

Manchester City Council Report for Resolution

Report to: Council – 1 March 2024

Subject: Council Tax Resolution for 2024/25

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

Summary

To advise the Council of the recommended Council Tax resolution and Collection Fund Budget for 2024/25.

Recommendations

The Council is recommended to:

1. Adopt those proceedings of the Executive on 14 February 2024 which contain details of the following:
 - Medium Term Financial Strategy and Revenue Budget 2024/25
 - Corporate Core Budget 2024/25
 - Children and Education Services Budget 2024/25
 - Public Health Budget 2024/25
 - Adult Social Care Budget 2024/25
 - Neighbourhoods Budget 2024/25
 - Homelessness Budget 2024/25
 - Growth and Development Budget 2024/25
 - Housing Revenue Account 2024/25 to 2026/27
 - Schools Budget 2024/25
 - Capital Strategy and Budget 2024/25 to 2026/27
 - Treasury Management Strategy Statement 2024/25, including Borrowing Limits and Annual Investment Strategy
2. Note the proposed Savings and Efficiencies as detailed in Appendix 1 to this report.
3. Note the proposed Growth and Investments as detailed in Appendix 2 to this report.
4. Note the position on Reserves as detailed in Appendix 3 to this report.
5. Note that the Council Tax determination included at Appendix 4 reflects the budget position.
6. Note the information on the referenda as detailed in Section 3 of this report.

7. Approve the Council Tax determination attached as Appendix 4. The Council Tax determination:
 - Calculates the Council Tax requirement in accordance with Section 31A of the Local Government Finance Act 1992 as amended by the Localism Act 2011.
 - Calculates a basic amount of Council Tax and an amount of tax for each valuation band (the Council element) in accordance with Sections 31B and 36 of the Local Government Finance Act, 1992, as amended.
 - Sets an amount of Council Tax for each category of dwellings in each valuation band in accordance with Section 30 of the Local Government Finance Act, 1992.

8. Approve the Treasury Management Strategy including borrowing requirement and strategy, Annual Investment Strategy, Prudential and Treasury Indicators, Minimum Revenue Provision strategy included at Appendix 5.

9. Approve the Collection Fund Budget for 2024/25 as set out in Appendix 6 to this report.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report presents to Council the proposed Revenue Budget and consequent Council Tax for the City. Whilst this has no direct implications for the Our Manchester Strategy outcomes a balanced budget is a pre-requisite to the provision of the council services that support the outcomes and includes some transfer of resources to support key council objectives.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class	

infrastructure and connectivity to drive growth	
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Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The approval sought above is a pre-requisite to setting a revenue budget for 2024/25. The revenue budget incorporates provision for financing of borrowing undertaken to fund capital expenditure.

Financial Consequences – Capital

Details of the proposed Capital Programme for the next five years were approved at Executive on 14 February 2024 and any financial implications are contained within the body of the report and attached schedules.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Provisional and final Local Government Finance Settlement papers;

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

Reports to the Executive on 14 February 2024, including appendices, available [here](#), entitled;

- Medium Term Financial Strategy and 2024/25 Revenue Budget
- Corporate Core Budget 2024/25
- Children and Education Services Budget 2024/25
- Public Health Budget 2024/25
- Adult Social Care Budget 2024/25
- Neighbourhoods Directorate Budget 2024/25
- Housing Revenue Account 2024/25 to 2026/27
- Growth and Development Directorate Budget 2024/25
- Dedicated Schools Grant 2024/25
- Capital Strategy and Budget 2024/25 to 2026/27
- Treasury Management Strategy Statement 2024/25, including Borrowing Limits and Annual Investment Strategy

1. Introduction

- 1.1 At its meeting on 14 February 2024 the Executive received a series of reports which outlined the position for 2024/25 setting a balanced one year budget in line with the Government's one year funding announcement. This reflected the budget position of the Council after the announcement of the final Local Government Finance Settlement on 5 February 2024. These reports included:
- (i) A Medium-Term Financial Strategy which set out the framework for the budget strategy and the implications for the Council from the Finance Settlement. The report also set out the issues and legal requirements members need to consider prior to Council finalising the budget and setting the Council Tax for 2024/25.
 - (ii) A detailed report from each Directorate on proposals for service change to ensure they continue to meet the Council's objectives whilst managing services within the available resource envelope.
- 1.2 Resources and Governance Scrutiny Committee met on 26 February 2024 to consider the full suite of budget reports along with the outcomes from the budget consultation and the Equality Impact Assessment. The Committee also considered the issues arising from individual budget reports that the chairs of the scrutiny committees wished to draw their attention to. The proceedings of the meeting and the recommendations made are set out in the minutes elsewhere on this agenda. The full suite of budget reports are listed as background documents. Members should take the contents of these into account when considering the recommendations in this report.

