

Executive

First Part Proceedings of the meeting held on Wednesday, 12 February 2020

Present: Councillor Leese (Chair)

Councillors: Akbar, Bridges, Craig, N Murphy, Ollerhead, Rahman, Stogia and Richards

Also present as Members of the Standing Consultative Panel:

Councillors: Karney, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

Apologies: Councillor S Murphy and Leech

Also present: Councillor Stanton

Exe/20/9 Minutes

Decision

To confirm the minutes of the meeting on 15 January 2020 as a correct record.

Exe/20/10 Revenue Budget Monitoring 2019/20

A report was submitted to provide a summary of the position of the 2019/20 revenue budget as at the end of December 2019. The report gave details of the projected variances to budgets and the state of the Council's contingency funds. Projecting forward from the position at the end of December 2019 it was forecast that by the year-end in March 2020 the revenue budget would be overspent by £2.790m, an improved position on the £4.169m overspend that had been predicted at the meeting in December 2019 (Minute Exe/19/106). The report explained that the overspend was still mainly arising from service pressures on the adult social care budgets and Children's Services.

It was explained at the meeting that the budget position being reported in this report had been the basis for the formulation of the 2020/21 budget proposal set out in the other agenda items being considered at the meeting.

Budgets to be Allocated

When setting the 2019/20 budget the Council has agreed to hold some funds for contingencies, and other money that was to be allocated throughout the year. The report proposed the use of some of these budgets to be allocated. These were agreed:

- £499k to Children's Services for supported accommodation for young people leaving care, allowing for price increases for up to 99 placements.

- £805k for waste management to enable the Council to meet the contractual inflationary cost increase of the new Waste Collection and Street Cleaning Contract delivered by 'Biffa Municipal Limited'.

Use of Reserves in 2019/20

The report also addressed the use of the Council's reserves. A new draw-down from reserves had been requested. This was approved.

- All £443K of the New Smithfield Market reserve to help maintain a safe environment due to the deterioration of the buildings, with a phased approach to make the site safe.

Use of an Additional Grant

The report also explained that notification had been received in relation to a specific external grant, the use of which had not confirmed as part of the 2019/20 budget setting process. Approval was given to the use of these funds.

- £48K from a successful Innovate UK bid to support the Urbix Demand Analysis tool, for a fixed-term senior research role to work with external partner (Urbix) on this project.

Decisions

1. To note the report.
2. To approve the use of budgets to be allocated as set out above.
3. To approve the use of reserves as set out above.
4. To approve the use of an additional grant as set out above.

Exe/20/11 Capital Programme Monitoring 2019/20

The Deputy Chief Executive and City Treasurer's report informed us of the revised capital budget 2019/20 to 2024/25 taking account of agreed and proposed additions to the programme, profiling changes, and the latest estimates of forecast spend and resources for the 2019/20 capital programme. The report explained the major variations to forecast spend, and any impact that variations had on the five-year Capital Programme.

The forecast of expenditure for 2019/20 for the Manchester City Council capital programme was £248.9m, compared to a proposed revised budget of £248.0m. Spend up to the end of December 2019 was £130.1m. The forecast for the capital programme on behalf of Greater Manchester was £70.0m. The Greater Manchester spend to the end of December had been £49.5m.

Appended to the report was a schedule of projects within the overall capital programme where the allocations needed to be revised and funding allocations vired between projects. The appendix showed the virement needed for each scheme and

each project. We agreed to recommend to the Council the proposed virements greater than £500,000, as set out in Appendix A to these minutes. The virements of less than £500,000 we approved.

Decisions

1. To recommend that the Council approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix A of these minutes.
2. To approve virements under £0.5m within the capital programme as outlined in Appendix A of these minutes.
3. To note that approvals of movements and transfers to the Manchester City Council capital programme, will reflect a revised total budget of £248.0m and a latest full year forecast of £248.9m. Expenditure to the end of December 2019 is £130.1m.
4. To note that approvals of movements and transfers to Capital Programme on behalf of Greater Manchester, will reflect a revised total budget of £70.0m and a latest full year forecast of £70.0m. Expenditure to the end of December 2019 is £49.5m.
5. To note the budgets approved in February 2020 by Deputy Chief Executive and City Treasurer under delegated powers, as set out in Appendix B of these minutes.

Exe/20/12 Budget Overview - The Council's Financial Strategy

A 2020/21 budget overview had been considered in January (Minute Exe/20/7). A report was presented to this meeting by the Chief Executive and the Deputy Chief Executive and City Treasurer to show how the various components of the proposed 2020/21 budget (including the Medium Term Financial Plan, the Capital Strategy, the Housing Revenue Account) would jointly continue to reflect the priorities identified in the three-year budget strategy 2017-20, and in the Council's Corporate Plan that had been updated to include action required to address the climate emergency declared by the Council. This report explained the progress with implementing the strategy. It also provided a summary of the financial position and the required assessment of the robustness of the proposed budget.

