

## Executive

### Minutes of the meeting held on Wednesday, 14 February 2024

**Present:** Councillor Rahman (Chair)

In accordance with Rule 2.1 of the Executive Procedure Rules, the Statutory Deputy Leader chaired the meeting in the absence of the Leader.

**Councillors:** Akbar, Bridges, Hacking, Igbon, Midgley, Rawlins, T Robinson and White

**Also present as Members of the Standing Consultative Panel:**

**Councillors:** Ahmed Ali, Butt, Chambers, Douglas, Foley, Lynch and Moran

**Apologies:** Councillor Craig, Johnson and Leech

#### Exe/24/14 Revenue Budget Monitoring (P9)

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which outlined the projected outturn position for 2023/24, based on expenditure and income activity as at the end of December 2023 and future projections.

The Leader advised that the current budget monitoring forecast was estimating an overspend of £5.5m for 2023/24. This was in the context of significant financial difficulty being faced across the Local Government Sector and reflected the national pressures in the health and social care sector and trends being experienced across most Social Care providing local authorities.

The Children's directorate was facing an overspend of £7.7m due to increased External Residential costs, Home to School Transport demand, workforce and price pressures and overspends in Localities and Fostering workforce budgets. The biggest pressure related to external residential placements and increased complexity of need of the current cohort which had seen placement costs increase by 47% in the current financial year. Similarly the Adult Services Directorate was facing an overspend of £3.7m which was being driven by long term care placements and cost pressures which were outpacing demand management interventions. The Neighbourhoods Directorate was also forecasting an overspend of £1.4m in relation to shortfalls of income in markets and car parking as income levels had failed to recover since the pandemic and alternative locations for the Christmas markets had not replaced the losses incurred at Albert Square.

It was noted that these pressures were partly offset by a forecasted £2m utilities underspend due to the new contract for electricity effective 1 October 2023, and an additional £1m driven by the release of fortuitous income which represented unallocated income balances not allocated to services.

In year price inflation underspend of £455k had been released at P9 plus £553k of unallocated pay award due to vacancy levels as well as underspends of £0.8m in Public Health, arising from the confirmation of external funding, £1.5m in Growth and

Development mostly due planning fee income and £1.2m in the Corporate Core, mainly due staffing underspends and extra income and reduced costs in Coroners were also contributing to offsetting the budget pressures

Since the 2023/24 budget was approved there had been additional grant notifications which were now reflected in revised budgets.

Overspending Directorates were working on recovery plans to mitigate their positions with an aim to reduce the overspend by the end of the financial year. Any overspend this year would be a direct call on the General Fund reserve which would need to be reimbursed in future years. It was important mitigations continued to be identified to bring forecast spend back in line with the available budget.

## **Decisions**

The Executive:-

- (1) Note the global revenue monitoring report and forecast outturn position which is showing a £5.5m overspend.
- (2) Approve the proposed budget virements as set out at paragraphs 2.8 to 2.10 of the report.
- (3) Approve the proposed use of revenue grant funding as set out at paragraph 2.12 of the report.

## **Exe/24/15 Capital Programme Monitoring (P9)**

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which informed of the progress against the delivery of the 2023/24 capital programme to the end of December 2023, the latest forecast of capital expenditure and the major variances since the Capital Programme Monitoring report submitted in November 2023 and the proposed financing of capital expenditure for 2023/24 and affordability of the Capital Programme.

The latest forecast of expenditure for 2023/24 for Manchester City Council was £403.5m compared to the current approved budget of £506.4m. Spend as of 31st December 2023 was £226.0m. It was reported that the programme was subject to continual review to establish whether the forecast remained achievable.

Whilst the intention was for the Council to progress the programme as stated, some projects and their sources of funding might require re-profiling into future years.

The current forecasts showed that the financing costs remained affordable within the revenue budget available including reserves. The capital financing reserves will start to be drawn down to meet the costs associated with the borrowing in 2024/25

## **Decision**

The Executive note the report.

## **Exe/24/16 Medium Term Financial Strategy and 2024/25 Revenue Budget**

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which set out the strategic and financial context which supported the 2024/25 Budget based on the outcome of the Final Local Government Finance Settlement.

The report went on to set out the strategic and statutory context for setting the budget, which included:-

- The Our Manchester Strategy;
- Progress to date on delivering the Our Manchester Strategy,
- The Corporate Plan;
- A summary of the financial position and context;
- The required statutory assessment of the robustness of the proposed budget and adequacy of proposed reserves;
- Other fiduciary and statutory duties; and
- Financial Governance.

The Medium-Term Financial Strategy (MTFS), approved in February 2023, recognised that significant budget cuts would need to be delivered over the Spending Review period to set a balanced budget in future years. When the three-year MTFS was presented in February 2023 an indicative balanced 2024/25 budget was set out. The forecast gap for 2025/26 was £40m.

It was reported that the provisional finance settlement had been disappointing. Despite the well reported financial difficulties being faced by Local Authorities across the sector there was no new funding for public services announced and instead, an unexpected 84% cut in core funding Services Grant was announced. The budget impact of the provisional settlement was a £2.4m worsening of the position for 2024/25, expected to rise to £5.3m in 2025/26. At the same time the in-year budget position for the Council was worsening meaning that the budget needed to allow for topping up the General Fund reserve by at least £1m to maintain the reserve at a reasonable level to enable the overspend to be funded.

In addition to the settlement announcement, Manchester continued to face growing pressures in social care and homelessness. In the last two months there had been an increase in children's placement numbers and costs, further significant pressures across ASC budgets and some worrying trends in asylum seekers/migrant policy/homelessness. This was in line with national trends and core cities and other GM authorities were all reporting similar issues.

Work throughout January quantified the full year effect of the increased numbers of residents requiring care and support, which came to £18.4m. After demand management and proactive mitigations of £8.4m this had been reduced to an additional budget requirement of £10m in 2024/25. Whilst extremely challenging it was important that a realistic and deliverable budget was set which recognised these additional pressures and allowed a realistic budget to be set. As such the following mitigations had been proposed to finalise the revenue budget:-

- A £5.5m Greater Manchester Combined Authority waste levy rebate

- £0.6m final GMCA levy announcements
- £3.93m through improved Council Tax and Business Rates collection, including the introduction of a 100% Council Tax premium on unfurnished empty homes.
- £1.5m through extra income from buildings owned by the Council – through increased rental charges and the renting out of vacant units
- £1.2m through interest on airport loans and investments
- £1m through energy savings due to reductions in wholesale prices
- £0.5m through the rephasing of ICT investments
- £0.5m through the rephasing of Growth & Development investments
- £0.3m through in-year underspends in back office budgets and reduced travel costs

It was important to note that £8.53m of the measures proposed to close the £15m gap are non-recurrent, meaning more permanent proposals would need to be found for 2025/26 and beyond as illustrated below:-

	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000
<b>Position reported to Executive February 2023 MTFS</b>	<b>0</b>	<b>40,392</b>	<b>54,164</b>
Directorate Pressures	25,325	32,589	38,653
Other changes including confirmation of 100% business rates retention	(21,170)	(40,636)	(41,327)
Directorate Savings	(2,500)	(2,500)	(2,500)
<b>Position reported to Resources and Governance 9 Nov 2023</b>	<b>1,655</b>	<b>29,845</b>	<b>48,990</b>
Provisional Settlement changes	2,374	6,403	6,394
Increase General Fund to reflect worsening overspend	1,000	0	0
<b>Revised Shortfall / (surplus) after settlement reported to Resources and Governance 11 Jan 2024</b>	<b>5,029</b>	<b>36,248</b>	<b>55,384</b>
Full year impact of increased Social Care pressures	10,000	10,000	10,000
Mitigations identified January 2024	(15,029)	(17,448)	(24,619)
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>28,800</b>	<b>40,765</b>

As such, Savings options had been developed consisting of £21.3m for 2024/25 and £10.1 for 2025/26:-