2. The Revenue Budget

- 2.1 The financial considerations contained within this report are based on the final Local Government Finance Settlement issued on 5 February 2024 which provided a one-year finance settlement.
- 2.2 The Finance Settlement assumes that local authorities will increase council tax by 4.99% being the 2.99% referendum limit and the 2% Adult Social Care precept.
- 2.3 The final saving proposals are detailed in the directorate budget reports elsewhere on this agenda and listed in Appendix 1. The summary by directorate is shown in table one.
- 2.4 It is proposed that savings options of £31.476m are progressed. Details of the proposals are included in the relevant directorate budget report. The updated summary is shown in the table below and the detail included at Appendix 1.

Table 1: Savings Proposals 2024/25 to 2026/27

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	10,055	0
Public Health	15	0	0	15	0
Childrens Services	6,142	3,394	0	9,536	0
Neighborhoods	4,211	3,104	0	7,315	7
Corporate Core	1,359	1,089	0	2,448	35.5
Growth and Development	1,460	315	0	1,775	1
Cross Cutting	332	0	0	332	0
Total Savings	21,374	10,102	0	31,476	43.5

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

Table 2: Investment, Pressures and Growth Proposals 2024/25 to 2026/27

Directorate	Amount of Investment			
	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000
Adult Social Care	35,628	10,011	8,000	53,639
Public Health	1,765	0	0	1,765
Children's Services	18,819	3,779	3,779	26,377
Neighbourhoods	4,077	4,150	2,309	10,536
Corporate Core	4,277	2,500	2,000	8,777
Growth and Development	0	0	0	0
Total Growth, Pressures, and Investment Proposals	64,566	20,440	16,088	101,094

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

Table 3: Summary of Budget Position 2023/24 (latest) and 2024/25 (proposed)

	2023 / 24	2024 / 25
	£'000	£'000
Resources Available:		
Business Rates / Settlement Related Funding	376,527	406,999
Council Tax	217,968	231,034
Grants and other External Funding	130,494	142,907
Dividends	0	195

Use of Reserves	17,087	29,380
Total Resources Available	742,076	810,515
Resources Required:		
<i>Corporate Costs:</i>		
Levies / Statutory Charge*	70,060	72,463
Contingency	600	600
Capital Financing	43,926	43,926
Transfer to Reserves	1,335	8,968
<i>Sub Total Corporate Costs</i>	<i>115,921</i>	<i>125,957</i>
<i>Directorate Costs:</i>		
Additional Allowances and other pension costs	8,497	8,497
Insurance Costs	2,004	2,004
Inflationary Pressures and budgets to be allocated	2,101	17,357
Directorate Budgets	613,553	656,700
<i>Subtotal Directorate Costs</i>	<i>626,155</i>	<i>684,558</i>
Total Resources Required	742,076	810,515
Shortfall / (surplus)	0	0

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

- 2.7 The budget report for 2024/25 also provided details of proposed movements to and from reserves including those being used to support the revenue budget. The detailed updated schedule of reserves is attached at Appendix 3.

3 Setting Council Tax for 2024/25

- 3.1 The Localism Act 2011 abolished council tax capping powers and replaced them with a requirement for an authority to hold a council tax referendum if it increases its council tax by an amount exceeding the limit set out in principles determined by the Secretary of State and approved by the House of Commons.
- 3.2 The final Local Government Finance Settlement on 5 February 2024 confirmed that for 2024/25, local authorities will be able to increase their relevant basic amount of council tax (average Band D council tax, excluding local precepts) by up to 3% without having to hold a referendum.
- 3.3 Local authorities with responsibility for Adult Social Care can increase their council tax by up to 2% on top of the 3% core principle.
- 3.4 The Council Tax bill and the information that accompanies it, must highlight the part of the increase that is being used to fund adult social care. Further information about spending on adult social care must be provided with the demand notice.
- 3.5 This report is prepared on the basis that Manchester's Council Tax will increase by 4.99% in 2024/25; 2.99% attributable to the Council element and

2% for the Adult Social care precept. This equates to a Band D charge of £1,699.00 (an increase of £80.75 from 2023/24).