The summary of the proposed budget was:

	2019/20 Original £000	2019/20 Revised £000	2020/21 Proposed £000
Resources Available			
Business Rates Related Funding	314,653	314,653	339,547
Council Tax	166,507	166,507	174,465
Other non-ring fenced Grants	54,426	65,752	66,717

Dividends and Use of Airport Reserve	62,390	62,390	62,890
Use of other Reserves	12,859	12,859	21,481
Total Resources Available	610,835	622,161	665,100
Resources Required			
Corporate Costs			
Levies / Statutory Charge	69,990	69,990	71,327
Contingency	1,600	850	860
Capital Financing	44,507	44,507	44,507
Transfer to Reserves	7,067	18,393	18,338
Subtotal Corporate Costs	123,164	133,740	135,032
Directorate Costs			
Additional Allowances and other pension costs	10,030	10,030	9,580
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	9,945	1,764	10,271
Directorate Budgets	465,692	474,623	508,213
Subtotal Directorate Costs	487,671	488,421	530,068
Total Resources Required	610,835	622,161	665,100
Shortfall / (surplus)	0	0	0

The proposals continued to show the ways that the Council was seeking to mitigate the funding gaps that had arisen over the previous years. The Council was continuing to invest more money into adult social care and children's services, both areas that continued to show the most significant budget pressures as demonstrated by the report on the 2019/20 budget (Minute Exe/20/10 above).

The report examined the future funding uncertainties facing the Council. The 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 identified in the report as being:

Risk	Mitigation
Non Delivery of Savings	A detailed review of social care related savings which were not delivered in 2019/20 and the impact for 2020/21 has been carried out with revised proposals contained within the budget. As outlined above robust monitoring arrangements are in place to enable early corrective action to be taken. Such action in 2019/20 has successfully reduced the overspend position.
Increasing demand for social care, impact welfare reforms and rising homelessness is higher than budget assumptions	Additional government funding of c£13m in 2020/21 for Social Care and Council resources have been used to provide more funding in these areas based on a reassessment of demand. Funding received in 2019/20 has been smoothed over three years with a reserve to cover future demand.
Volatility of resource base including business rates	As the Council becomes more reliant on locally raised resources and commercial income it is more susceptible to any downturn in the economy. To

	<p>mitigate the risk the majority of the airport dividend is used a year in arrears and a business rates reserve has been established. The position on all these income streams is closely reviewed each month and reported to the Senior Management Team and Executive Members.</p>
<p>Delivery of a balanced budget beyond 2020/21</p>	<p>Longer term scenario planning has started to address the uncertainty beyond 2020/21. In addition, the 2019/20 budget established specific reserves to fund social care over a three-year period, to avoid cliff edges and provide time to plan dependant on the outcome of the national funding changes and BREXIT impact. It is expected that changes to the financial settlement will be supported through transition funding to avoid significant annual reductions.</p>
<p>Impact of Brexit</p>	<p>The potential effects of Brexit on the Council are currently un-quantified but could impact on revenue budgets, capital projects, treasury management and the pension scheme.</p> <p>As the risks associated with BREXIT are so difficult to quantify the approach, in line with a number of local authorities is to build up the level of the business rates reserve and protect the level of the General Fund reserve to help mitigate any adverse impact. More detailed planning and risk assessments for the different scenarios are being carried out within GM and Manchester.</p>
<p>Overspend on significant capital projects</p>	<p>The Capital Strategy has been developed to ensure that the Council can 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.</p> <p>There are strong governance arrangements underpinning the decision making process, all capital investment decisions have a robust business plan that set out any expected financial return alongside risk and deliverability implications.</p> <p>The capital programme is monitored monthly, with quarterly reports to Executive. There are specific programme and risk management arrangements in place to assess individual projects and to oversee their completion. The Strategic Capital Board receives monthly updates from each directorate board on each board's part of the capital programme, detailing financial forecasts, risks, and expected outcomes. By reviewing projects regularly, such monitoring can be used to support future actions, including the estimation of future costs and mitigations as necessary.</p>

It was the opinion of the 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 those risks where possible. The Council's Budget Monitoring procedures would continue to monitor high level risks and volatile budgets. An assessment of anticipated business rates income had been carried out and provision had been made for outstanding appeals. There was considered to be a prudent provision.

The City Treasurer also considered that the assumptions on which the budget had been proposed, whilst challenging, were manageable within the flexibility allowed by the General Fund balance. That balance, and other reserves that the Council holds could be called on if necessary. The City Treasurer was therefore confident that overall the budget position of the Council could be sustained within the overall level of resources available. However, there would be a need for further savings to be identified if the planned budget savings were not achieved in a timely manner, and reserves were called on to achieve a balanced position.

The General Fund balance was held to meet costs arising from any unplanned event. It also acted as a financial buffer to help mitigate against financial risks and could be used to smooth-out expenditure across years. It was estimated that the balance on 1 April 2020 would be £21.4m. That was considered to be prudent given the level of volatility in Council funding as business rates and general uncertainty over the future levels of funding available. The expected level of the General Reserve was therefore considered to be the minimum level required to be held to protect the Council from the financial risks inherent within the proposed budget strategy.

