

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 26 February 2024
Council – 1 March 2024

Subject: Details of Proposed Budget Amendments

Report of: City Solicitor

Summary

This report provides details of amendments to the Executive’s budget proposals that have been submitted in accordance with Paragraph 18.3 of the Council’s Rule of Procedure.

Recommendations

The Resources and Governance Scrutiny Committee is recommended to give consideration to the proposed budget amendments and, if appropriate, make recommendations to Council.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	Not applicable.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	Not applicable.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Not applicable.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Not applicable.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Not applicable.
A liveable and low carbon city: a destination of choice to live, visit, work	Not applicable.
A connected city: world class infrastructure and connectivity to drive growth	Not applicable.

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Background documents (available for public inspection):

None

1.0 Introduction

- 1.1 In accordance with Council Rule of Procedure 18.3, when the Executive makes recommendations to the Council in relation to calculating the budget requirement and setting the Council tax, any amendments to those recommendations which affect those calculations or the level of Council Tax must be submitted in writing and received by the Chief Executive by 4.00 p.m. on the seventh day after the meeting of the Executive (this being Wednesday 21 February 2024).
- 1.2 Any such amendment, together with the recommendations of the Executive, is to be referred to the Resources and Governance Scrutiny Committee which will report to the Council meeting in March at which the Council calculates the budget and sets the Council Tax ("the Budget Council").
- 1.3 In doing so, nothing in Rule 18.3 will prevent Members moving amendments at Budget Council in accordance with Rule 18.1 (amendments to be moved at Council must be in writing and be received by the Chief Executive at least 30 minutes before the meeting) or the Executive reconvening and revising their recommendations to Budget Council, where such amendments or revised recommendations arise out of the proceedings of the Resources and Governance Scrutiny Committee, nor will anything in Rule 18.3 require a further meeting of the Resources and Governance Scrutiny Committee in such circumstances

2.0 Details of Amendments Received

Amendment (1) proposed by Councillor Leech, seconded by Councillor Good

- 2.1 In order to support the least well-off Manchester Council Tax payers during the continuing cost of living crisis, the following proposals to the Council Tax Support Scheme as follows (amendment 1):
 - To allocate a budget of **£770,000**, subject to consultation, to enable the Council to deliver a Council Tax rebate to Manchester residents in receipt of the maximum Council Tax support equivalent to increasing the maximum support from 85% to 87.5%; to be funded through the transfer from the General Fund Reserve.
 - To allocate a budget of **£75,000**, subject to consultation, to enable the Council to deliver a Council Tax rebate to Manchester residents in receipt of the maximum Council Tax support equivalent to the increase that they would be expected to pay to cover the increased precepts for the Police and Fire services and to cover the increase of the Mayoral General precept; to be funded through the transfer from the General Fund Reserve.

Amendment (2) proposed by Councillor Leech, seconded by Councillor Good

- 2.2 In order to tackle long-standing problems with highways maintenance, gully repairs, flytipping, littering and illegal parking as follows (amendment 2a and 2b):
- To allocate a budget of **£1,000,000** to invest additional resources into highways maintenance, to tackle the backlog of road and pavement repairs and gully repairs, to save money on future accident trip claims and to reduce the ongoing day to day maintenance costs on gully clearing and repairs; to be funded through the transfer from the General Fund Reserve.
 - To allocate a budget of **£350,000** to invest additional resources into CCTV to tackle flytipping hotspots by improving detection rates and increasing enforcement and reducing instances of flytipping and to add or replace unsuitable bins in specific problem spots where existing bin capacity results is insufficient; to be funded through the transfer from the Budget Smoothing Reserve.
 - To allocate a budget of **£105,000** to invest additional resources into CCTV enforcement vehicles to tackle specific parking enforcement hotspots; to be funded through the transfer from the On-street Parking Reserve.

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- 2.3 All proposals in this amendment are one off spending commitments for 2024/2025, with a review to be carried out on the cost-effectiveness of the parking enforcement income generated by the leasing of additional CCTV enforcement vehicles.

3.0 Financial Implications of Proposed Budget Amendments

Amendment 1 - Council Tax Support Scheme

- 3.1 The amendment proposal funds the total cost of £0.845m from the General Fund reserve, the Council's only unallocated reserve. The General Fund reserve is expected to be £19.640m at the end of 2023/24, if the current year overspend remains at the forecast £5.5m. The 2024/25 budget proposals include replenishing the reserve by £3.5m to bring the forecast balance to £23.140m by the end of 2024/25 and to a level considered prudent, as outlined in the reserves strategy.
- 3.2 As such any further call on the General Fund reserve will need to be replenished, in line with the strategy, and will present as an additional pressure on the Council's budget, increasing the forecast budget gap in 2025/26 from £28.748m to £29.593m, to be met from savings.

Amendment 2 - Highways maintenance, gully repairs, flytipping, littering and illegal parking

3.3 The proposed amendments seek to fund £1.350m from the Budget Smoothing reserve to fund:

- £1.0m to invest additional resources into highways maintenance, to tackle the backlog of road and pavement repairs and gully repairs
- £350k to invest additional resources into CCTV to tackle flytipping

It also seeks to fund £105k from the On Street Parking reserve to fund:

- The proposed amendments £105k to invest additional resources into CCTV enforcement vehicles to tackle specific parking enforcement hotspots

3.4 In relation to the use of the budget smoothing reserve, its current level will reduce significantly over the next 2-3 years as part of the budget strategy and is integral to managing peaks and flows in funding and avoiding large budget cuts in any one year. This reserve is forecast diminish to c£5.5m by the end of 2026/27 and as such any further calls on the Budget Smoothing reserve will need to be replenished by 2026/27 increasing the forecast shortfall. This has the impact of increasing the cumulative savings target for 2026/27 from £40.622m to £41.972m, to be met from savings.

3.5 The On Street parking reserve is a ring-fenced reserve which can only be applied to specific transport and highways related activity. Enforcement legislation restricts what the income from decriminalisation of parking income can be used for specifically, and the details are:

- Costs incurred by the authority for the operation of public passenger transport service
- A highway or road improvement project
- Environmental improvement

3.6 Although this reserve is forecast to be exhausted by the end of 2027/28, it is reasonable to forecast this investment will generate sufficient contributions to fund this amendment.

Table 1: Amendment impact to the Council's position

	2023 / 24	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000	£'000
Resources Available:				
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

Total Resources Available	742,076	810,515	805,365	824,508
Resources Required:				
<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
<i>Sub Total Corporate Costs</i>	<i>115,921</i>	<i>125,957</i>	<i>123,332</i>	<i>123,136</i>
<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>
Total Resources Required	742,076	810,515	834,113	865,130
Shortfall / (surplus)	0	0	28,748	40,622
Amendment 1 - Council Tax Support Enhancement		0	845	0
Net position	0	0	29,593	40,622
Amendment 2 - Highways				1,350
Net position	0	0	29,593	41,972

4.0 Recommendations

4.1 The recommendations are set out at the front of this report.