Service Area	Amount of Saving				Indicative FTE Impact
	2024/25	2025/26	2026/27	Total	
	£'000	£'000	£'000	£'000	
Adults Services	7,855	2,200	0	<b>10,055</b>	0
Public Health	15	0	0	<b>15</b>	0
Childrens Services	6,142	3,394	0	<b>9,536</b>	0
Neighborhoods	4,211	3,104	0	<b>7,315</b>	3
Corporate Core	1,359	1,089	0	<b>2,448</b>	37
Growth and Development	1,460	315	0	<b>1,775</b>	1
Cross Cutting	332	0	0	<b>332</b>	0
<b>Total Savings</b>	<b>21,374</b>	<b>10,102</b>	<b>0</b>	<b>31,476</b>	<b>41</b>

Taking into account the above changes to the financial assumptions; the impact of the Autumn Statement and final Finance Settlement; the setting of the Council Tax and Business Rates base and Collection Fund surplus and the changes to savings and investment proposals, the forecast budget position was:-

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
<b>Resources Available:</b>				
Business Rates / Settlement Related Funding	376,527	406,999	418,394	425,002
Council Tax	217,968	231,034	249,114	266,520
Grants and other External Funding	130,494	142,907	104,614	104,614
Dividends	0	195	390	390
Use of Reserves	17,087	29,380	32,853	27,982
<b>Total Resources Available</b>	<b>742,076</b>	<b>810,515</b>	<b>805,365</b>	<b>824,508</b>
<b>Resources Required:</b>				
<i>Corporate Costs:</i>				
Levies / Statutory Charge	70,060	72,463	78,806	78,610
Contingency	600	600	600	600
Capital Financing	43,926	43,926	43,926	43,926
Transfer to Reserves	1,335	8,968	0	0
<b>Sub Total Corporate Costs</b>	<b>115,921</b>	<b>125,957</b>	<b>123,332</b>	<b>123,136</b>

<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	8,497	8,497	8,497	8,497
Insurance Costs	2,004	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	2,101	17,357	33,492	50,226
Directorate Budgets	613,553	656,700	666,788	681,267
<i>Subtotal Directorate Costs</i>	<i>626,155</i>	<i>684,558</i>	<i>710,781</i>	<i>741,994</i>
<b>Total Resources Required</b>	<b>742,076</b>	<b>810,515</b>	<b>834,113</b>	<b>865,130</b>
<b>Shortfall / (surplus)</b>	<b>0</b>	<b>0</b>	<b>28,748</b>	<b>40,622</b>

The report explained that the Council's net revenue budget was funded from five main sources: Business Rates, Council Tax, government grants, dividends, and use of reserves. In recent years the on-going reductions in central government funding had increased the importance of growing and maintaining local income and local funding sources, which was now integral to the Council's financial planning. The total resources available to support the Council's net budget position was as follows:-

	<b>Revised 2022 / 23</b>	<b>2023 / 24</b>	<b>2024 / 25</b>	<b>2025 / 26</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Resources Available</b>				
Business Rates / Settlement Related Funding	235,553	374,725	380,005	386,872
Council Tax	208,965	217,968	228,087	237,279
Grants and other External Funding	104,559	126,439	127,968	116,055
Dividends	0	0	0	0
Use of Reserves	141,522	17,087	31,861	28,372
<b>Total Resources Available</b>	<b>690,599</b>	<b>736,219</b>	<b>767,921</b>	<b>768,578</b>

The assumption in regards Council Tax was that the Council would apply a 2.99% Council Tax increase in the basic amount, and a further 2% increase to provide extra funding for Adult Social Care, equating to a 4.99% Council Tax increase overall.

	<b>2023/24 C'Tax</b>	<b>2025/25 C'Tax</b>	<b>Proposed Increase</b>		<b>Increase per week</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>£</b>

Manchester City Council - Band D	1,969.50	2,068.25	98.75	5.01%	1.90
Manchester City Council - Band A	1,312.99	1,378.83	65.84	5.01%	1.27
Band A receiving CTS at 82.5% plus CTS Fund of £25 in 2023/24, compared to 2024/25 at 85.0%	204.77	206.83	2.05	1.00%	0.04

It was also reported that the forecasted council tax collection rate was 96.5% in 2024/25, and an increase in the council tax base of 2.0% was forecasted reflecting housing growth within the city. This would bring an additional £5.6m income

The report examined the future funding uncertainties facing the Council. The Deputy Chief Executive and City Treasurer had examined the major assumptions used within the budget calculations and had carried out sensitivity analysis to ascertain the levels of potential risk in the assumptions being used. The key risks identified to the delivery of a balanced budget and their mitigation were set out in the report.

The details of the Business Rate calculations, forecasts and assumptions were set out in the report, as well as the financial changes arising from the business rate related grants and funding the government had provided to support businesses.

The report provided a breakdown of the other non-ringfenced grants and contributions included in the budget. The most significant grants and contributions were described in detail in the report.

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
Better Care Fund (Improved)	31,748	31,748	31,748	31,748
Children's and Adult's Social Care Grant	50,695	65,773	60,218	60,218
Market Sustainability and Fair Cost of Care Fund	10,298	11,664	11,664	11,664
Adult Social Care Discharge Fund	4,451	7,420	7,420	7,420
2022/23 Services Grant	7,230	1,248	0	0
New Homes Bonus Grant	6,637	4,109	0	0
Loan Income from Airport	6,913	7,913	1,000	1,000
Contribution from MHCC	4,000	4,000	4,000	4,000
Education Services Grant	1,055	955	955	955
Housing Benefit Admin Subsidy	2,514	2,514	2,514	2,514
Care Act Grant - Prison only from 16/17	95	95	95	95
Settlement Risk				
Proposed share of waste rebate	4,858	5,468	0	0
Settlement risk	0	0	(15,000)	(15,000)
<b>Total Non Ring-fenced Grants</b>	<b>130,494</b>	<b>142,907</b>	<b>104,614</b>	<b>104,614</b>

The report also examined the use of resources and the proposed revenue expenditure by the Council in 2024/25. The forecast of levy payments the Council would have to make to other authorities in 2024/25 was:-

	<b>2023 / 24</b>	<b>2024 / 25</b>	<b>2025 / 26</b>	<b>2026 / 27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
GMCA - Waste Disposal Authority	30,632	31,809	33,059	34,669
Transport Levy	39,076	40,289	41,901	43,577
Statutory Charge to GMCA	0	0	3,481	0
Environment Agency	258	258	258	258
Port Health	94	96	96	96
<b>Net Cost of Levies</b>	<b>70,060</b>	<b>72,452</b>	<b>78,795</b>	<b>78,599</b>

The waste disposal levy was paid over to Greater Manchester Combined Authority (GMCA) and this contributed towards their costs of funding Greater Manchester Waste Disposal Authority (GMWDA). Based on figures provided by GMCA the 2024/25 levy costs were to increase by £1.2m inclusive of changes in costs, recycling rates and market prices for recyclates and energy. The Transport Levy was to cover the costs of providing the greater Manchester integrated transport system, including the Metrolink and subsidised bus services, as well as transport infrastructure developments. The final amount would be decided as part of the GMCA budget process. In addition the ten GM authorities had committed to contributing toward the GM Mayors bus franchising policy, and bus reform. The £3.481m in 2025/26 reflected the council's contribution for this.

The capital financing budget of £43.926m was to cover the costs of borrowing. For 2024/25 the forecast breakdown included:-

- Costs of £91.5m as follows:
  - Interest costs of £51.0m,
  - Minimum Revenue Provision (MRP) of £40.2m, being the provision for the repayment of debt incurred to fund an asset, spread over the useful economic life of the asset,
  - Debt Management Expenses of £0.3m, and
- Partly offset by:
  - interest receivable of £46.2m; and
  - Contribution from capital financing reserve of £1.4m

Allowances of £8.497m had also been made for retired staff and teachers' pensions to meet the cost of added-years payments awarded to former employees.