Decision

To note the report.

Exe/20/13 Medium Term Financial Plan

The report of the Chief Executive and City Treasurer set out the revenue budget proposals for 2020/21 based on the outcome of the Provisional Local Government Finance Settlement and the issues which needed to be taken into account prior to the Council finalising the budget and setting the Council Tax for 2020/21.

In March 2019, as part of setting the 2019/20 budget, it had been anticipated that there would be a government spending review in 2019/20 and that the local government finance would then return to a three-year budget cycle starting in 2020/21. That had not happened, and the announcements for 2020/21 funding levels had again been for one year only, therefore the proposed budget was for 2020/21 only. The report outlined the key changes in funding that had been part of the government's funding announcements. New budget pressures had arisen, revised savings and cost recovery proposals had been developed, and further sources of money had been identified or grants provided. The total saving and efficiencies target being proposed for 2020/21 was £7.5m. The 2020/21 budget now being put forward

had a total funding requirement of £665.1m, compared to the original 2019/20 budget requirement of £610.835m. The comparison of the two proposals being:

Table 1 - Comparison of Budgets	2019/20 Original £0000	2019/20 Revised £000	2020/21 Proposed £000
Resources Available:			
Business Rates Related Funding	314,653	314,653	339,547
Council Tax	166,507	166,507	174,465
Other non ring fenced Grants	54,426	65,752	66,717
Dividends and Use of Airport Reserve	62,390	62,390	62,890
Use of Other Reserves	12,859	12,859	21,481
Total Resources Available	610,835	622,161	665,100
Resources Required:			
Corporate Costs:			
Levies and Statutory Charge	69,990	69,990	71,327
Contingency	1,600	850	860
Capital Financing	44,507	44,507	44,507
Transfer to Reserves	7,067	18,393	18,338
Sub-Total Corporate Costs	123,164	133,740	135,032
Directorate Costs:			
Additional Allowances and other pension costs	10,030	10,030	9,580
Insurance Costs	2,004	2,004	2,004
Inflationary Pressures and budgets to be allocated	9,945	1,764	10,271
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Sub - Total Directorate Costs	487,671	488,421	530,068
Total Resources Required	610,835	622,161	665,100
Shortfall / (surplus)	0	0	0

This budget was based on the assumption that the Council's element of Council Tax would increase by 1.99% along with a further 2% specifically for adult social care. When the Greater Manchester Council Tax precept increases were added to the Council's own the total increase for Manchester's Council Tax Payers was anticipated as being 4.78%.

The assumption for the council tax collection rate was 96.5%. This was based on historic trends in collection as council tax due in the current year will continue to be collected over a number of years.

The report explained that the Government issued a written ministerial statement detailing new business rates reliefs for 2020/21. That had increased retail relief from 33% to 50% and included an extension of the relief to music venues and cinemas, as well as the continuation of pub and local newspaper relief. The additional relief was forecast to be £3.02m and would be reimbursed by Section 31 grant from the government.

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

Table 2 - Other Non-Ringfenced Grants and Contributions	2020/21 £000
Better Care Fund (Improved)	30,815
Children's and Adult's Social Care Grant	17,564
New Homes Bonus	8,864
Contribution from MHCC	4,000
Education Services Grant	1,260
Housing Benefit Admin Subsidy	2,514
Council Tax Support Admin Subsidy	863
Care Act Grants	162
Business Rates Returned Levy	675
Total Non Ring-Fenced Grants	66,717

The report then considered the expenditure proposals. The forecast of levy payments the Council would have to make to other authorities in 2020/21 was:

Table 3 - Levies	2020/21 £000
Transport Levy	37,476
GMCA Waste Services	30,051
Environment Agency	224
Probation (Residual Debt)	15
Magistrates Court (Residual Debt)	9
Port Health Authority	71
Net Cost of Levies	67,846
Potential Payment to GMCA	3,481
Total	71,327

Although included within the table of levies, the Waste Levy was administered by the Neighbourhoods Directorate and would be included within the Directorate's budget.

It was explained that the potential payment to GMCA related to the bus reform proposals that were under consideration at this time (Minute Exe/19/101). The financial case for the bus reform proposals included a full assessment of how the GMCA could afford to make and operate the proposed scheme. The Council's potential share of the local authority element of the overall support package had been assessed as £3.481m.

A proposed contingency provision of £0.86m included £0.26m in relation to risks around the waste levy and collection and £0.6m as an unallocated contingency to meet future unforeseen expenses.

The proposed Insurance costs of £2.004m related to the cost of external insurance policies as well as contributions to the insurance fund reserve for self-insured risks.

The capital financing budget of £44.507m would support the costs of borrowing including interest costs and the minimum revenue provision, plus contributions to the capital financing reserve for revenue funding of the programme. Of this £25.114m

would be funded by interest received on loans made by the Council to Manchester Airport Group and other partner organisations.

Specific transfers to reserves of £18.338m in 2020/21 were being proposed, and those were listed in the report.

