

Scrutiny Committee Minute Extracts 6 - 8 February 2024

Economy and Regeneration Scrutiny Committee – 6 February 2024

ERSC/24/10 Revenue Budget Update 2024/25

The Committee received a report of the Deputy Chief Executive and City Treasurer which provided a high-level overview of the updated budget position. It set out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced on 18 December 2023, the Council was 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 was balanced for 2024/25 and the remaining gap reduced to £29m in 2025/26 and £41m by 2026/27. This position assumed that savings of £21.4m were delivered next year.

Key points and themes within this report included:

- Changes to the budget position;
- Summary budget position;
- Budget consultation;
- Equalities impact and anti-poverty assessments;
- Scrutiny of the draft proposals and the budget reports; and
- Next steps.

The Executive Member for Finance and Resources stated that the Government's approach to the Local Government Settlement had been chaotic and only announced just before Christmas. He reported that the final announcement had resulted in a cut of 84% in the Services Grant and that this equated to a £6.1m cut for Manchester. He stated that this had resulted in an outcry from local authorities and MPs from all political parties. He stated that this situation needed to be understood in the context of 14 years of austerity and Government funding cuts and unfunded pressures such as inflation and population growth.

The Executive Member for Finance and Resources added that the Government had then announced an additional £500m for Social Care; however, local authorities were still facing a £4bn budget gap nationally, resulting in a number of local authorities serving a Section 144 notice and it was anticipated that more would follow.

The Executive Member for Finance and Resources commented that, despite this, Manchester had set a balanced budget and this had been achieved through diligent planning and management that had seen strategic investment in preventative initiatives; using financial reserves prudently and investment in activities that were important for Manchester residents, such as libraries; leisure centres, highways, parks and green spaces and reducing the carbon footprint.

The Executive Member for Finance and Resources stated that although Manchester had been able to deliver a balanced budget this year, the Council's financial position was expected to become even more challenging. The projected budget gap, even after using reserves for 25/26, was £29m in 2025/26 and £41m in 2026/27. He expressed concern that the Government had continually failed to listen to local authorities.

The Chair supported the Executive Member for Finance and Resources' remarks in relation to the national Government and the impact of its decisions and actions on local government.

Key points and queries that arose from the Committee's discussions included:

- That there was widespread concern about the cuts to local government and the impact on public services that people valued;
- That the impact of cuts over 14 years could be seen in neighbourhoods and to welcome the decision to establish the Neighbourhood Infrastructure and Renewal Fund;
- Praise for the Executive and officers who had made difficult decisions which had meant that Manchester was not in the position that some local authorities were and welcoming that the city was continuing to invest to achieve its goals; and
- How the Council ensured that the most vulnerable people in the city continued to receive the support they needed when budget decisions were made.

The Executive Member for Finance and Resources reported that the Council had worked to protect the most vulnerable residents over 14 years of cuts and would continue to do so. He advised that the Council had invested in early help and preventative work to reduce demand; however, he reported that there was still a high level of demand and that the crisis in the NHS and adult social care, as well as private sector profiteering in relation to children's placements, presented ongoing challenges. He reported that the Neighbourhood Infrastructure and Renewal Fund would continue for a further two years.

Decision:

To note the forecast medium term revenue budget.

ERSC/24/11 Growth and Development Budget Proposals

The Committee received a report of the Strategic Director (Growth and Development) which provided a further update on the priorities for the services in the remit of this Committee and detailed the changes to the initial revenue budget options proposed by officers in November 2023. The Committee was invited to consider the proposed budget changes that were within its remit and to make recommendations to the Executive before it agreed to the final budget proposals on 14 February 2024.

Key points and themes within this report included:

- Service overview and priorities;
- Service budget and proposed changes;
- Commissioning and procurement priorities;
- Workforce implications;
- Equality and anti-poverty impact; and
- Future opportunities, risks and policy considerations.

The Executive Member for Housing and Development supported the earlier comments about the impact of Government cuts on local government, including on areas like Growth and Development. He reported that this was an area which brought funding into the Council and supported the Council's strategic objectives, highlighting new social housing, investment in Extra Care and accommodation for Looked After Children. He praised the work of officers in bringing in as much external funding as possible to support this work.

The Executive Member for Skills, Employment and Leisure drew Members' attention to the areas of the report within his portfolio, in relation to Work and Skills, the Manchester Adult Education Service (MAES) and digital inclusion. In particular, he highlighted the emerging budget pressure on MAES from increased costs, stating a commitment to continue to provide the existing service and to seek options to mitigate these pressures in future. In response to earlier comments, he stated that, while the Council had worked hard to mitigate the impact of Government cuts on Manchester residents, the cuts had had an impact on residents and the Council was not able to provide all the services it would want to.

The Chair emphasised the importance of protecting MAES from service reductions, advising that this was an example of investing to save as it equipped people with the skills to contribute to the economy and reduced service demand in other areas. Noting the reference in the report to future pressures from the legislative changes in building safety requirements, he recommended that the Committee receive a report on this in the next municipal year.

In response to a question from the Chair, the Director of Highways reported that penalty charge notices for parking contraventions were set out in statute and that the Council did not have the power to increase the level of the charge. In response to a further question, he confirmed that the Council did have powers to increase parking fees. The Head of Finance (Corporate Core) reported that the recommendation that Highways external charges be increased by up to 5% related to a range of income streams within Highways which the Council was able to control. In response to a further question from the Chair about why these were not being increased by the average rate of inflation of 8%, he reported that 8% was the average rate of inflation over the last 12 months but that the forecast figure for 2024/25 was lower and that, in setting the level of the increase, consideration had been given to both the Council's financial position and protecting residents and businesses from increased costs.