The report explained the main assumptions that had been made when calculating provision to be made for inflation and other anticipated costs. These could not, at this point in time, be allocated to Directorate or other budgets. They would instead be allocated throughout the coming year. The total provision being proposed was £7.169m for 2024/25, broken down into:-



	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
Non Pay Inflation	1,041	9,497	14,300	19,300
Pay Inflation	0	11,100	22,400	34,100
Apprentice Levy (0.5%)	1,060	1,092	1,124	1,158
Utilities Reductions	0	(4,000)	(4,000)	(4,000)
Cross Cutting Savings	0	(332)	(332)	(332)
<b>Total</b>	<b>2,101</b>	<b>17,357</b>	<b>33,492</b>	<b>50,226</b>
<b>Year on year Impact</b>	<b>2,101</b>	<b>15,256</b>	<b>16,136</b>	<b>16,734</b>

The report explained that the Council held a number of reserves, all of which, aside from the General Fund Reserve, had been set aside to meet specific future expenditure or risks. A full review of all the reserves held had been carried out as part of the budget setting process and the planned use of reserves in 2024/25 to support revenue expenditure was as follows:-

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
<b>Reserves directly supporting the council wide revenue budget:</b>			
Airport Dividend reserve	1,073	13,116	The balance of £14.2m has been applied to support the MTFP budget in 2023/24 (£1.1m) and 2024/25 (£13.1m).
Budget Smoothing Reserve	0	3,742	Created through underspends in previous years as reported through Executive and from transfers from other reserves following a full review. It has been applied across the next four years to reduce the requirement for savings and smooth the funding cliff edge until the future funding position becomes clearer.
Business Rates Reserve	7,166	0	Business rates relief provided over the pandemic and funded by Government. Applied to offset Collection Fund deficit in arrears.
Use of St Johns growth reserve to	1,156	830	Growth in business rates income in the St Johns footprint, used to support the budget

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
support revenue budget			
Use of reserves to contribute to the cost of Anti Poverty measures	0	2,000	Contribution to the additional £3.5m support which has been provided to support residents through the Cost of Living crisis
Contribution to GMCA relating to bus reform	0	0	£3.5m contribution to GMCA relating to budget reform. Note this is funded from rebates previously received from GMCA.
Use of Smoothing reserve to fund Adult Social Care budget for New Care Models	1,300	1,300	An investment of £1.3m per year 2023-26 will sustain the social work infrastructure and reablement capacity, supporting care models covering Crisis, Discharge to Assess and Manchester Case Management.
Use of Bus Lane and Parking reserves reserve to support transport levy	6,392	8,392	This includes the continuation of £6.3m a year agreed in previous years, an additional contribution from annual trend growth and £1m from 2024/25 increasing to £2m 2025/26 funded through forecast income from moving Traffic offences.
<b>Sub Total</b>	<b>17,087</b>	<b>29,380</b>	
<b>Ring-fenced Reserves outside the General Fund:</b>			
HRA Reserves	11,814	25,675	HRA reserves are ringfenced – not available to support Council position. Significant balance to support future capital investment, including Carbon reduction and increased housing provision. The HRA must balance in year, and work is ongoing to identify sufficient savings to ensure this is the case. Much of the reserve will be used during this period.
School Reserves	0	0	Ringfenced – School balances not available to support the Council position. The expected 22/23 drawdowns are based on returns from schools.
<b>Sub Total</b>	<b>11,814</b>	<b>25,675</b>	
<b>Other Earmarked reserves:</b>			

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
Statutory Reserves	8,179	6,597	Can only be used for specific purposes under statute e.g. Bus Lane Enforcement and on street parking income which support costs associated with transport provision and highways / environmental improvements. Some of the reserve funds the free bus from Piccadilly and the Transport levy.
Balances Held for PFI's	65	198	Held to meet costs across the life of the PFI schemes
Managing economic and commercial risks	5,890	7,166	These reserves help manage annual fluctuations in income including planning, investment and licencing. A significant part of the Planning Reserve will be required to support the development of the Local Plan.
Insurance Fund	500	500	Insurance fund reserve to meet uninsured risks, amount required is estimated each year.
Capital Fund Reserve	40,708	14,117	Contribution to schemes which are supporting employment and growth, future carbon reduction investments and high priority strategic development opportunities in the city.
Investment Reserve	1,873	2,047	This reserve is in place to support regeneration projects. The proposed use includes funding for staffing posts in Strategic Housing, Major Regeneration, the Investment Estate, and City Centre Regeneration
Manchester International Festival Reserve	2,659	1,000	To fund agreed contributions to Factory International
Eastlands Reserve	4,389	4,050	This reserve reflects the contribution from Manchester City Football Club and will be used for various projects including English Institute of Sport.
Town Hall Reserve	2,103	2,917	The refurbishment of the Town Hall, which is included within the Capital Programme Budget will also have revenue implications such as the cost of financing capital, alternative accommodation costs, and loss of income over a number of years; offset in part by reduced spend on maintenance and utilities

	2023 / 24	2024 / 25	Spend supported by the reserve
	£'000	£'000	
Enterprise Reserve	99	102	Enterprise Zone reserve which will fund EZ Manager post and activities to attract businesses to the zone
Highways Commuted Sum	89	89	Highways Commuted sums contribute towards future maintenance
Other reserves held to support delivery and risk of the Medium Term Financial Plan	7,332	3,534	Includes funding for to drive the delivery of Our Manchester; (for example through providing Voluntary Sector Grants) and Supporting Families reserve to support the Thriving Families initiative, a whole family, strengths-based approach to child protection.
Reserves held for accounting purposes	6,672	4,069	Relates to grants received - under accounting standards these must be held in a reserve to move between financial years.
Making Manchester Fairer	2,089	900	To provide capacity to fund the kickstarter schemes supporting the Making Manchester Fairer ambition
Adult Social Care Reserve	5,264	2,449	To support Adult and Social Care Improvement Plan
ICT Investment Reserve	1,914	16,866	To support ICT Digital Strategy
Other Specific Reserves	2,562	4,448	Includes Community Safety, Primary School Catering and Social Value Fund
General Fund	6,206	0	Forecast drawdown of General Fund reserve
	<b>127,494</b>	<b>126,103</b>	

Where reserves were used to support the Council's overall budget position or corporate expenditure such as levies, these were shown gross as part of the Resources required. The use of these reserves totalled £29m in 2024/25. Of this £13m is from the airport reserve, £1.3m for New Care Models, £2m to support anti poverty and £8.3m supporting the transport levy.

The proposals for the Directorates' cash limit budgets were detailed in the Directorate Budgets 2024/25 reports that were also being considered at the meeting (Minute Exe/24/17 to 24/26 below). The overall position was:-

	2023 / 24 Revised		2024 / 25	
	Net Budget	Gross Budget	Net Budget	Gross Budget
	£'000	£'000	£'000	£'000
Children Services	143,806	607,129	156,383	631,740
Adults Services	219,666	285,023	247,439	314,972
Public Health	43,266	54,126	45,016	55,684
Corporate Core	109,617	333,586	112,535	333,940
Neighbourhoods (Incl. Highways)	108,593	248,834	108,182	247,543
Growth and Development	(11,395)	37,860	(12,855)	38,236
<b>Total</b>	<b>613,553</b>	<b>1,566,558</b>	<b>656,700</b>	<b>1,622,115</b>

The budget assumptions that underpinned 2024/25 to 2026/27 included the commitments made as part of the 2023/24 budget process to fund ongoing demand pressures, as well as provision to meet other known pressures and investments. Whilst this contributed to the scale of the budget gap it was important that a realistic budget was set which reflected ongoing cost and demand pressures.

It was the opinion of the Deputy Chief Executive and City Treasurer that any significant budget risks to the General Fund and the Housing Revenue Account had been identified and that suitable proposals were being put in place to mitigate against these risks where possible. The Council's budget monitoring procedures were very well embedded and were designed to monitor high level risks and volatile budgets. An assessment of anticipated business rates income had been carried out based on the information available and provision had been made for outstanding appeals. This was considered to be a prudent provision.

The Deputy Chief Executive and City Treasurer considered that the assumptions on which the budget had been proposed whilst challenging were manageable within the flexibility allowed by the General Fund balance and the smoothing reserve available to support the future budget position. This meant the Deputy Chief Executive and City Treasurer was confident the overall budget position of the Council could be sustained within the overall level of resources available. However, to the degree that the budget savings were not achieved in a timely manner and reserves were called on to achieve a balanced position, further savings would need to be identified and implemented in order to ensure the Council's future financial stability was maintained.

It was recognised that Manchester continued to lead the way in terms of transformation, delivering efficient services and creating the conditions for all of its communities to benefit from economic growth. The Council had maintained its reputation for innovation and reform through a number of key mechanisms and the proposed budget and business plan was a continuation of commitment to the delivery of the Our Manchester Strategy and how it has been used as a framework for prioritising the deployment of resources.