Allowances of £9.58m 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 £10.271m, broken down into:

Table 4 - Inflationary pressures and budgets to be allocated	2020/21 £000
Non Pay Inflation	2,361
Pay Inflation including national living wage	6,520
Pension Contribution reduction	-800
Apprenticeship Levy 0.5%	900
Capacity for further budget pressures (including domestic violence)	1,000
Digital City work	250
Contribution to Cemeteries Reserve	40
Total	10,271

The allocation relating to the pooled budget had been included within Adult Social Care cash-limit budget as follows:

Table 5 - Inflationary pressures and budgets to be allocated in the Pooled Budget	2020/21 £000
National Living Wage	4,400
Pay inflation	1,530
Non-pay inflation	2,413

The proposals for the Directorates' cash limit budgets were detailed in the Directorate Budgets 2020/21 reports that were also being considered at the meeting (Minute Exe/20/16 below). The overall position was:

Table 6 – Departmental Cash Limit Budgets	Gross 2020/21 £000	Net 2020/21 £000
Children's Services	464,099	130,320
MHCC Pooled Budget	267,787	216,864
Adult Social Care - Services out of scope of Pooled Budget	7,243	4,389
Homelessness	36,459	15,285
Corporate Core	310,196	69,960
Neighbourhood Directorate	164,204	63,751

Table 6 – Departmental Cash Limit Budgets	Gross 2020/21 £000	Net 2020/21 £000
Growth and Development	55,314	7,644
Total	1,305,302	508,213

The figures in the table for the Neighbourhood Directorate do not include the waste levy of £30.051m as that is shown above in Table 3 above.

The report explained that the Council holds 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 fundamental review of all the reserves held had been carried out as part of the budget setting process. The reserves include:

- Reserves that have been identified to directly support the proposed budget position
- Statutory reserves – such as the Bus Lane and Parking Reserves, where the use of these monies is defined in statute
- PFI Reserves – held to meet costs across the life of the PFI schemes
- Reserves to offset risk and manage volatility – such as the Insurance Fund Reserve, and reserves to smooth volatility in for example adult social care placements due to winter pressures
- Schools reserves – schools funding which the Council cannot utilise
- Reserves held to support capital schemes
- Reserves to support economic growth and public sector reform
- Grants and contributions which fall across more than one year – following local authority accounting standards these are held in a reserve

The report set out the planned use of reserves in 2020/21 to support revenue expenditure. It also explained the statutory requirement to place income generated from on-street parking and bus lane enforcement into separate reserves. These reserves could only be used to fund certain types of highway and environmental improvements, and provided there was no requirement for the Council to provide additional off street parking or for financial support to existing off street parking. The expected balance on these reserves at the 1 April 2020 was £16.965m. It was estimated that £9.951m would be added to these reserves during 2020/21 and £9.579m used. The reserves were to be used in accordance with the requirements to fund spending in the Neighbourhoods Directorate as well as part of the transport levy.

The total planned use of reserves was:

Table 7 - Use of Reserves	2020/21 £'000
Reserves directly supporting the revenue budget:	
Budget smoothing reserve	7,066
Bus Lane (supporting Transport Levy)	3,092
Social Care Investment Reserve	7,135
Adult Social Care	2,150
Anti Social Behaviour Team Reserve	540
Business Rates Reserve	1,165

Table 7 - Use of Reserves	2020/21 £'000
Transformation Reserve	333
Sub Total	21,481
Statutory Reserves:	
Bus Lane Enforcement and Parking reserves	6,487
Other Statutory Reserves	436
Balances Held for PFI's	375
Social Care Reserves :	
Adult Social Care Reserve	3,395
Reserves held to smooth risk / assurance:	
Airport Dividend Reserve	47,080
Business Rates Reserve	2,000
Other Reserves held to smooth risk / assurance	3,139
Reserves held to support capital schemes:	
Capital Fund	10,366
Investment Reserve	2,325
Eastlands Reserve	5,682
Other reserves held to support capital schemes	1,061
Reserves held to support growth and reform:	
Better Care Reserve	1,273
Town Hall Reserve	3,185
Our Manchester Reserve	2,556
Other Reserves to support growth and reform	1,332
Grants and Contributions used to meet commitments over more than one year	2,048
Small Specific Reserves	982
Total	115,203

The planned uses of the Social Care Investment Reserve and the Adult Social Care were detailed in the report.

The Anti-Social Behaviour Team Reserve had arisen from budget amendments considered and approved by the Council in March 2019 (Minute CC/19/18).

It was explained that to maintain annual funding of £1.5m to support the Factory/Manchester International Festival it was being proposed that £0.5m be retained in the mainstream budget with the remaining requirement being held in a reserve to cover ten years. This reserve would be increased to the required balance using Council Tax surpluses and Business Rates surpluses. Authority was therefore sought and granted for the Chief Executive and the City Solicitor, in consultation with the Executive Members for Finance and Human Resources and Culture, to enter into a 10 year grant agreement with Manchester International Festival that would be subject to on-going confirmation of the corresponding funding from Arts Council England.