In response to a Member's question about the Government's plans on the sale of council assets, the Executive Member for Finance and Resources reported that this related to councils which were in serious financial difficulties and that Manchester was in a stronger position. He informed Members about the role of the city's Strategic Asset Management Board, which looked at Council land or premises that

were not in use and identified the best option for them. The Executive Member for Housing and Development provided further information on this, outlining some of the options that could be considered for the land, such as social and affordable housing, schools and other facilities and, where land was sold, reinvesting the income in providing more affordable housing.

The Strategic Director (Growth and Development) reported that, unlike some local authorities, the Council had not acquired assets elsewhere to generate revenue and that the Council was not concerned by the recent Government announcement on the sale of council assets. She reported that the Council did have land assets within the city, some of which were part of the commercial and investment estate and generated income and others which were used as levers to shape the development of the city.

Decisions:

1. To note the proposed changes which are relevant to the Committee's remit.
2. To receive a report on the legislative changes in building safety requirements in the next municipal year.

Communities and Equalities Scrutiny Committee – 6 February 2024

CESC/24/13 2024/25 Budget

In opening the item, the Chair informed the committee that items 9 and 9a would be considered together and the committee considered a report of the Deputy Chief Executive and City Treasurer which provided an overview of the Council's updated budget position for 2024/25 and a report of the Strategic Director (Neighbourhoods) which provided a further update on the priorities for the services in the remit of this committee and detailed changes to the initial revenue budget options proposed by officers in November 2023.

Key points and themes within the reports included:

- Changes to the Council's budget position following the Autumn Statement and Provisional Local Government Finance Settlement;
- 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 with a budget gap of £29m in 2025/26 and £41m by 2026/27. This position assumed that savings of £21.4m would be delivered next year;
- Actions totalling £15m, to ensure that the Council had a balanced budget for 2024/25;
- Highlighting that the Council had undertaken careful long-term financial planning which involved making some difficult decisions around cost reduction and doing things differently but that a significant and growing budget gap remained from 2025/26;
- Full analysis and results of the public consultation would be reported to the Budget Resources and Governance Scrutiny Committee meeting in late February;
- Next steps in the budget process;
- Providing an overview and information on the priorities of the Neighbourhoods directorate;
- The services under the remit of this committee;
- The base budgets for each service area for 2023/24;
- Noting that a temporary reduction in the annual £40k contribution to the security measures for the Christmas Markets whilst Albert Square is unavailable would be re-introduced once the markets return to Albert Square;
- The proposal to reduce the book fund budget by £30k had been removed following the committee's feedback in November 2023;
- An annual £2m contribution from the Capital Fund would be used to support the events commission and funded through the growth in retained business rates;
- Government grants and the income they provide;
- Workforce implications;
- Future opportunities;
- The indicative medium-term budgets by service area;
- The indicative medium-term budgets by type of spend/income; and
- A breakdown of the Community Safety budget, as previously requested by the Committee.

Some of the key points and queries that arose from the committee's discussion included:

- Commending the work of officers in setting a balanced budget for 2024/25;
- Expressing concern over the uncertainty of the continuation of the Household Support Fund from government;
- Welcoming the withdrawal of a previous proposal to reduce the book fund budget by £30k;
- Expressing concern over funding for homelessness prevention and support and recognising how central government failed to provide appropriate funding for areas most in need, like Manchester;
- Recognising that households in Manchester were still feeling the impacts of the cost-of-living crisis;
- How the Council would reassure residents that there would not be cuts to vital services, particularly for those most vulnerable;
- Expressing thanks to officers within the Homelessness service for their work in reducing the use of bed and breakfasts as temporary accommodation; and
- Recognising that local councils provide a lifeline for residents.

The Executive Member for Finance and Resources introduced the item and stated that the Government's approach to the Local Government Finance Settlement had been chaotic and only announced just before Christmas. He said the final announcement when announced had resulted in a cut of 84% in the Services Grant and this equated to a £6.1m loss for Manchester. He stated that this had resulted in an outcry from local authorities and MPs from all political parties. He stated that this situation needed to be understood in the context of fourteen years of austerity and Government funding cuts and unfunded pressures such as inflation and population growth.

The Executive Member for Finance and Resources added that the Government then swiftly announced an additional £500m for Social Care, however Local Authorities were still facing a £4bn budget gap nationally, resulting in a number of Local Authorities serving a Section 144 notice and it was anticipated that more would follow.

The Executive Member for Finance and Resources commented that despite this Manchester had set a balanced budget and had been achieved through diligent planning and management that had witnessed the strategic investment in preventative initiatives; using financial reserves prudently and investment in activities that were important for Manchester residents.

The Executive Member for Finance and Resources stated that although Manchester had been able to deliver a balanced budget this year, the Council's financial position is expected to become even more challenging. The projected budget gap, even after using reserves for 25/26 was £29m in 2025/26 and rising to £41m by 2026/27.

The Executive Member for Finance and Resources concluded by stating that the Government had continually failed to listen to Local Authorities.

The Deputy Leader stated that significant work had been undertaken to reduce the use and costs of bed and breakfasts as temporary accommodation for those experiencing homelessness and that officers were looking at other ways to reduce costs within the service. She highlighted that budgetary pressures were a result of political choices at a national level, such as Section 21 eviction notices, and increased demand as a result of the asylum and refugee crisis, which the government had failed to provide adequate funding to address. She called on the government to provide adequate financial support to local authorities to tackle homelessness.