## Decisions

The Executive:-

- (1) Note the Deputy Chief Executive and City Treasurer's review of the robustness of the estimates and the adequacy of the reserves.
- (2) Note that the financial position has been based on the final Local Government Finance Settlement announced on 5 February 2024 together with any further announcements at that date.
- (3) Note the anticipated financial position for the Council for the period of 2024/25 which is based on all proposals being agreed.
- (4) Note the resources available are utilised to support the financial position to best effect, including use of reserves and prior years dividends; consideration of the updated Council Tax and Business Rates position; the financing of capital investment, and the availability and application of grants.
- (5) Note that the Capital Strategy and Budget 2024/25 to 2026/2 has been presented alongside this report
- (6) Recommend to Council to approve, as elements of the budget for 2024/25:-
  - a. an increase in the basic amount of Council Tax (i.e., the Council's element of Council Tax) by 2.99% and Adult Social Care precept increase of 2%.
  - b. the contingency sum of £0.6m
  - c. corporate budget requirements to cover levies/charges of £70.060m, capital financing costs of £43.926m, additional allowances and other pension costs of £8.497m and insurance costs of £2.004m.
  - d. the inflationary pressures and budgets to be allocated in the sum of £17.357m; and delegate the final allocations to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources.
- (7) Approve the gross and net Directorate cash limits
- (8) Approve the in-principal contribution to the Adults aligned budget, subject to the extension of the S75 Agreement with Manchester Foundation Trust, which will be considered by Executive in March 2024.
- (9) Delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive in consultation with the Executive Member for Finance and Human Resources and the Leader of the Council to draft the recommended budget resolution for budget setting Council to provide an itemised council tax bill which, on the face of the bill, informs taxpayers of that part of any increase in council tax which is being used to fund adult social care.
- (10) Recommend that Council approve and adopt the budget for 2024/25

### **Exe/24/17 Corporate Core Budget 2024/25**

The report of the Deputy Chief Executive and City Treasurer and City Solicitor explained how the budget proposals for the Directorate had been developed.

Following the provisional finance settlement announced 18 December 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 will be delivered next year.

The Corporate Core had delivered savings of £3.365m in 2023/24 and currently had approved savings of a further £2.734m over the next three financial years with £0.677m scheduled in 2024/25. The already approved £0.677m savings for 2024/25 were split between Future Programme savings £472k and general housekeeping savings of £205k.

In addition to the already approved savings and in recognition of the work required to balance the overall council budget, further options for savings have been developed, and the areas considered included the following:-

- Review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacancies.
- Review all income generation from sales, fees and charges and whether there are opportunities to increase charges in line with inflation and increase income.
- Review all savings proposals that have not been taken forward as part of the 2023/24 budget process.

The measures proposed included:-

- Additional income of £130k:
  - £50k from increased vehicle clamping income.
  - £80k from increased registrars income following the price increase that was introduced during 2023/24 which aligned Manchester registrars fee levels with that of other Core Cities.

It was reported that the Council's staffing establishment was budgeted at the top of the grade, with an allowance made to allow for vacancies, staff not being at top of grade and in year turnover. Despite this, staffing budgets had continued to consistently underspend across all directorates. All vacant posts had been reviewed, with a focus on those that have been vacant for longer than 12 months, to determine which posts should be deleted with the least impact on service delivery.

As part of the Council wide £1m saving from vacant posts the Corporate Core had identified total savings of £286k through deletion of eight long term vacant posts

In terms of budget growth and as part of the 2023/24 budget approvals £0.783m was approved for 2024/25 and this was in respect of:-

- A regular refresh programme of ICT equipment would be undertaken, and an annual budget of £0.75m was approved from 2024 as part of the 2023/24 budget to support the ongoing costs of the refresh programme.
- £33k growth was also agreed to offset pressures in HROD (£23k due to reduced school income for payroll services, and £10k in financial management to cover increased costs of Civica Pay licences).

In addition to the above growth approved as part of 2023/24 budget process further budget proposals of £8.123m were proposed, with £4.123m being required in 2024/25 to address ICT investment and External Audit increased fees

As part of the annual budget process all sales, fees and charges had been reviewed to ensure that the services were fully recovering fees where appropriate and the budgets reflected the level of income likely to be received. As part of the review it was recommended that some external charges were increased by up to 5% from 1 April 2024. The increases were projected to generate a further £266k which had been included in the overall budget as part of the £1m increased income from sales fees and charges.

Following the review it was proposed to increase income budgets overall by £0.625m. Of this £133k is as a result of updating budgets to reflect current activity and income and the rest is through increased charges

	£000's	£000's
Corporate Core 2023/24 Budget		33,103
Activity Based Changes - £100k for registrars and £33k from charges to release vehicles for being clamped post persistent parking offences or non taxed vehicles.	133	
Proposed Inflationary Increases to cover costs- – increased charges to reflect the costs of staff pay award on legal services provided to other local authorities.	226	
Proposed Inflationary Increases	266	
<b>Sub Total Changes</b>		<b>625</b>
<b>Proposed 2024/25 Budgets</b>		<b>33,728</b>

It was noted that the report had also been considered at a recent meeting of the Resources and Governance Scrutiny Committee where the committee had endorsed the budget proposals (Minute RGSC/24/16)

## Decision

The Executive approve the budget proposals as detailed in the report.

### Exe/24/18 Children and Education Services Budget 2024/25

The report of the Strategic Director for Children's and Education Services explained how the budget proposals for the Directorate had been developed.

The gross 2023/24 budget for the Directorate was £607.293m, which included the Dedicated Schools Grant delegated to maintained schools. The net budget is £143.801m. As part of the 2023/24 budget setting proposals, a total of £11.8m had been proposed for 2023/24 to 2025/26 and there had been confidence that managing demand savings were achievable with most of the savings achieved through early intervention and managing demand.



	<b>2023/24</b>	<b>2024/26</b>	<b>2025/26</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Savings Profile	4,411	3,920	3,394	11,725

The Directorate's budget was currently forecast to be overspent by £7.757m.

The underlying reason for this was attributed to significantly increased costs of care placements for Looked After Children (LAC), a shortfall in the Unaccompanied Asylum-Seeking Children grant for the numbers now being accommodated and an overspend on Home to School Transport, which was attributed to an increase in requests and entitlement.

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
<b>Approved Budget Movements</b>	<b>Net Budget</b>			
	143,801	156,378	156,763	
<b>Savings and Growth Previously Approved November 23 Scrutiny</b>				
Funding to Support Grow Population	2,419	2,479	2,479	7,377
Saving Approved - 2021/22 budget setting	-100			-100
Savings Approved last year's budget setting	-3,920	-3,394		-7,314
<b>Budget Changes proposed - 2024/25 budget setting November 23 Scrutiny</b>				
<b>Growth, Investment and Inflation</b>				
Looked After Placements Sufficiency	6,500			6,500
Unaccompanied Asylum-Seeking Children	2,200			2,200
International New Arrivals Team	300			300
Home to School Transport - Support for Growing Population	1,300	1,300	1,300	3,900
School Condition Surveys	100			100
<b>Savings</b>				
Workforce	-222			-222
<b>Sub-total reported at November 23 Scrutiny</b>	<b>8,577</b>	<b>385</b>	<b>3,779</b>	<b>12,741</b>
<b>Changes proposed - 2024/25 budget setting February 24 Scrutiny</b>				
<b>Growth, Investment and Inflation</b>				
Additional Looked After	4,000			4,000

Placements Sufficiency				
Internal Placement Cost Pressures	1,440			1440
External Residential Step-downs Home to School Transport – full year effect of September 2023 uplifts Home to School Transport – full year effect of September 2023 uplifts	560			560
<b>Savings</b>				
External Residential Step-downs	-2,000			-2,000
<b>Sub-total reported at February 24 Scrutiny</b>	<b>4,000</b>	<b>0</b>	<b>0</b>	<b>4,000</b>
<b>Total</b>	<b>156,378</b>	<b>156,763</b>	<b>160,542</b>	

Evidence continued to show there had been significant cost avoidance through the actions taken to support children and young people effectively at an earlier stage and avoid LAC status. However, those benefits had been outstripped by the rising costs of. Additional funding was included in the budget proposals to cover these costs, but the focus would remain on continuing to manage demand effectively and intervening early.