The workforce implications of the budget proposals were outlined in the report. The proposals above will require the deletion of 16.4 FTE posts which would be achieved by the deletion of vacant positions. The detailed proposals were set out within the

Corporate Core directorate report that was also being considered at the meeting (Minute Exe/20/16 below).

Decisions

1. To note that the financial position has been based on the Final Local Government Finance Settlement announced on 6 February together with any further announcements at that date.
2. To note that there has been a review of how the resources available are utilised to support the financial position to best effect, including use of reserves and dividends; consideration of the updated Council Tax and Business Rates position; the financing of capital investment, and the availability and application of grants.
3. To note the anticipated financial position for the Authority for the period of 2019/20 to 2020/21 which was based on all proposals being agreed.
4. To note that the Capital Strategy and Budget 2019/20 to 2023/24 was also presented to this meeting (Minute Exe/20/14 below).
5. To note the Deputy Chief Executive and City Treasurer's review of the robustness of the estimates and the adequacy of the reserves as set out in the Budget Overview (Minute Exe/20/12 above).
6. To recommend to Council as part of the budget for 2020/21:
 - a) an increase in the basic amount of Council Tax (i.e. the Council's element of Council Tax) by 1.99%. The Council has consulted on the 2% Adult Social Care precept increase. If agreed, it is proposed to prioritise this resource to support adults with learning disabilities to help meet the increased need and complexity of residents;
 - b) the contingency sum of £0.860m;
 - c) corporate budget requirements to cover levies/charges of £71.327m, capital financing costs of £44.507m, additional allowances and other pension costs of £9.580m and insurance costs of £2.004m;
 - d) the inflationary pressures and budgets to be allocated sum of £10.271m; and delegate the final allocations to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources. The Manchester Health and Care Commissioner (MHCC) elements of these costs have already been included in the Pooled Budget. The use of these budgets will be agreed with the MLCO Partnership Board, which has representation from all key partners, along with identifying whether any more formal approvals are required in line with the Council's key decision thresholds.

- e) the estimated utilisation of £9.579m in 2020/21 of the surplus from the on street parking and bus lane enforcement reserves, after determining that any surplus from these reserves is not required to provide additional off street parking in the authority; and
 - f) the planned use of, and movement in, reserves as identified in the report, subject to the final call on reserves after any changes are required to account for final levies.
7. To recommend that Council approve and adopt the budget for 2020/21.
 8. To delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive to agree the use of the Adult Social Care Reserve in consultation with the Executive Members for Finance and Human Resources and Adult, Health and Wellbeing.
 9. To delegate authority to the Deputy Chief Executive and City Treasurer and Chief Executive to agree the use of the Social Care Reserve in consultation with Executive Members for Finance and Human Resources and Children's Services.
 10. To authorise the Chief Executive and the City Solicitor, in consultation with the Executive Members for Finance and Human Resources and Culture, to agree the detailed terms of a 10 year grant agreement with Manchester International Festival (MIF), subject to confirmation of funding from Arts Council England (ACE) and having entered into a funding agreement with ACE.
 11. To approve the gross and net directorate cash limits as set out in Table 6 above.
 12. To approve the in principle contribution to the MHCC Section 75 (S75) Pooled Budget subject to the approval of the S75 Agreement.
 13. To 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 in accordance with the legal requirements outlined in this report and to take into account the decisions of the Executive and any final changes and other technical adjustments.
 14. To note that there is a requirement on the authority 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; and to provide specific information about the purpose of the council tax increase in the information supplied with demand notices.
 15. To approve implementation of new business rate reliefs in 2020/21 as announced by Government, which will increase the retail relief offering, extending it to music venues and cinemas, as well as, the continuation of pub and local newspaper relief.

Exe/20/14 Capital Strategy and Budget 2019/20 to 2023/24

Consideration was given to the report submitted by the City Treasurer. The report presented the capital budget proposals before their submission to the Council.

The capital programme 2020/21 to 2023/24 comprised the continuation of the existing programme. For continuing schemes, the position was based on that set out in the Capital Programme Monitoring 2019/20 also being considered at this meeting (Minute Exe/20/11 above).

Also included were those future projects which were considered likely to be brought forward, subject to the submission of a successful business case. For any project seeking capital expenditure approval a business case must be drafted, covering:

- how the project links to the City Council's strategic priorities, social value, and any statutory requirements;
- what economic value the project will provide to the City, including social value;
- funding model, with evidence of cost and capital and revenue implications;
- timescale for delivery and identification of risks to the project, including legal issues; and
- what the project will achieve, and the benefits that will be realised.