The Executive Member for Skills, Employment and Leisure also confirmed that a previous proposal to withdraw the book fund budget by £30k had been withdrawn, following expressions of concern from committee members' in November.

In response to a query, the Executive Member for Finance and Resources explained that the revenue budget gap for social care and homelessness had increased since 2010. He recognised that it was impossible to protect and mitigate all services and that the government had changed the funding formula to benefit more affluent areas.

Much of the committee's discussion focused on the failure of government to provide adequate funding for authorities like Manchester. The Chair particularly expressed concern over budgetary challenges within the Homelessness service and stated that it was a fundamental right for people to have a place to live. She expressed disappointment that the current Conservative government prioritised funding for more affluent areas and called for an immediate general election.

In closing the item, the Chair asked officers to convey the committee's gratitude to all Council staff for their work in delivering a balanced budget.

Decision:

That the reports be noted

Children and Young People Scrutiny Committee – 7 February 2024

CYP/24/09 Revenue Budget Update 2024/25

The Committee received a report of the Deputy Chief Executive and City Treasurer which provided a high-level overview of the updated budget position. It set out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced on 18 December 2023, the Council was 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 was balanced for 2024/25 and the remaining gap reduced to £29m in 2025/26 and £41m by 2026/27. This position assumed that savings of £21.4m were delivered next year.

Key points and themes within the report included:

- Changes to the budget position;
- Summary budget position;
- Budget consultation;
- Equalities impact and anti-poverty assessments;
- Scrutiny of the draft proposals and the budget reports; and
- Next steps.

The Executive Member for Finance and Resources stated that the Government's approach to the Local Government Settlement had been chaotic and only announced just before Christmas. He reported that the final announcement had resulted in a cut of 84% in the Services Grant and that this equated to a £6.1m cut for Manchester. He stated that this had resulted in an outcry from local authorities and MPs from all political parties. He stated that this situation needed to be understood in the context of 14 years of austerity and Government funding cuts and unfunded pressures such as inflation and population growth.

The Executive Member for Finance and Resources added that the Government had then announced an additional £500m for Social Care; however, local authorities were still facing a £4bn budget gap nationally, resulting in a number of local authorities serving a Section 144 notice and it was anticipated that more would follow.

The Executive Member for Finance and Resources commented that, despite this, Manchester had set a balanced budget and this had been achieved through diligent planning and management that had seen strategic investment in preventative initiatives; using financial reserves prudently and investment in activities that were important for Manchester residents, such as libraries; leisure centres, highways, parks and green spaces and reducing the carbon footprint.

The Executive Member for Finance and Resources stated that although Manchester had been able to deliver a balanced budget this year, the Council's financial position was expected to become even more challenging. The projected budget gap, even after using reserves for 25/26, was £29m in 2025/26 and £41m in 2026/27. He

expressed concern that the Government had continually failed to listen to local authorities.

Decision

To note the forecast medium term revenue budget.

CYP/24/10 Children and Education Services Budget 2024/25

The Committee considered a report of the Strategic Director (Children and Education Services) which provided a further update on the priorities for the services in the remit of this Committee and detailed the changes to the initial revenue budget options proposed by officers in November 2023. The Committee was invited to consider the proposed budget changes that were within its remit and to make recommendations to the Executive before it agreed to the final budget proposals on 14 February 2024.

Key points and themes in the report included:

- Service overview and priorities;
- Service budget and proposed changes;
- Workforce implications; and
- Use of reserves and grants.

The Executive Member for Early Years, Children and Young People reported that the Council had been in a difficult financial position for the last 14 years due to Government cuts but had continued to prioritise children and had invested in a range of successful innovations, such as Early Help and Edge of Care services. He informed Members that, excepting Unaccompanied Asylum-Seeking Children, the number of Looked After Children in Manchester had decreased, which was contrary to the national trend and demonstrated the success of early intervention, providing support to families so that more children could safely remain with their families. He expressed concern about profiteering in the private placement sector and about the impact of the withdrawal of the Household Support Fund. He stated that the Council would continue to invest in Children's Services, highlighting investment in a range of areas including Youth Services, Sure Start and work to become a Child Friendly City.

Some of the key points and themes that arose from the Committee's discussions were:

- To thank officers for their work in making the most of the funding available to support children and families, in the face of continuing Government cuts, which restricted what could be done;
- To support the continuing use of the early intervention approach which had worked successfully over recent years;
- Concern about the challenges facing families, including increased use of Section 21 eviction notices and the removal of the Holiday Activity Fund, and the increased pressures on schools in trying to support these families; and
- The importance of providing Home To School transport for children with Special Educational Needs and Disability (SEND) and to ask for further

information on the proposals for the service, including the new route planning software.

The Strategic Director (Children and Education Services) reported that, while the Council and its partners, including schools and health partners, were all facing challenges, they were continuing to focus on partnership working to support children and families. He informed Members about the refresh of the Children and Young People's Plan, one key area of which would be poverty. He advised that there was a focus on getting the maximum amount of impact and efficiency from services, rather than reducing services.

The Director of Education reported that an additional £3.9 million was being invested in Home To School Transport over the next three years, in recognition of the growing demand for the service and increased pressures; however, she advised that the Council was seeking to make the service more efficient, through route planning software and commissioning. She reported that route planning had previously been carried out manually by staff but that the software would enable more efficient routes to be identified and for buses to be fully utilised. She also highlighted the new policy which had been introduced the previous year, and which had been considered by the Committee at that time, which included a range of other options for eligible children, such as a personal budget for the family to use to arrange transport. She informed Members about an audit tool that was being developed to help schools to poverty-proof the school day and suggested that the Committee could receive a report on the work taking place at a future meeting.