- 3.6 The Greater Manchester Mayoral General Precept has been confirmed at £112.95 for a Band D property and increase of £5.00 from 2023/24, comprising of £78.48 for functions previously covered by the Fire and Rescue Authority (an increase of 2.99% or £2.28 from 2023/24) and £34.47 for other Mayoral General functions including bus reform (an increase of £2.72 from 2023/24).
- 3.7 The Greater Manchester Mayoral Police and Crime Commissioner Precept will increase by £13.00 to £256.30 for a Band D property which is in line with the flexibility provided by the Government to all Police and Crime Commissioners.
- 3.8 The Council Tax resolution is attached as Appendix 4 and is summarised in the table below.

Council Tax Resolution		HRA	Other	Total
		£	£	£
Expenditure				
Total gross expenditure budget for services the Council delivers	Section 31A (2)(a)	126,254,000	1,713,302,893	1,839,556,893
Contingency allowance	Section 31A (2)(b)	0	600,000	600,000
Budgeted contribution to reserves	Section 31A (2)(c)	0	45,944,000	45,944,000
Total Expenditure		126,254,000	1,759,846,893	1,886,100,893
Income				
Total gross income budget for the Council including grants, contributions, fees and charges	Section 31A (3)(a)	(100,579,000)	(1,043,590,601)	(1,144,169,601)
Budgeted income from business rates	Section 31A (3)(aa)	0	(360,872,631)	(360,872,631)
Council's share of Collection Fund surplus from previous years	Section 31A (3)(b)	0	(24,574,689)	(24,574,689)
Allowance for cost of collection of business rates	Section 31A (3)(c)	0	(1,121,075)	(1,121,075)
Budgeted application of reserves	Section 31A (3)(d)	(25,675,000)	(100,428,000)	(126,103,000)
Total Income		(126,254,000)	(1,530,586,996)	(1,656,840,996)

Net Expenditure / Council Tax Requirement (A)		0	229,259,897	229,259,897
Council Tax Base (B)				134,937.9
Basic Council Tax Band D bill (A ÷ B)				1,699.00

- 3.9 The table shows the Council's gross expenditure budget for the services it delivers, including the children's, adults' and neighbourhood service areas, corporately incurred costs to run the Council and levies payable. It adds an allowance for contingency as set out in the Medium Term Financial Strategy and the budgeted contribution to Council reserves as quoted in Appendix 3: Reserve forecast 2024-27.
- 3.10 The table then shows the gross income budget for the Council including grants, contributions, fees and charges. This includes government grants like social care grant and other grants relating to the adult care provision, new homes bonus, services grant and grants relating to the settlement and business rates, as well as any dividend income.
- 3.11 It adds budgeted business rates income, the surplus on collection of business rates and council tax relating to previous years and the administration cost of collecting rates income as referenced in Appendix 6: Collection Fund Budget 2024/25.
- 3.12 It goes on to add the budgeted application of Council reserves as quoted in Appendix 3: Reserve forecast 2024-27.
- 3.13 The balance of gross expenditure and income determines the council tax requirement, which is then divided by the council tax base, which reflects the number of dwellings. This calculates the basic council tax amount, or Council's share, of a Band D bill for 2024/25 as £1,699.00.

4. Prudential indicators

- 4.1 As part of the Prudential Framework the council is required to prepare a number of financial indicators to show that capital investment and treasury management activity is prudent, affordable and proportionate. The proposed Prudential Indicators for 2024/25 to 2026/27 are shown in Appendix 5.

5. Collection Fund Budget

- 5.1 Attached for approval at Appendix 6 is the proposed collection fund budget for 2024/25. The collection fund budget includes income and expenditure relating to council tax and business rates.

6. Robustness of the Budget

- 6.1 The budget report to Executive set out the Council's legal duties to which members must have regard in formulating the budget and setting Council Tax.

The report referred not only to the need for the Council to continue to meet its statutory duties but also to any remaining requirements for consultation, legal processes and equality impact assessments before a final decision can be taken.

- 6.2 The Deputy Chief Executive and City Treasurer has a duty to report on the robustness of the estimates made for the purposes of the calculation of Council Tax and the adequacy of the financial reserves. The detailed assessment is set out in the S25 Report which forms part of the Medium-Term Financial Strategy. As reported to the Executive the Deputy Chief Executive and City Treasurer remains satisfied that the assumptions on which the budget has been proposed are manageable within the flexibility allowed by the General Fund balance. This and the fact that the Council holds other reserves that can be called on if necessary, means that the Deputy Chief Executive and City Treasurer is confident that overall the budget position of the Council can be sustained within the overall level of resources available. However, to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, the future year's savings will be prejudiced, and further savings will need to be identified and implemented, including to replace reserve drawn downs, in order to ensure these are sufficient for future years.