On 24 January 2024 additional funding was announced in a written statement to Parliament in advance of the final settlement. The announcement included a further £500m for social care, £15m increase in the Rural Services Delivery Grant (RSDG), and that the funding guarantee would be increased from 3% to 4% (estimate £60m extra). If the funding is allocated in line with the existing Social Care Grant formula, Manchester would receive around £5.5m. The proposed budget had seen a significant additional investment of £12.6m (an increase of £4m since the November 2023 proposals), into Children’s Social Care, with budget plans set prior to the announcement. Recommendations on how to achieve maximum value from the new funding are being developed and will be finalised once the Final Finance Settlement has been published and final amounts are known.

It was noted that the report had also been considered at a recent meeting of the Children and Young People Scrutiny Committee where the committee had endorsed the budget proposals (Minute CYP/24/09)

### Decision

The Executive approve the Directorate budget proposals as set out in the report.

**Exe/24/19 Public Health Budget 2024-27**

The report of the Director of Public Health explained how the budget proposals for the Directorate had been developed.

Public Health was funded nationally through a specific ringfenced grant. However, the Greater Manchester locality had been part of the governments business rates pilot for a number of years whereby the funding ringfence is removed and an equivalent allocation received as an adjustment to business rates. The gross 2023/24 budget was £54.126m with a 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.

<b>Service Area</b>	<b>2023/24 Gross Budget £'000</b>	<b>2023/24 Net Budget £'000</b>	<b>2023/24 Budgeted posts (FTE) £'000</b>
<b>Children's:</b>			
Health Visitors	11,164	11,164	
Schools Health Service	4,155	4,155	
Other Children's	415	415	
<b>Sub Total</b>	<b>15,734</b>	<b>15,734</b>	-
<b>Wellbeing:</b>			
Be Well Service	2,921	1,585	
Weight Management	599	599	
Smoking Prevention	812	570	
Falls Service	768	768	
Other Wellbeing	2,793	2,176	
<b>Sub Total</b>	<b>7,892</b>	<b>5,696</b>	-
<b>Drug &amp; Alcohol Services:</b>			
Integrated Treatment & Support Service	11,816	6,932	
In-patient Detox & Residential Rehab	944	944	
Young People Services	652	652	
Other Drug & Alcohol	736	736	
<b>Sub Total</b>	<b>14,148</b>	<b>9,264</b>	-
<b>Sexual Health Services:</b>			
Sexual Health	7,216	6,387	
HIV	1,227	1,227	
Other Sexual Health	1,599	1,408	
<b>Sub Total</b>	<b>10,042</b>	<b>9,021</b>	-
<b>Making Manchester Fairer:</b>			
COVID Health Equity Manchester (CHEM)	160	160	
<b>Sub Total</b>	<b>160</b>	<b>160</b>	-

<b>Other Staffing, Management &amp; Support:</b>			
Core Staffing	3,833	2,904	59.00
Locality budget	0	0	
Other	2,317	487	
<b>Sub Total</b>	<b>6,150</b>	<b>3,391</b>	<b>59.00</b>
<b>Total Public Health</b>	<b>54,126</b>	<b>43,266</b>	<b>59.00</b>

The latest 2023/24 global monitoring report to the Executive outlined a £0.8m underspend. Consequently, the required 2023/24 savings of £0.730m had been achieved in full through a mixture of underspends across the staffing budgets due to vacant posts and the maximisation of external funding, and underspends on other indirect staffing costs.

The provisional public health settlement had been received for 2024/25, a 1.318% increase totalling £0.752m. The final confirmation was expected before the end of March 2024. No additional growth and pressures were approved for 2024-26. Provision had been made for inflationary price increases and potential pay awards. This was held corporately and would be allocated to service budgets when the details were available and considered together with the funding settlement for Public Health

The 2023/24 budget for the Manchester Locality Structure for health was provisionally set at £8.3m, which was lower than the existing cost of the locality structure. The budget and structures were subject to consultation prior to a final agreed position with the Integrated Care Board (ICB). The final allocation for running costs was £7.8m.

To avoid losing capacity that was essential to the provision of NHS services in Manchester and to ensure there was a managed transition to reducing costs, the Council had agreed to fund the public health, population health and equality, inclusion and engagement teams, recurrently by applying £0.5m of public health grant. In addition, a one off £1m from the Public Health reserve was proposed to smooth the transition from the CCG to the locality place based budgets and underwrite any potential shortfall.

Further work was being undertaken to reduce costs and ensure the 2024/25 budget was within the resources available. The 2024/25 planning round was currently underway to understand what recurrent allocations were available from the ICB to support running costs. This was focused on further aligning health and care within Manchester, working across the partnership to create a more integrated model for the City, focused on delivering the right outcomes for Manchester's population in a financially sustainable way. Further discussions were being held on the locality budget and there was a need to manage the use of all available resources to support the integration of health and care across Manchester.

The public health budget had been allocated to ensure sustainable funding for the previously funded CCG/GMICB health protection posts and the CCG/GMICB Engagement and Equalities function, which would be fully integrated into the Manchester Locality (MLCO and MCC) from 1 April 2024.

The other budget priorities for public health related to the demand pressures on commissioned services such as sexual health, along with the investments in the Making Manchester Fairer Programme which was a priority for the City Council and partners. This work needed to be concluded before the final decisions on the allocation of the funding could be made.

In terms of Making Manchester Fairer (MMF) (the Council's five-year action plan to address health inequalities in the city focussing on the social determinants of health), investment of up to £2.989m over the 2023/24 and 2024/25 financial years had been identified from Public Health reserves. This was one off funding of which £2.281m had been used to support the Kickstarters programme, and this was phased over 2023/24 (£944k) and 2024/25 (£1.337m). The remaining £0.708m budget was allocated to programme delivery that included, staffing costs, communications and other commissioned activity.

<b>MMF Spend Allocation</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>Total £'000</b>
Programme Resources	200	508	708
CYP - Childrens Kickstarter	792	208	1,000
CYP - Young People's Kickstarter	137	294	431
Early Help for Adults Kickstarter	15	835	850
<b>TOTAL</b>	<b>1,144</b>	<b>1,845</b>	<b>2,989</b>

In addition, It had been agreed that a 5% of the Cost of Living Group budget (£178k) would be made available to support the Anti Poverty Strategy work.

There were no workforce implications based on the budget proposals. More generally, work had taken place over the past 12 months to establish virtual teams aligned to thematic delivery. This had provided a better environment in which to share skills and expertise across the Department and provided clarity and stability to the workforce post-pandemic

It was noted that the report had also been considered at a recent meeting of the Health Scrutiny Committee where the committee had endorsed the budget proposals (Minute HSC/24/08)

## **Decision**

The Executive approve the budget proposals as set out in the report.

### **Exe/24/20 Adult Social Care Budget 2024/25**

The report of the Executive Director for Adult Social Services explained how the budget proposals for the Directorate had been developed.

The gross 2023/24 budget was £285.023m and the net budget of £219.666m. Income of £65.357m which 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.

Growth and pressures of £26.372m were estimated and included in the Medium Term Financial Plan (MTFP) for 2024-26, as part of the 2023/24 budget approvals process, alongside an additional £5.936m of base assumptions for 2026/27. Together the current MTFP included £32.308m of funding of which £6.074m related to the transfer of grant funding in accordance with the statutory conditions, the Market Sustainability and Improvement Fund (MSIF) original allocation (£3.105m) and the Adult Discharge fund (£2.969m), with the balance of £26.234m Council funding for demographics and towards the care fee uplift, including use of the proposed Adult Social Care precept.

Further pressures identified included:-

- A £9m pressure into 2024/25 arising from the 2023/24 financial forecast position (as at August 2023), which was fully mitigated through a combination of additional resources and specific service initiatives detailed (and now presented in this report in the savings section below);
- Additional demographics in 2024/25 of £3.735m including £2m for transition of children to adult support, with increases of £1.064m in 2025/26 and £0.764m in 2026/27 to set the demographics budget to £4m in each year;
- Additional funding towards the cost of care uplifts of £3.500m in 2024/25;
- Mainstreaming the cost of new care models £1.300m from 2026/27; and
- An expected £1.779m reduction in the 2024/25 MSIF workforce grant from £4.055m to £2.276m

The above represented an additional £8.584m, bringing the total investment 2024-27 to £40.892m

In addition, the full year cost into 2024/25 of clients in long term care as at November was assessed at £20.812m above the existing budget. And it had been deemed prudent to provide £1.5m for further growth in homecare to the end of the financial year.