The Executive Member for Early Years, Children and Young People reported that the increasing cost of Home To School transport was a serious problem for local authorities across the country but that the Council had invested in this area and worked across different departments, including ICT and HR, to find solutions.

The Chair informed Members about the improvement journey that Children's Services had been on since 2014, when it had been judged to be inadequate by Ofsted. She highlighted that in 2010 the Council had lost 4000 staff due to the cuts to local government budgets. She praised the work that had taken place to get Children's Services to its current position, improving the lives of children and young people while also saving money, particularly through the implementation of new approaches to safely reduce the number of Looked After Children. However, she expressed concern that the ongoing cuts being imposed by the current Government were unsustainable.

Decision

To note the proposed changes which are relevant to the Committee's remit.

CYP/24/11 Dedicated Schools Grant 2024/25

The Committee considered a report of the Strategic Director (Children and Education Services) which provided a summary of the confirmed DSG allocation from the 2024/25 settlement announced on 19 December 2024 and the budget allocation

across individual school budgets and Council's retained schools budgets which was consulted and reported to Schools Forum on 15 January 2024.

Key points and themes in the report included:

- Grant overview;
- Distribution across educational establishments and Council issues; and
- DSG medium term financial planning.

The Chair highlighted the pressure on the High Needs Block and reported that money was being recovered from some schools which had built up a large balance. She expressed concern about how some academy trusts managed their budgets. She informed Members that the provision of school buses was being reviewed.

In response to a question from the Chair, the Head of Finance (Children, Education and Schools) explained how the DSG from the Department for Education (DfE) was allocated, with most of it being distributed to schools, who were responsible for their own budgets, and a smaller amount being retained by the Council for the High Needs Block, which was distributed to schools during the year in relation to support for children with SEND. She reported that, following agreement from the Schools Forum, the approach to monitoring and recovering money from schools with surplus balances was being tightened up, with that money being used to address pressures in the High Needs Block.

The Director of Education reported that Early Years settings were also funded through the DSG and that this amount had increased due to the expanded entitlement to free childcare which was being introduced. The Chair expressed concern that the Early Years Block allocation from the DfE, as set out in table 5 of the report, was insufficient and that the sector would struggle to provide sufficiency of places when the entitlement was expanded. The Lead for Statutory Area (Early Years Access and Sufficiency) outlined some of the work the Council was doing to help the Early Years sector prepare for these changes. The Chair reported that sufficiency of places would be considered in a future Early Years report and she encouraged Members to monitor issues with this in their ward.

In relation to the High Needs Block, a Member informed the Committee about a recent visit that Members of the Ofsted Subgroup had undertaken to a new special school in the north of the city, where children were receiving the care and support they needed, and she highlighted the importance of ensuring that children with SEND were provided with the right support and environment, in specialist or mainstream provision, to enable them to achieve their potential. The Executive Member for Early Years, Children and Young People suggested that the Committee receive a report on work taking place to provide better options for children with SEND, noting that for some children this would be in mainstream schools and that some children with more complex needs would require special school places. The Chair agreed to receive a report on this.

The Chair expressed concern that the Government was not covering the costs of the problems with Reinforced Autoclaved Aerated Concrete (RAAC) which some schools were facing. She also expressed concern about the condition of many primary

school buildings, stating that investment was needed in new school buildings but that the Coalition Government had cancelled the Building Schools for the Future programme in 2010, with the Council managing to obtain sign-off on The Grange shortly before the programme was cancelled.

In response to the Chair's comments, the Director of Education reported that there had been one school in Manchester with RAAC but that there were other concerns about the condition of school buildings in the city. She drew Members' attention to a section in the previous report (Children and Education Services Budget 2024/25) regarding funding which had been allocated to complete condition surveys of local authority-maintained schools, advising that these would assist with bids for any relevant funding which became available and would also inform how the capital maintenance grant was allocated.

Decisions

1. To note the report.
2. To consider sufficiency of Early Years places in a future report.
3. To receive a report on work taking place to provide improved options, in both mainstream and special schools, for children with SEND.

Health Scrutiny Committee – 7 February 2024

HSC/24/08 Revenue Budget Update 2024/25

The Committee considered the report of the Deputy Chief Executive and City Treasurer that set out the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced 18 December 2023 the Council was 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 was balanced for 2024/25 and the remaining gap reduced to £29m in 2025/26 and £41m by 2026/27. This position assumed that savings of £21.4m were delivered next year.

This report provided a high-level overview of the updated budget position. Each scrutiny committee was invited to consider the current proposed changes which were within its remit and to make recommendations to the Executive before it agreed the final budget proposals on 14 February 2024.

The Executive Member for Finance and Resources stated that the Government's approach to the Local Government Settlement had been chaotic and only announced just before Christmas. He said the final announcement when announced had resulted in a cut of 84% in the Services Grant and this equated to a £6.1m cut for Manchester. He stated that this had resulted in an outcry from Local Authorities and MPs from all political parties. He stated that this situation needed to be understood in the context of fourteen years of austerity and Government funding cuts and unfunded pressures such as inflation and population growth.

The Executive Member for Finance and Resources added that the Government then swiftly announced an additional £500m for Social Care, however Local Authorities were still facing a £4bn budget gap nationally, resulting in a number of Local Authorities serving a Section 144 notice and it was anticipated that more would follow.

