	2,422
Afghan Resettlement Funding	6,133	1,896	1,270	0
Domestic Abuse New Burdens	1,691	1,691	1,691	1,691
AFEO	748	748	748	748
Homelessness Prevention Grant DA New Burdens	165	239	239	239
Homelessness Prevention Grant	3,287	3,450	3,450	3,450
Dispersal Asylum Grant	64	64	64	64
HMP Manchester Library	124	124	124	124
GM Libraries	125	125	125	125
Prevent Staffing	305	305	305	305
Blame Belonging	3	3	3	3
Choices	7	7	7	7
SAVE	3	3	3	3
Prevent Regional Dovetail	395	90	90	90
Vigilant Manchester	20	20	20	20
KIKIT	50	50	50	50
Parents Against Radical	5	5	5	5
Creating Positive Change	5	5	5	5
PFI Grant (street lighting)	2,917	2,917	2,917	2,917
Bikeability Grant	126	126	126	126
Trading Standards (Strangeways)	70	70	70	70
Trading Standards	5	5	5	5
Total	18,680	14,365	13,739	12,469

- 3.26 As can be seen from the table above services receive a wide range of grants and these total £18.7m in the current financial year, the majority of the grants relate to the Homelessness service and the table reflects the forecast reduction in 2024/25 Afghan Resettlement funding based on latest estimates. In November Scrutiny concerns were raised regarding the reduction in funding, however, with the closure of the Bridging Hotels the level of expenditure incurred to support these families will reduce in line with the funding reduction and will not create a pressure on Council budgets.
- 3.27 **Appendix 2** provides an overview of the forecast medium-term budgets by service. **Appendix 3** provides an objective analysis of the 2023/24 budget to also set out the key areas of income. The forecast grants are listed at **Appendix 4**.

4. Commissioning and procurement priorities

- 4.1 The Directorate will continue to work with Integrated Commissioning and Procurement colleagues to ensure the procurement pipeline is understood and that work to procure contracts is undertaken in a timely manner.
- 4.2 Contract sessions with directorate management teams have been established commencing over September 2023 and quarterly thereafter. The aim of these is to support management teams to understand both their current contractual position and contract spend, and to develop an agreed pipeline of future commissions.
- 4.3 A new Contract Management System is expected to go live during the current financial year. Once operational this will provide Directorates with consistent contract performance information to support contract managers to ensure that contracts deliver against expectations and that opportunities for improvement can be identified and realised more easily.

5. Workforce Implications

- 5.1 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.

6. Equality and Anti-Poverty Impact

- 6.1 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.

7. Future opportunities, Risks and policy considerations

- 7.1 As development continues across the city, this may lead to increased growth pressures for Neighbourhood Services as the number of households grows significantly. There is some funding proposed within the current budget proposals for both waste collection and street cleansing, but the increase demand is likely to also extend to enforcement, parks, leisure and wider neighbourhood working.
- 7.2 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.