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 £378.4m in 2020/21, £288.8m in 2021/22, and £208.3m in 2022/23. The proposed funding for the programme was:

	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	Total £m
Grant	46.5	71.4	41.6	43.4	0.0	202.9
External Contribution	24.9	25.2	4.6	0.0	0.0	54.7
Capital Receipts	18.7	28.8	13.8	3.2	8.0	72.5
Revenue Contribution	26.0	52.6	31.0	28.4	0.0	138.0
Borrowing	131.9	200.4	197.8	133.3	47.3	710.7
Total	248.0	378.4	288.8	208.3	55.3	1,178.8

The revenue budget proposals set out in the report on the Medium Term Financial Plan 2020/21 included provision to finance this level of borrowing.

The report explained that a number of schemes which had been developed and were ready for inclusion in the capital programme. The funding and planned expenditure of each was set out in the report's appendix. Such schemes that were within the powers of the Executive to approve being

Department	Project	Source of funding	Budget £000
Highway Services	Maintenance Challenge Fund	Government Grant	1,075

Department	Project	Source of funding	Budget £000
Highway Services	Deansgate Streets for All Development Costs	Borrowing	275
Highway Services	Highways Investment Programme	Borrowing	-275
Highway Services	Auto Bollard Replacement and Improvement	Parking Reserve	608
Children's	Basic Need Unallocated	Government Grant	4,408
Corporate Services	VCSE Small Premises Works	Capital Fund	1,000

Decisions

1. To commend the report to the Council
2. To approve the projects for Executive approval as set out above.
3. To note the capital strategy.
4. To 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 2019/20 to 2023/24 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/20/15 Council Business Plan 2020/21

A report from the Chief Executive presented the Council Business Plan for 2020/21. A copy of the plan was appended to the report. This plan was to replace the individual directorate business plans that had been produced in previous years. This plan was structured around the eight priority themes and had been produced following the development of 41 service plans which describe in more detail the achievements, priorities and activities of the 41 services which collectively made up the Council. The eight priority themes were:

- Zero carbon Manchester
- Young People
- Healthy, cared-for people
- Housing
- Neighbourhoods
- Connections
- Growth that benefits everyone
- Well-managed Council

And full details for each of these was set out in the report's appendix.

Decision

To approve the Council Business Plan for 2020/21.

Exe/20/16 Directorate Budgets 2020/21

A suite of reports prepared by the Strategic Directors of the Council presented the details budgets, investment and savings plans for 2020/21 for the seven areas of the Council's services, being:

- Children and Education Services Budget 2020/21
- Adult Social Care and Population Health Budget 2020/21
- Manchester Health and Care Commissioning Budget 2020/21
- Homelessness Budget 2020/21
- Neighbourhoods Directorate Budget 2020/21
- Growth and Development Budget 2020/21
- Corporate Core Budget 2020/21

Each of the reports set out the breakdown of the directorate's cash limited budget into the specific service areas within the directorate. It also described the efficiencies planned for 2020/21 and how the directorate would manage its budget pressures.

Each of these directorate-level financial plans had been scrutinised by the Council's scrutiny committees at their most recent meetings and the views of the committees were considered and noted (Minutes RGSC/20/07, HSC/20/07, CYP/20/11, NES/20/11, ESC/20/09 and CESC/20/10).

Decision

To note the reports.

Exe/20/17 Dedicated Schools Grant - School Budgets 2020/21

Dedicated School Grant (DSG) is a ring fenced grant of which the majority is 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.

A report submitted by the Strategic Director for Children and Education Services explained how the allocated DSG was distributed across the schools and supported establishments in Manchester.

The report explained that for 2020/21 the DSG would be made up of four blocks: schools block, early years block, high needs block and central services schools block. It was reported that Manchester was to receive a total DSG of £560.304m. The overall increase in grant compared to 2019/20 was £29.536m. The biggest change in the grant was due to 1.84% per pupil related increase in part of the grant that supports primary and secondary schools, and the £11.994m uplift in the high needs block.

The breakdown of the DSG in 2020/21, compared to 2019/20 would be:

Block	2019/20 £m	2020/21 £m	Change £m
Schools	409.073	425.944	16.871
Central School Services	3.658	3.661	0.003
High Needs	76.924	88.918	11.994
Early Years	41.113	41.781	0.668
Total	530.768	560.304	29.536

Decision

To note the report.

Exe/20/18 Housing Revenue Account 2020/21 to 2022/23

(Councillor Midgley declared a disclosable pecuniary interest in this item and withdrew from the meeting while it was considered).

A report by the Strategic Director (Development) and City Treasurer presented the proposed budget for the Housing Revenue Account (HRA) for 2020/21 and indicative budgets for 2021/22 and 2022/23.

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

- the Council had to formulate proposals for 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 is 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.

Under a variety of arrangements, the Council owns and manages just under 16,000 properties within the HRA. The arrangements included three PFI schemes and the stock managed by either Northwards Housing or other Registered Social Landlords. During 2019/20 the Council was anticipating selling around 193 properties under the Right to Buy scheme.

Included in the report was the forecast for the HRA in 2019/20 to have an in-year surplus of £3.029m, compared to a budgeted deficit of £10.147m, and the main reasons for that change were explained in the report.