Key budget movements were summarised as follows:-

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash limit</b>	<b>219,666</b>	<b>247,439</b>	<b>255,250</b>
<b>Growth</b>	2,636	2,936	3,236
Demography	1,735	1,064	764
Demography - Additional	2,000		
Demography - Transitions			
	22,312		
Additional Long Term Care Pressures and Homecare	2,295		
Transitions and Demographics	1,000		
Mental Health investment	500		
Commissioning and contracting capacity and system hub	-13,400		
Less: additional funding and repurposed			

budget mitigation plan			
<b>Grants</b>	2,969		
ADF for new investments	3,105		
MSIF	-1,739		
MSIF Workforce - Reduction			
<b>Care Costs</b>	458	2,011	
Price	2,274		
ASC Precept passthrough	5,983	4,000	4,000
Real Living Wage	3,500		
Fair Cost of Care			
<b>Saving Programme</b>	-2,200	-2,200	
Savings	1,000		
Amendment to existing programme	-6,400		
New saving programme	-255		
Additional Vacancy Factor	<b>247,439</b>	<b>255,250</b>	<b>263,250</b>

The recurrent underlying position for 2024/25 had become significantly more challenging over the last five months and whilst the budget challenges outlined were significant, due to cost effective management of demand, Manchester's social care financial pressures were less than many comparable authorities

Overall there were £27.107m of additional budget pressures. Substantial work had been completed to mitigate these pressures, with a plan of £19.8m savings put in place, which left a residual additional budget requirement of £6.807m and this had been included in the proposed update to the medium term financial plan. Of the £19.8m savings proposed, £13.4m would be achieved through additional funding and reallocated budgets which was secure and £6.4m of service actions which would be added to the approved savings programme but which included a level of risk. The Directorate had also committed to the delivery of an additional workforce savings target from reducing a number of long term vacant posts in the establishment by £0.255m for 2024/25.

It was also reported that there was heightened work underway across Commissioning, Contracts and Market Development in response to the fragility of the current care market. A MLCO Commissioning Plan had been developed which would act as a key communication tool with providers, partners, wider stakeholders, citizens and the commissioning workforce. This Plan would set out the key principles of how commissioning was intended to be more 'responsive' to the frontline staff as part of the Better Outcomes Better Lives transformation programme, and for staff to highlight where there were perceived gaps in provision.

Whilst there was additional investment proposed for the Adult Social Care budgets there remained considerable pressure and the fragility of the social care market, the increased demands for mental health services in particular remain key risks.

It was noted that the budget report had also been considered at a recent meeting of the Health Scrutiny Committee and the committee had endorsed the proposals in the report (Minute HSC/24/08).

## Decision

The Executive approve the Directorate budget proposals as set out in the report.

### **Exe/24/21 Neighbourhoods Directorate Budget 2024/25**

The report of the Strategic Director (Neighbourhoods) explained how the budget proposals for the Directorate had been developed.

The Neighbourhood Services Directorate had a gross budget of £262m and a net budget of £139.225m. The Directorate employed 1,916 fte.

Savings of £3.937m had already been approved for 2024/27 as part of prior year budget approvals and these remained on track to be delivered, however the ability to deliver these savings was being reviewed on an ongoing basis and provision had been made in the budget position to offset £1m of this risk

<b>Description of savings</b>	<b>2024/25 £000's</b>	<b>2025/26 £000's</b>	<b>2026/27 £000's</b>	<b>Total £000's</b>
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
<b>Total Already Approved Savings</b>	<b>2,205</b>	<b>1,732</b>	<b>0</b>	<b>3,937</b>

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 had 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.

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. As part of identifying further savings options the initial priority had been to protect service delivery wherever possible, and this had included looking to increase income generation opportunities where possible. The additional proposed savings were summarised as follows:-



Service	Description of Saving	Amount of Saving			
		2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000
Community Safety	A temporary reduction in the contribution to the security measures for Christmas whilst Albert Square is unavailable	40	0	0	40
Compliance	Increased Income	95	0	0	95
Pest Control	Increased Income	37	0	0	37
Highways	Increased income	184	0	0	18
Advertising Income	Increased Income	352	0	0	352
Bereavements	Increased Income	100	0	0	100
Neighbourhoods	Review of vacant posts	198	0	0	198
<b>Total</b>		<b>3,311</b>	<b>2,104</b>	<b>0</b>	<b>6,017</b>

£1m of budget had 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 was in line with national trends and Core Cities and other GM authorities were all reporting similar issues. Whilst extremely challenging it was important that a realistic and deliverable budget was set which recognized these additional pressures.

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.

In addition to the waste collection investment, £400k of investment was 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 with 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 was anticipated that this would 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 were reflected in the current budget plans for those years.

Following in from previous Executive endorsement of 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, budget approval for 2024/25 was to be sought for an annual £2m contribution from the Capital Fund to support the events commission. This would be funded through the growth in retained business rates. The proposed Council resources would be supplemented by other city partnership funding that would be part of the whole events commission budget and managed by the Council.

Whilst the number of off-street car park users had increased post pandemic, it had not returned to pre covid levels and this was 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 was only temporary for two years and a longer-term parking strategy was being developed that would seek to better align both on street and off-street parking in order to ensure income was maximised.

The Directorate also received a wide range of grants that totalled £18.7m in the current financial year. The majority of the grants related to the Homelessness service and it was forecasted that Afghan Resettlement funding would reduce in 2024/25 with the closure of the Bridging Hotels as the level of expenditure incurred to support these families would reduce in line with the funding reduction and would not create a pressure on Council budgets.

It was noted that as development continued across the city, this might lead to increased growth pressures for Neighbourhood Services as the number of households grew 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.

It was noted that the budget reports had also been considered at a recent meeting of the Communities and Equalities Scrutiny Committee (Minute CESC/24/13), the Resources and Governance Scrutiny Committee (Minute RGSC/24/19) and the Environment, Climate Change and Neighbourhoods Scrutiny Committee (Minute ECCNSC/24/08) and both committees had endorsed the proposals in the report.

## **Decision**

The Executive approve the Directorate budget proposals as set out in the report.

### **Exe/24/22 Housing Revenue Account 2024/25 to 2026/27**

A joint report by the Strategic Director (Growth and Development), the Strategic Director (Neighbourhoods) and the Deputy Chief Executive and City Treasurer presented the proposed budget for the Housing Revenue Account (HRA) for 2024/25 and indicative budgets for 2025/26 and 2026/27.

The report set out the requirements placed on the Council with respect to the HRA budget:-

- The Council had to formulate proposals on income and expenditure for the financial year which sought to ensure that the HRA would not show a deficit balance;
- To keep a HRA in accordance with proper practice to ensure that the HRA was in balance taking one year with another; and
- The HRA must, in general, balance on a year-to-year basis so that the costs of running the Housing Service must be met from HRA income.

The original approved gross HRA budget was £117m and included a £35.5m revenue contribution towards the £60.4m capital programme. The HRA is currently forecasting an overspend of £4.094m made up of

- Higher than forecast costs of repairs and maintenance of £8.764m.
- Other smaller overspends amount to £0.605m

This was offset by additional interest earned on balances due to increasing interest rates (£1.860m) and reductions in the budget allocated to PFI sprinkler works which were now funded from capital receipts (£2.089m). Other net underspends accounted for of £1.326m (including £1.038m reduced costs of gas because of a combination of reduced consumption, and reductions in wholesale gas prices).

The reduction in the capital programme forecast outturn also meant that the budgeted £11.88m of revenue contribution to capital outlay (RCCO) was not required. This was to be funded in part from a transfer in of revenue reserves of £22.808m as set out in the original approved budget. This transfer would not be required until 2024/25.