The Executive Member for Finance and Resources commented that, despite this, Manchester had set a balanced budget and this had been achieved through diligent planning and management that had witnessed the strategic investment in preventative initiatives; using financial reserves prudently and investment in activities that were important for Manchester residents, such as libraries; leisure centres; parks and green spaces and the Climate Change Action Plan.

The Executive Member for Finance and Resources stated that although Manchester had been able to deliver a balanced budget this year, the Council's financial position was expected to become even more challenging. The projected budget gap, even after using reserves for 25/26, was £29m in 2025/26 and rising to £41m by 2026/27, adding that since 2010 the Council has had to make £443m of savings.

The Executive Member for Finance and Resources concluded by stating that the Government had continually failed to listen to Local Authorities.

The Executive Member for Healthy Manchester and Adult Social Care made reference to the complexity of the budget arrangements, adding that a significant amount of funding was grants and one off funding arrangements which was totally impractical when attempting to plan and deliver important services. He stated that despite the budget cuts that had been imposed on the city, Manchester had continued to invest and plan services to support some of the most vulnerable residents, making particular reference to the Better Outcomes Better Lives transformation programme that was routinely reported to the Committee. He stated that he had continued to lobby the Government for adequate funding and reiterated the importance of understanding the budget in terms of people and he called for a more sustainable and fair funding settlement for Manchester.

The Executive Member for Healthy Manchester and Adult Social Care concluded by paying tribute to the Deputy Chief Executive and City Treasurer, her deputy and the Head of Finance for their diligence when setting the budget. He also paid tribute to the finance team from the Local Care Organisation for their continued support.

Public Health Budget 2024/27

The Committee considered the report of the Director of Public Health that described the proposals for the Public Health budget for 2024/25 to 2026/27.

Key points and themes in the report included:

- An overview of Public Health services and key priorities;
- A detailed overview of the budget, noting that the gross 2023/24 budget detailed in the table below was £54.126m and the net budget of £43.266m. Income of £10.860m included use of reserves £3.753m, government grants £4.489m and other contributions from NHS partners, from other local authorities and Better Care Fund totalling £2.618m;
- The latest 2023/24 global monitoring report to the Executive outlined a £0.8m underspend. Savings of £0.730m had been achieved in full. There were underspends across the staffing budgets due to vacant posts and the maximisation of external funding, and underspends on other indirect staffing costs.
- There was a minor additional vacancy savings allocation of £0.015m for 2024/25;
- Planned non recurrent use of reserves in 2023/24 of £0.330m was replaced in 2024/25 with the planned use of headroom in the budget set aside for contract uplifts as detailed in the report to Health Scrutiny February 2023;
- Consideration of Growth and Pressures in 2024-2027, noting that no additional growth and pressures were approved for 2024-26;
- An update on Making Manchester Fairer (MMF); and
- Future opportunities, risks and policy considerations, noting that there was currently no further information on the Grant schemes income beyond 2024/25.

The Director of Public informed the Committee that the public health settlement had been received since the report had been submitted. He said that an additional £750k had been allocated, however whilst this was welcomed the budget remained under significant pressure.

Adults Social Care Budget 2024-27

The Committee considered the report of the Executive Director of Adult Social Services that described the final proposals for the Adults Social Care (ASC) budget for 2024/25 to 2026/27.

Key points and themes in the report included:

- An overview of ASC services and key priorities and positioning within the Manchester Local Care Organisation;
- A detailed overview of the budget, noting that the gross 2023/24 budget was £285.023m and the net budget of £219.666m;
- Income of £65.357m included client fees £30.416m, Better Care Fund Grant £17.791m, contributions from NHS partners of £10.267m and other income of £6.883m which included grants and use of reserves. This included the integration reserve, which was drawn down in accordance with the plan agreed for the year with NHS Greater Manchester – Manchester locality;
- Growth and pressures in 2024-27;
- Confirmation of the Savings Plan 2024-26;
- An update to budget growth assumptions for the service as set out in the Council's Medium Term Financial Plan (MTFP);
- Commissioning and procurement priorities;
- Workforce implications; and
- Future risks and opportunities including significant budget considerations in 2025/26.

Some of the key points that arose from the Committee's discussions were:

- Paying tribute to the Executive and Senior Management Team for delivering a balanced budget;
- Stating that the Committee retained its full confidence in the Executive and the Senior Management Team;
- Thanking all staff working in the Public Health and Social Care teams, recognising the important work they delivered on behalf of Manchester residents;
- Recognising and welcoming that residents were central to all decisions taken;
- Calling on the Government to fund NHS Dentists to meet demand;
- Noting the importance of the preventive interventions that public health delivered and the savings that this achieved in the longer term; and
- Noting the injustice of austerity and the disproportionate impact this had on the most deprived areas.

Decision

The Committee recommend that an extract of the budget discussion from the webcast of this meeting, along with vox pops of interviews with members of the public be sent to the Prime Minister and Chancellor of the Exchequer to support the call for fairer and sustainable funding for Manchester.

Resources and Governance Scrutiny Committee – 8 February 2024

RGSC/24/18 Revenue Budget Update and Corporate Core Budget 2024/25

The committee considered a report of the Deputy Chief Executive and City Treasurer which set out the latest forecast revenue budget position and the next steps and provided a high-level overview of the updated budget position.