Following the four years of then annual 1% per cent rent reduction, the Government had agreed that rent policy for five years commencing in 2020/21 was able to revert to the Consumer Prices Index rate of inflation +1%, and that increase had been included within the proposed budget for 2020/21. For the approximately 1,000 properties where formula rent had not yet been achieved, the rent would be increased to formula rent when that property was next re-let.

Gas for the communal heating systems was sourced as part of the City Council's overall gas contract. The existing wholesale gas contract expired shortly, and latest prices indicated that the current wholesale gas price would reduce by 7% with effect from April 2020. Therefore, in order to ensure that the costs of gas used were recovered through the tariffs charged for tenants and residents on a scheme-by-scheme basis, it would be necessary to reduce the current heating charges by between 0% and 36%. Appended to the report was a complete schedule of proposed heating tariffs for pay by rent and pay by prepayment card, showing the percentage change for 2020/21. All but one of the schemes would see a reduction in fuel costs in 2020/21.

The report proposed that the Northwards management fee for 2020/21 be increased to reflect the costs of pay awards in 2020/21. That would equate to a rise of 1.55% or £315,000 in 2020/21.

In order to ensure that the increase applied to garage rents remained in line with that applied to dwelling rents, it was proposed that 2020/21 garage rents be increased by 2.7%, which would see an increase in the rental of between 5p and 13p per week.

Due to the continued roll out of Universal Credit and the anticipated impact on residents the business plan had made prudent provision for an increased contribution towards the provision for bad debts. There remained a risk that the further roll out of Universal Credit could impact on rent collection rates in later years. Therefore, the 2020/21 contribution to the bad debt provision was to remain at the 2019/20 actual rate of 1%. It would then be increased annually by 0.5% from 2021/22 until 2023/24 at which point it will peak at 2.5%. It was then planned to reduce by 0.5% per year until staying at 1.5% for the remainder of the plan.

The report also explained the other key changes in the HRA budget for 2020/21, and the full budget was presented as set out below.

	2019/20 (Forecast) £000	2020/21 £000	2021/22 £000	2022/23 £000
Income				
Housing Rents	-59,775	-60,881	-62,030	-63,497
Heating Income	-754	-600	-612	-625
PFI Credit	-23,586	-23,374	-23,374	-23,374
Other Income	-1,164	-1,281	-1,203	-1,069
Funding from General HRA Reserve	3,029	-18,441	-14,016	-14,068
Total Income	-82,250	-104,577	-101,235	-102,633
Expenditure				
Northwards R&M & Management Fee	20,379	20,694	20,984	21,455
PFI Contractor Payments	31,824	36,296	32,599	31,639
Communal Heating	858	584	595	607
Supervision and Management	5,020	5,223	5,291	5,360
Contribution to Bad Debts	504	613	937	1,279
Depreciation	17,279	17,378	17,517	17,785

	2019/20 (Forecast) £000	2020/21 £000	2021/22 £000	2022/23 £000
Other Expenditure	1,295	1,169	1,189	1,016
RCCO	2,287	19,841	19,360	20,762
Interest Payable and similar charges	2,804	2,779	2,763	2,730
Total Expenditure	82,250	104,577	101,235	102,633
Total Reserves:				
Opening Balance	-107,365	-110,394	-91,953	-77,937
Funding (from)/to Revenue	-3,029	18,441	14,016	14,068
Closing Balance	-110,394	-91,953	-77,937	-63,869

Decisions

1. To note the forecast 2019/20 HRA outturn as being a surplus of £3.029m.
2. To approve the 2020/21 HRA budget and to note the indicative budgets for 2021/22 and 2022/23.
3. To approve the proposed 2.7% increase to dwelling rents, and delegate authority for the setting of individual property rents to the Director of Housing and Residential Growth in consultation with the Deputy Chief Executive and City Treasurer and the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.
4. To approve that where the 2020/21 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. To approve the proposed 2020/21 changes for communal heating charges as outlined above and set out in detail in the report's appendix 2.
6. To approve the proposed increase in the 2020/21 Northwards management fee as set out above.
7. To approve the proposed increase in garage rental charges as described above.

Exe/20/19 Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21

The Council's Treasury Management policy complies with the revised CIPFA Code of Practice on Treasury Management. The Council adopted this in March 2010.

The Local Government Act 2003 and supporting regulations require the Council to have regard to the Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The proposed strategy for 2020/21 was based upon the views of Treasury officers on interest rates, informed by leading market forecasts. The Strategy covered:

- Prudential and Treasury Indicators
- Minimum Revenue Provision Strategy
- Treasury Management Policy Statement
- Treasury Management Scheme of Delegation
- Borrowing Requirement
- Borrowing Strategy
- Annual Investment Strategy

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

Decisions

1. To commend the report to Council.
2. To delegate 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 those changes to Council.

Exe/20/20 Budget 2020/21 Public Consultation Outcomes

A report from the Deputy Chief Executive and City Treasurer and the Head of Strategic Communications provided a summary of the results of the budget consultation on the draft budget proposals for 2020/21, as well as a summary of the responses received. The report described how the consultation had been undertaken between December 2019 and early February 2020. A questionnaire had been used to gather the views of residents and 200 responses had been received. The report set out in detail the responses to each of the questions asked on the questionnaire.