In previous years the Government's formula rent guidance assumes that rents increase by up to CPI plus 1%. The CPI rate used was based on the September figure in the preceding year, and as at September 2023 CPI was 6.7%. This HRA budget had been prepared in line with the formula rent of 7.7% to all tenants, with effect from April 2024

Based on these increases, the average weekly rent (based on 53 weeks) would be:

- General Needs                      £90.12 (£6.44 increase)
- Supported Housing                £82.34 (£5.89 increase)
- PFI Managed                        £109.78 (£7.85 increase)

In line with Manchester's Anti-Poverty Strategy and support for residents during the ongoing cost of living crisis it was proposed that the community living fund was retained for 2024/25, at £300k.

To ensure that the increase applied to garage rents remained in line with that applied to dwelling rents, it was proposed that 2024/25 garage rents be increased in line with the original rent formula of 7.7%. The impact of this increase was:-

	<b>Annual Charge 2022/23</b>	<b>Weekly Charge 2022/23</b>	<b>Proposed Annual Charge 2023/24</b>	<b>Proposed Weekly Charge 2023/24</b>	<b>Proposed Weekly Increase</b>
Site Only	£115.86	£2.23	£124.78	£2.40	£0.17
Prefabricated	£250.06	£4.81	£269.31	£5.18	£0.37
Brick Built	£293.84	£5.65	£316.47	£6.09	£0.44

Other income is forecasted to be c.£2.072m in 2024/25 and it was assumed that the majority of these budgets were uplifted by the forecast 4% inflation for 2024/25. In most cases there were separate lease arrangements for these premises and the rents were subject to increases in line with the lease conditions

The Council continued to own and manage c.15,000 properties within the HRA under various arrangements. In the 2023/24 financial year Right to Buy Sales (RTB) were lower than the peak of 233 properties in 2022/23, in the aftermath of the pandemic. Sales of around 136 properties (c.1% of stock numbers) were forecast in the current year. The budget assumed ongoing 1% RTB sales per annum. This would reduce the level of rent income achieved and the number of sales would continue to be closely monitored. The current business plan did not assume that these assets were replaced within the HRA, and based on current assumptions there would be c11,300 properties at the end of 30 years unless a proactive strategy of replacement was adopted

As part of the HRA business plan it had always been the intention that tenants' heating charges were set to reflect the actual costs of delivering heat, this includes the costs of gas consumed, and costs of infrastructure maintenance to deliver heat. It was proposed to change the tariffs to residents in line with the price cap as set by Ofgem from 1 April 2024 (forecasted at £1,620), and mirror the Ofgem price cap going forward. This would ensure that the charges were comparable with other residents who were not in communal heating schemes. In calculating the charges based on the forecast Ofgem price cap the overall average charge would be £723 per annum, which was £14.46 per week. The average charge for residents paying via heating debits will be £18.86 per week and for residents paying by Point of Sales will be £12.28 per week

The report also explained the other key changes in the HRA budget for 2023/24, and the full budget was presented as set out below.-

	<b>2023/24 (Forecast)</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>				
Housing Rents	(67,503)	(73,509)	(74,171)	(75,932)
Heating Income	(1,183)	(1,625)	(1,520)	(1,545)
PFI Credit	(23,374)	(23,374)	(23,374)	(23,374)

Other Income	(3,897)	(2,071)	(1,153)	(1,171)
Funding from General HRA Reserve	(11,814)	(25,675)	(25,294)	(12,504)
<b>Total Income</b>	<b>(107,771)</b>	<b>(126,254)</b>	<b>(125,512)</b>	<b>(114,526)</b>
<b>Expenditure</b>				
Housing Services-Management	14,940	15,361	15,577	15,805
Housing Services - R&M	25,444	24,684	24,735	24,818
PFI Contractor Payments	34,137	35,283	35,814	36,137
Communal Heating	1,851	1,245	1,270	1,295
Supervision and Management	6,141	5,878	5,932	6,026
Contribution to Bad Debts	600	555	560	573
Hardship Fund	700	300	0	0
Depreciation	20,173	24,387	24,736	25,103
Other Expenditure	844	890	913	936
RCCO	0	14,976	13,280	380
Interest Payable and similar charges	2,702	2,695	2,695	3,297
<b>Total Expenditure</b>	<b>107,532</b>	<b>126,254</b>	<b>125,512</b>	<b>114,370</b>
<b>Total Reserves (exc Insurance):</b>				
Opening Balance	(104,440)	(92,626)	(66,951)	(41,657)
Funding (from)/to Revenue	11,814	25,675	25,294	12,504
<b>Closing Balance</b>	<b>(92,626)</b>	<b>(66,951)</b>	<b>(41,657)</b>	<b>(29,153)</b>

It was noted that the proposed HRA budget 2024/25 and indication of the 2025/26 and 2026/27 budgets had also been considered by the Resources and Governance Scrutiny Committee at its February 2024 meeting where the committee had noted the proposals in the report (Minute RGSC/24/17).

## Decisions

The Executive

- (1) Note the forecast 2023/24 HRA outturn as set out in section 4 of the report.
- (2) Approve the 2024/25 HRA budget and note the indicative budgets for 2025/26 and 2026/27.
- (3) Approve the proposed 7.7% increase to dwelling rents and 7.7% increase in Garage rents, and delegate the setting of individual property rents, to the Director of Housing Operations and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Development and the Executive Member for Finance and Human Resources.
- (4) Approve the proposal that the Council continues with the policy of where the 2024/25 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is re-let.
- (5) Note the proposed 2024/25 changes for communal heating charges and approve the change in policy so that charges are in line with the price cap as set by Ofgem from 1st April 2024, and mirror the Ofgem price cap going forward

## Exe/24/23 Growth and Development Directorate Budget 2024/25

The report of the Strategic Director (Growth and Development) explained how the budget proposals for the Directorate had been developed.

The Growth and Development Directorate had a gross budget of £35.6m and a net income budget of £11.3m and employed 439 FTEs. In addition, Highways services and parking services and CCTV had a gross budget of £36.2m and net budget of £13.3m and employed FTE

Savings of £1.020m had already been approved as part of the 2023/24 budget and were to be delivered through increased annual rental income of £0.985m from Manchester Airport Group as well as £35k increased Development fee income for Highways. The increases were based on estimates provided by the Airport and achievement of this income was dependent on performance being in line with or better than the forecasts provided. The savings were phased at £170k in 2024/25 and £0.815m in 2025/26. £35k of savings to be achieved in 2024/25 would be through increased development fee income for Highways

In addition to the already approved savings, and in support of the work required to balance the overall council budget, further options for savings had been developed and the areas considered include the following:-

- A review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacant posts; and
- A review of all income generation from sales, fees and charges and whether there are opportunities to increase charges in line with inflation.

A summary of the current budgets for sales, fees and charges across Growth and Development Directorate was detailed as follows:-

	<b>2023/24 Budget £000's</b>	<b>2024/25 Budget £000's</b>	<b>2025/26 Budget £000's</b>	<b>2026/27 Budget £000's</b>	<b>Comments</b>
Investment Estate	22,531	23,951	24,266	24,266	Rent and service charge income
MCDA	1,520	1,520	1,520	1,520	Rent and Service charge income
Strategic Housing	537	553	553	553	Fees from other RP's for Manchester Move and feed in tariffs from solar panels.
Planning	3,073	3,473	3,473	3,473	Increase to Planning application fees

					– set by Government
Building Control	1,162	1,162	1,162	1,162	Building control fees
Land Charges	274	274	274	274	
Premises Licensing	1,174	1,174	1,174	1,174	Premises license fees
Taxi Licensing	2,074	2,074	2,074	2,074	Taxi License fees operate on a 3-year license cycle – fees are ringfenced
MAES	2	2	2	2	
<b>Grand Total</b>	<b>32,347</b>	<b>34,183</b>	<b>34,498</b>	<b>34,498</b>	

It was noted that the Directorate was pivotal in driving Sustainable Economic Growth of the city to benefit everyone. In order to continue delivering in these key areas there would be a need for increased capacity, and this was estimated to cost in the region of £0.745m. In light of the current overall Council budget position, it was not possible to provide additional investment to fund these resources, but the services had now started to review all existing resources in order to understand how existing resources could be reallocated to deliver this agenda

The budget report had also been considered at a recent meeting of the Economy and Regeneration Scrutiny Committee and the committee had endorsed the proposals in the report (Minute ESC/24/10).