Key points and themes within the report included:

- 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 reduced to £29m in 2025/26 and £41m by 2026/27, assuming that savings of £21.4m are delivered next year;
- An overview of financial challenges facing the Council;
- Changes to the budget position following the Autumn Statement and Provisional Local Government Finance Settlement;
- The updated Medium-Term Financial Plan;
- An overview of the service area and priorities of the Corporate Core directorate, including the base budgets for each service area for 2023/24;
- The savings plan for 2024-27 and further options for saving;
- Support for residents;
- ICT investment;
- Workforce implications, including a review of vacant posts, particularly those vacant for longer than 12 months, to determine which should be deleted with the least impact on service delivery;
- Government grants and the income they provide;
- Future opportunities and risks;
- The indicative medium-term budgets by service area; and
- The indicative medium-term budgets by type of spend/income

Some of the key points and queries that arose from the committee's discussion included:

- Commending staff for their work in developing a balanced budget for 2024/25;
- Emphasising the importance of the Household Support Fund (HSF) being continued, despite a lack of confirmation from government;
- Noting that the Council cannot add to its reserves;
- Noting the cumulative loss of budget cuts since 2010;
- How many children on free school meals would be impacted by the end of HSF;
- Recognising the lateness of government finance settlements and the uncertainty that this affords the Council;
- The importance of income generation;
- Requesting further information on the financial position of the airport; and
- How confident the Director of ICT was in being able to recruit to the service.

The Executive Member for Finance and Resources introduced the item and stated that the Government's approach to the Local Government Finance Settlement had been chaotic and only announced just before Christmas. He said the final announcement when announced had resulted in a cut of 84% in the Services Grant and this equated to a £6.1m loss for Manchester. He stated that this had resulted in an outcry from local authorities and MPs from all political parties. He stated that this situation needed to be understood in the context of fourteen years of austerity and Government funding cuts and unfunded pressures such as inflation and population growth.

The Executive Member for Finance and Resources added that the Government then swiftly announced an additional £500m for Social Care, however Local Authorities were still facing a £4bn budget gap nationally, resulting in a number of Local Authorities serving a Section 114 notice and it was anticipated that more would follow. He commented that despite this, Manchester had set a balanced budget and this had been achieved through diligent planning and management that had witnessed the strategic investment in preventative initiatives; using financial reserves prudently and investment in activities that were important for Manchester residents.

The Executive Member for Finance and Resources stated that although Manchester had been able to deliver a balanced budget this year, the Council's financial position is expected to become even more challenging. The projected budget gap, even after using reserves for 25/26 was £29m in 2025/26 and rising to £41m by 2026/27.

The Executive Member for Finance and Resources concluded by stating that the Government had continually failed to listen to Local Authorities.

The Deputy Chief Executive and City Treasurer confirmed that Key Decisions relating to the collection fund had been made and that the final Finance Settlement has been received from government, meaning that the overall budget position was confirmed.

She explained that the Finance Settlement contained a £1.5m return of the Council's share of the business rates levy relating to 2023/24 and would be reported in the Global Monitoring report. There was also a slightly higher than expected increase in public health grant of £1.265m which would be passported to Public Health and £5.5m from the Social Care Grant, which would be used to fund growing pressures across social care and to ensure the right preventative measures were in place.

She stated that, since November, in the absence of any additional Government funding being available, the Council had to identify an additional £10m from reserves and one-off funding since to meet the rising costs of social care. She stated that whilst the extra £5.5m grant was helpful, it was not sufficient to meet those additional costs but would reduce the overall drawdown on reserves which would be required to support the gap in 2025/26 and beyond. It was stated that there was no guarantee that this additional grant would continue beyond 2024/25 and the Council needed to plan beyond then and would continue to press for a more sustainable funding solution for children's and adult's social care.

It was also confirmed that the £110k increase in the services grant would be used to support the inflation provision.

The Deputy Chief Executive and City Treasurer confirmed that the Council would set a balanced budget for 2024/25 but stated that she, like many in local government, remained very concerned about the position for 2025/26 and beyond.

In response to queries regarding the Household Support Fund (HSF), the Executive Member for Finance and Resources echoed comments and stated that the government failed to recognise that the cost-of-living crisis was ongoing for many residents. He stated that the Council would use some of its own funds to mitigate the loss of HSF but it would be unable to continue providing free school meals for children. The Directorate Head of Finance confirmed that this would affect around 40,000 children.

The Executive Member for Finance and Resources confirmed that the Council's general reserve fund could not decrease lower than £25m and reiterated the need to be financially prudent. He echoed comments regarding the cumulative impact of budget cuts since 2010 and commented on the impact of this on residents, citing pressures on home-to-school transport as an example of this.

In response to a member's point regarding the need to begin work on the budget process sooner as a result of government's failure to provide settlements in a timely manner, the Deputy Chief Executive and City Treasurer explained that officers took a long-term approach to devising the budget and that work for next year's budget would begin in April 2024. The Executive Member for Finance and Resources also called for multi-year finance settlements from central government.

The Deputy City Treasurer explained that the Council received £120m from sales, fees and charges and stated that the Council tried to keep fees incurred directly by residents' low. He highlighted that these fees and charges were used to support frontline services.

In response to a question regarding the return on investment in Manchester Airport, the Deputy Chief Executive and City Treasurer stated that she could not comment on this given the sensitive nature of regulated business. She explained that the Medium-Term Financial Plan did not account for this return.

The Director of ICT recognised challenges in recruiting to the service and explained that significant work had been undertaken to recruit and retain staff, including amending job descriptions; advertising more widely; and ensuring opportunities for progression.

Decision:

That the report be noted.

The committee considered a report of the Strategic Director (Growth & Development), Strategic Director (Neighbourhoods) and Deputy Chief Executive and City Treasurer which presented details on the proposed Housing Revenue Account (HRA) budget for 2024/25, and an indication of the 2025/26 and 2026/27 budgets.