Decision

To note the report.

Exe/20/21 Budget 2020/21 Equality Impact Assessment

A report from the Deputy Chief Executive and City Treasurer reviewed a selection of the Equality Impact Assessments (EIAs) produced in support of the Council's business planning process for 2019/2020. The report outlined the context of why the Council undertook EIAs and some of the key themes emerging from the business priority-related analyses produced in the last year.

The report also described changes to the Council's approach to business planning for 2020-21, the implications for how equality impacts were to be considered within the plan, and how the process of producing EIAs was to be managed moving forwards.

As the Council's financial settlement for 2020-21 was, in a the main, a roll-over of the 2019/20 settlement, the report did not relate to any new budget-related consultations with EIAs attached.

Decision

To note the report.

Appendix A - Proposed Capital Virements

Project Name	2019/20 In yr virement proposed	2020/21 In yr virement proposed	2021/22 In yr virement proposed	2022/23 In yr virement proposed
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)				-1,070
Total Private Sector Housing Programme	0	0	0	-1,070
Charlestown - Victoria Ave multistorey window replacement and ECW			345	
External cyclical works phase 3a	-7	-15		
Renewal of 4 automatic pedestrian gates at Victoria Square	-45			
External cyclical works Harpurhey - Jolly Miller Estate		-82		
External cyclical works Ancoats Smithfields estate	47	25		
External cyclical works Cheetham Appleford estate			2	
External cyclical works Higher Blackley South	-22	-29		
External cyclical works New Moston (excl corrolites)		-29		
Environmental improvements Moston corrolites	8	21		
Charlestown - Victoria Ave multistorey replacement door entry systems		-18		
ENW distribution network phase 4 (various)	-160	5		
Newton Heath - Croyden Drive Security Improvements	-100	-88		
Delivery Costs		-55		
2/4 Blocks Heating replacement with Individual Boilers		-7		
Ancoats - Victoria Square lift replacement	54			
Boiler replacement programme	-13	-6		
Kitchen and Bathrooms programme	-265	-924		
Newton Heath - Multies Internal Works	200	3,153	250	
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works		47		

Project Name	2019/20 In yr virement proposed	2020/21 In yr virement proposed	2021/22 In yr virement proposed	2022/23 In yr virement proposed
Fire precautions multi storey blocks	-341	-885		
Installations of sprinkler systems - multi storey blocks	-458	-623		
Multi Storey blocks door entry system renewal Sandyhill/Bradford Crts	-5	-31		
Fire Risk Assessments	-760			
Delivery Costs	156	367	404	
Bringing Studio Apartments back in use		-8		
Various Locations - bringing bedsits back into use			8	
Delivery Costs		-1		
Delivery Costs		-19		
Northwards Acquisitions		-3		
Stock Acquisitions		-28		
Delivery Costs		-4		
Northwards Housing Programme	1,711	-763	-1,009	
Collyhurst Estate Regeneration	-100		-9,580	
North Manchester New Builds 2		-7,850		
Collyhurst	100	7,850	9,580	1,070
Total Public Sector Housing (HRA) Programme	0	0	0	1,070
Plymouth Grove Refurbishment	-5			
Beaver Rd Primary Expansion	-19			
Lily Lane Primary	-19			
St. James Primary Academy	-26			
Webster Primary Schools	-19			
Basic need - unallocated funds	88			
Universal Infant Free School Meals (UIFSM) - Allocated	266			
Universal Infant Free School Meals (UIFSM) - Unallocated	-266			
Crowcroft Park PS-Rewire	-2			
Broad Oak Primary School Kitchen		146		
All Saints Prim Rewire	-58			
Armitage Prim Windows	-20			
Bowker Vale Prim Heating	5			
Buton Lane Prim Roof	-9			
Cheetwood Prim Heating	16			
Crosslee Comm Heating	1			
Crowcroft Park Roof Repairs	-26			
Higher Openshaw Rewire	-76			
Moston Fields Joinery	-37			

Project Name	2019/20 In yr virement proposed	2020/21 In yr virement proposed	2021/22 In yr virement proposed	2022/23 In yr virement proposed
Ringway Prim Roof	-56			
Sandilands Prim Windows	-17			
St Mary's Junior Windows	-9			
Ringway Primary School	10			
Schools Capital Maintenance - unallocated	278	-146		
Total Children's Services Programme	0	0	0	0
Core Infrastructure Refresh	-26			
Care Leavers Service	-14			
Replacement Coroners System	-60			
ICT Investment Plan	100			
Total ICT Programme	0	0	0	0
Total Manchester City Council Capital Programme	0	0	0	0

Appendix B – Capital Approvals under authority delegated to the Deputy Chief Executive and City Treasurer

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	Total £'000
Highways Services	Great Ancoats Improvement Works	External Contribution		231	231
Public Sector Housing	Chimebank S106	External Contribution	34		34
Totals			34	231	265