### Decision

The Executive approve the Directorate budget proposals as set out in the report.

### Exe/24/24 Dedicated Schools Grant 2024/25

The Executive considered a report of the Strategic Director for Children’s and Education Services, which provided a summary of the confirmed Dedicated Schools Grant (DSG) allocation from the 2024/25 settlement.

The DSG was a ring-fenced grant of which the majority was used to fund individual schools budgets in maintained schools and academies in the city, early years nursery entitlement and provision for pupils with high needs including those with Education Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Manchester and out of city.

The Council received and managed the DSG within four blocks: schools, central school services, high needs and early years. A large proportion of it was paid directly to schools and other settings to provide the majority of education services. A proportion of the DSG was provided to the Council to deliver education services.

The 2024/25 DSG notification was received on 19 December 2023 and totalled £735.050m with an overall increase in DSG since last year of £58.125m

The Schools Block allocation of £537.979m had been calculated bottom up on the basis as if the national funding formula (NFF) was applied at school level. On average the DfE has increased the formula determined by pupil level data by 1.4%.

The Central School Services Block (CSSB) allocation was £3.864m and supported the Council's role in education.

The Higher Needs Block (HNB) allocation was £133.475m and provided increased funding for children and young people with special educational needs and disability from early years to age 25 years. The grant increase was 4.10% (£5.262m) this was lower than the increase in the previous two years, which was an on average +14.00% growth. The 2024/25 increase was not expected to cover anticipated inflation and growth in demand and would place pressure on the budget

The Early Years funding had increased by £18.115m and was made up of new free entitlements offer for 9 months olds to two-year-olds and working parents of two-year-olds (£11.888m) and an increase in the hourly rates for existing early year entitlements (£6.227m)

The funding shortfall for pupils with high needs and central services block within the DSG remained a significant risk for the council. It must be addressed as the statutory override preventing the council from including the accumulated deficit in its general fund balances was set to end on 31 March 2026.

It was noted that the report had also been considered at a recent meeting of the Children and Young People's Scrutiny Committee and the committee had endorsed the proposals in the report (Minute CYPSC/23/11).

## **Decision**

The Executive approves the proposed Schools Budget and in doing so notes specifically the following:-

- All Manchester primary and secondary schools should receive a per pupil increase of 0.5% minimum. The local funding formula's average per pupil increase is 1.88%
- Manchester does not intend to propose a 0.5% transfer from the school block to high needs 2024/25, given the anticipated impact of the High Needs recovery plan.
- Explicit growth fund to include budget for setting up SEN and Inclusion Units in mainstream schools.
- The 4.10% in the High Needs Block part of the grant is not expected to cover anticipated inflation and growth in demand.
- The full increase in the early years funding rates to be passed onto providers, across all entitlements.
- Central services school block (CSSB) funding on a per pupil basis has remained the same as 2023/24. This block will continue to be under pressure to



stay within budget, given the additional burden due to the new admission code, with no reduction in other functions councils are required to provide.

### **Exe/24/25 Capital Strategy and Budget 2024/25 to 2026/27**

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which presented the capital budget proposals before their submission to the Council.

The Capital Strategy had been developed to ensure that the Council could take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability.

The capital programme 2024/25 to 2026/27 comprised the continuation of the existing programme. For continuing schemes, the position was based on that set out in the report on Capital Programme Monitoring 2023/24, also being considered at this meeting (Minute Exe/24/15 above).

Details on the projects within the programme were set out in the report and the full list of the proposed projects was appended to the report.

If agreed, then the proposals contained in the report would create a capital programme of £408.2m in 2023/24, £463.7m in 2024/25, £173.8m in 2025/26 and £62.9m in 2026/27, summarised as follows:-

<b>Forecast Budgets</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Future Years</b>	<b>Total</b>	<b>Total 24/25 - 28/29</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Manchester City Council Programme</b>							
Highways	40.8	45.0	20.5	18.9		<b>125.1</b>	<b>84.4</b>
Neighbourhoods	42.4	17.5	5.3			<b>65.2</b>	<b>22.8</b>
The Factory and St John's Public Realm	54.4					<b>54.4</b>	<b>0.0</b>
Growth	96.7	125.1	31.5	18.9	<b>1.8</b>	<b>274.0</b>	<b>177.3</b>
Town Hall Refurbishment	63.8	84.5	22.5			<b>170.8</b>	<b>107.0</b>
Housing – General Fund	28.9	52.0	15.2			<b>96.2</b>	<b>67.2</b>
Housing – HRA	43.9	66.8	45.9	25.1	<b>11.6</b>	<b>193.3</b>	<b>149.4</b>
Children's Services (Schools)	29.6	36.2	1.4			<b>67.2</b>	<b>37.6</b>
ICT	2.7	2.9				<b>5.6</b>	<b>2.9</b>
Corporate Services	4.3	9.1	0.5			<b>13.9</b>	<b>9.6</b>
<b>Total (exc.</b>	<b>407.6</b>	<b>439.1</b>	<b>142.8</b>	<b>62.9</b>	<b>13.4</b>	<b>1,065.</b>	<b>658.1</b>

Contingent budgets)						<b>6</b>	
Contingent Budgets	0.6	24.6	31.0			<b>56.3</b>	<b>55.6</b>
<b>Total Programme</b>	<b>408.2</b>	<b>463.7</b>	<b>173.8</b>	<b>62.9</b>	<b>13.4</b>	<b>1,121.9</b>	<b>713.7</b>

The proposed funding for the programme across the forecast period was as follows:-

	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>	<b>2026/27 forecast</b>	<b>Future Years</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Grant	119.7	87.0	37.5			<b>244.2</b>
External Contribution	20.9	29.5	2.6	3.9		<b>56.9</b>
Capital Receipts	42.8	116.7	54.5	33.0		<b>247.0</b>
Revenue Contribution to Capital Outlay	28.9	41.4	40.2	26.0	13.4	<b>149.9</b>
Borrowing	195.9	189.1	39.0			<b>424.0</b>
<b>Total</b>	<b>408.2</b>	<b>463.7</b>	<b>173.8</b>	<b>62.9</b>	<b>13.4</b>	<b>1,121.9</b>

The proposed capital programme described within the report was affordable within the existing revenue budget based on the estimated capital financing costs associated with delivering the programme.

There were risks associated with the delivery of the capital strategy, specifically regarding delays to the programme or treasury management risks. Measures were in place to mitigate these risks through both the Strategic Capital Board and the treasury management strategy. Reports would be provided throughout the year to Council, Executive and other relevant committees providing updates on the progress of the capital programme and the risks associated with its delivery and funding.

## Decisions

The Executive:-

- (1) Approve and recommend the report to Council, including the projects for Council approval in section 7, and note that the overall budget figures may change subject to decisions made on other agenda items.
- (2) Note the capital strategy.
- (3) Note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2023/24.
- (4) Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to

make alterations to the schedules for the capital programme 2023/43 to 2026/27 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

**Exe/24/26 Treasury Management Strategy Statement 2024/25, including Borrowing Limits and Annual Investment Strategy**

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which set out the proposed Treasury Management Strategy Statement and Borrowing Limits for 2024/25 and Prudential Indicators for 2024/25 to 2026/27.

The Treasury Management Strategy Statement set out the risk framework under which the Council's treasury management function would operate by detailing the investment and debt instruments to be used during the year the Strategy detailed the risk appetite of the Authority and how those risks would be managed.

The suggested strategy for 2024/25 was based upon the treasury officers' views on interest rates, supplemented with the forecasts provided by the Council's treasury advisor, Link Asset Services. The strategy covered:-

- Prudential and Treasury Indicators for 2024/25 to 2026/27;
- Impact of 2012 HRA reform;
- Current Portfolio Position;
- Prospects for Interest Rates;
- Borrowing Requirement;
- Borrowing Strategy;
- Annual Investment Strategy; and
- Non-Treasury Investments and Liabilities

The Executive noted the proposed Annual Investment and Borrowing Strategies set out in the report and agreed to commend them to the Council.

The Executive:-

- (1) Recommends the report to Council.
- (2) Delegates authority to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, to approve changes to the borrowing figures as a result of changes to the Council's Capital or Revenue budget and submit these changes to Council.