Key points and themes within the report included:

- Providing an introduction and background to the HRA and the Council's statutory duty;
- The current year's budget position at period 9;
- The Budget Strategy for 2024/25-2026/27;
- Current budget assumptions;
- A proposed rent increase of 7.7% for 2024/25;
- Management of the housing stock and property numbers;
- Repairs and maintenance;
- The forecast overall reserves position at the start of 2024/25;
- The key assumptions used to develop next year's budget; and
- The outlook for the 30-year HRA business plan in light of the budget proposals.

Some of the key points and queries that arose from the committee's discussion included:

- Changes to legislation regarding fire assessments in buildings over 11 metres in height;
- The cap on the number of existing properties that the Council can purchase directly;
- Whether any consideration had been given to moving from communal to individual heating sources;
- If maintenance works were included as part of garage leases;
- Recognising that some money would have been wasted as a result of miscommunication between different trades providing repairs;
- Increases in the number of disrepair claims;
- Recognising how the HRA was constantly put under strain by central government introducing new regulations without providing additional funding; and
- Welcoming increased engagement with residents and suggesting that these groups be engaged with as part of the refreshed Our Manchester Strategy.

The Executive Member for Housing and Development explained that the HRA was used to fund works such as retrofitting; developing new homes; implementing fire and building safety regulations; and estate management. He informed the committee that rents would increase from April 2024 in line with the government policy of Consumer Price Index (CPI) plus 1%, which was 7.7%. He stated that the Council set aside £1m in 2023/24 to support residents with rent increase and the cost-of-living crisis and that £300k would be set aside for 2024/25 to continue helping ease financial pressures for residents.

In response to a question regarding recent changes to fire safety legislation, the Executive Member for Housing and Development acknowledged that the changes

were required following the Grenfell tragedy. He stated that the Council managed a number of high-rise properties over 11 metres and that cladding and sprinklers had been assessed. He stated that further certainty and clarity was required and the Council would continue to monitor the regulations closely.

The Executive Member for Housing and Development recognised the need to build the Council's housing stock, which had reduced due to Right-to-Buy schemes and cited recent new-build developments in Collyhurst and Newton Heath. He explained that the HRA was used to purchase existing properties and buy-backs from Right-to-Buy properties where applicable.

The Directorate Head of Finance explained that a cap on the number of existing properties that the Council could buy came into effect in 2022/23 and intended to encourage a new supply of housing. He stated that this was a phased reduction of 50% of stock in 2022/23-2024/25 and would reduce to 40% and 30% in subsequent years. He explained that the cap did not have an immediate impact on the Council's housing stock given recent and planned developments, but it would be reviewed as the phased reduction continued.

The Director of Housing Operations informed members of a government inquiry into the financial sustainability of delivering social housing and he looked forward to the recommendations arising from this.

It was also stated that the Council had embarked on a comprehensive stock condition survey of every social housing property.

The Director of Housing Operations also confirmed that responsibility for the maintenance of garages leased by the Council would be stipulated within individual contracts but funding for repairs was taken from the HRA.

Members were also advised that a new engagement strategy had been devised to improve communication with residents, which included a focus on resident experience and repairs. The Director of Housing Operations stated that recent feedback had commended improvements in communication, which the committee welcomed. He also stated that there was a 13% year-on-year increase in satisfaction with repairs.

In response to a query regarding increases in the number of disrepair claims, the Director of Housing Operations stated that the Council was not an outlier in this area. He stated that there was a significant investment programme for home improvements and that it was prudent to have provisions for disrepair claims. He commented that the Council worked with residents and awarded compensation where appropriate.

The Executive Member for Finance and Resources echoed a member's comment about the strain placed on the Council and the HRA by the policies and regulations imposed by central government without any additional funding to implement these changes. He stated that it was the right thing to maintain the HRA when many local authorities did not, but that this led to challenges. He also stated that he would lobby a future government to commit to providing additional funding for social housing.

The Deputy Chief Executive and City Treasurer stated that the HRA was intended to be self-financing, but this concept had been undermined by the depletion of housing stock and the inability to replace; requirements around regulation changes and the associated costs of this; and the impact of inflation and the rent cap. She stated that these challenges meant there would need to be difficult trade-offs in what could and could not be afforded in future years. She reiterated, however, that statutory requirements would be prioritised.

Decision:

That the report be noted.

Environment, Climate Change and Neighbourhoods Scrutiny Committee – 8 February 2024

ECCNSC/24/08 Revenue Budget Update 2024/25

The Committee considered the report of the Deputy Chief Executive and City Treasurer that described the latest forecast revenue budget position, and the next steps. Following the Provisional Finance Settlement announced 18 December 2023 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 reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m were delivered next year.

This report provided a high-level overview of the updated budget position. Each scrutiny committee was invited to consider the current proposed changes which were within its remit and to make recommendations to the Executive before it agrees the final budget proposals on 14 February 2024.

The Executive Member for Finance and Resources stated that the Government's approach to the Local Government Settlement had been chaotic and only announced just before Christmas. He said the final announcement when announced had resulted in a cut of 84% in the Services Grant and this equated to a £6.1m cut for Manchester. He stated that this had resulted in an outcry from Local Authorities and MPs from all political parties. He stated that this situation needed to be understood in the context of fourteen years of austerity and Government funding cuts and unfunded pressures such as inflation and population growth.

The Executive Member for Finance and Resources added that the Government then swiftly announced an additional £500m for Social Care, however Local Authorities were still facing a £4bn budget gap nationally, resulting in a number of Local Authorities serving a Section 144 notice and it was anticipated that more would follow.

The Executive Member for Finance and Resources commented that despite this, Manchester had set a balanced budget and had been achieved through diligent planning and management that had witnessed the strategic investment in preventative initiatives; using financial reserves prudently and investment in activities that were important for Manchester residents, such as libraries; leisure centres; parks and green spaces and the Climate Change Action Plan.

The Executive Member for Finance and Resources stated that although Manchester had been able to deliver a balanced budget this year, the Council's financial position is expected to become even more challenging. The projected budget gap, even after using reserves for 25/26 was £29m in 2025/26 and rising to £41m by 2026/27, adding that since 2010 the Council has had to make £443m.

The Executive Member for Finance and Resources concluded by stating that the Government had continually failed to listen to Local Authorities.

Some of the key points that arose from the Committee's discussions were:

- The financial situation imposed on Manchester continued to be bleak, noting that the report clearly articulated the scale of the challenge the Council faced to deliver services for Manchester residents; and
- Was there a possibility that Manchester would have to issue a Section 114 Notice in 2027 based on the projected budget position and the use of reserves.

The Executive Member for Finance and Resources stated that, unlike many other local authorities, Manchester was able to deliver a balanced budget, however commented that once the financial reserves had been exhausted and without adequate funding arrangements in future years some difficult and unpalatable decisions would have to be taken. He stated that the serving of a Section 114 Notice could be catastrophic for a Council and severely constrained what they could spend on other than statutory services. He commented that Manchester Council remained committed to addressing the climate crisis and to become net zero by 2038.

Neighbourhoods Directorate Budget 2024/25

The Committee considered the report of the Strategic Director (Neighbourhoods) that set out a service overview and key priorities including an update on the Climate Action Plan, along with the latest draft budgets for the services within the remit of this Scrutiny Committee.

Key points and themes in the report included:

- Neighbourhood Services Directorate had an overall gross budget of £262m and a net budget of £139.225m. The Directorate employed 1,916 full-time equivalent (fte). The budgets which fell under the remit of this Committee had a gross budget of £82.248m, net budgets of £73.801m and a fte of 400;
- Savings of £0.5m had already been approved for 2024/27 as part of prior year budget approvals and these remained on track to be delivered;
- 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. In light of the current financial years pressures and ongoing high inflation rates it had been necessary to revisit the initial assumptions and identify further savings options for consideration;
- Noting that it was proposed that some external charges were increased by up to 5% from 1st April, and as part of these increases' additional income of £132k was forecast from across the services within the remit of this Committee and this had been reflected within the overall budget as part of the £1m increased income from sales fees and charges;
- As part of the budget proposals an initial £0.9m investment into waste and street cleaning was proposed for 2024/25, this would 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 would require additional collection rounds;
- £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;

- The annual waste levy costs were driven by forecast tonnages of waste to be disposed of and the costs of disposal. The levy was set by GMCA and based on latest forecasts it is anticipated that this will increase in 2024/25, with the increase to Manchester being £1.532m. Further increases of £1.480m had been assumed for 2025/26 and £1.009m for 2026/27, these increases were reflected in the current budget plans for those years; and
- Future opportunities, risks and policy considerations, noting that as development continued across the city, this may lead to increased growth pressures for Neighbourhood Services as the number of households grows significantly. There was some funding proposed within the current budget proposals for both waste collection and street cleansing, but the increase demand was likely to also extend to enforcement, parks, leisure and wider neighbourhood working.

The Executive Member for Vibrant Neighbourhoods stated that Neighbourhood Services had been under significant financial pressures since 2010 as a result of unfair budget settlements imposed on Manchester. She described that in despite of this Manchester had continued to invest in the city and made specific reference to the Neighbourhood Investment Fund that supported activities that were important for residents and their neighbourhood. She concluded by calling on the Government for increased funding for Manchester.

The Executive Member for Environment and Transport reiterated the previous comments made regarding the failure of Government to adequately fund Manchester over many years and the significant challenge this had each year to deliver a balanced budget. She stated that despite this Manchester had invested in the team to support the Climate Change Action Plan and staff were able to submit bids and applications for pots of grant funding as and when they became available. In response to a specific question as to how many hours were spent drafting and submitting fund applications, she said that this would be provided after the meeting, however acknowledged the wider point raised regarding these unsustainable funding arrangements. She stated that the investment in the Power Purchase Agreement that had previously been reported to the Committee demonstrated the ongoing commitment to delivering on the Councils pledge to address the climate crisis.

Some of the key points that arose from the Committee's discussions were:

- Noting and welcoming the previous decisions taken to invest in capacity to tackle the climate crisis;
- Welcoming the £400k of investment proposed for Street Cleaning which recognised 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 the further £300k in 2026/27;
- Further clarification was sought in relation to the budget for staffing costs in light of high levels of turnover and allowing for all posts at top of grade;
- Were the projected income to be generated from Parks and Open Spaces realistic;

- Recognising the pressure the staff working in Neighbourhood Teams were under; and
- The need to acknowledge increased visitor numbers to the city centre.

The Head of Finance, Corporate Core stated that the further information regarding staffing posts would be circulated following the meeting, adding that the staffing underspends across all Council Directorates were because of a combination of ongoing vacant posts (12 months plus), the high number of part time posts and staff not being at the top of the grades.

The Director of Neighbourhood Delivery stated that the section relating to income generation and Parks and Open Spaces was evidence based, calculated on previous activities. He stated that all commercial activities and opportunities would be considered to maximise income. He further commented that consideration was given to the increased number of visitors to the city centre and noted the conversations with local elected Members that were ongoing on this issue.

Decision

To note the reports.