

**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 17 December 2014

Subject: 2015/17 Budget Options

Report of: Strategic Director – Strategic Development

Summary

This report provides Members with the contextual information to the Council's Budget requested at Economy Scrutiny Committee in November to be shared with all members. It also requests that Members identify specific areas within the Directorate Budget Option Reports where further information is required to enable Members to consider the savings options in more detail. Officers will then provide a detailed report in January as part of the budget setting process.

The draft budget will be reported to Executive in January and the relevant parts will be available for Scrutiny in January, prior to a recommended budget going to the February Budget Executive.

Recommendations

The Committee is asked to:

- a) To note the information included in this report and the supporting papers and the associated consultation and scrutiny processes which will inform the development of the budget proposals.
- b) To identify areas where further information is required to enable Members to consider the savings options in more detail in January as part of the process of commenting upon the draft budget.

Wards Affected:

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The options in this report are designed to focus the capacity of the Growth and Neighbourhoods directorate in its leadership role for the Council in the delivery of our key strategic priorities.
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

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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.

2015/17 Budget Options for the Growth and Neighbourhoods, report to Economy Scrutiny 19^h November 2014 and Executive 26th November 2014

2015/17 Budget Options for the Children's & Families, report to Economy Scrutiny 18^h November 2014 and Executive 26th November 2014

2015/17 Budget Options for the Corporate Core, report to Finance Scrutiny 20th November 2014 and Executive 26th November 2014

1.0 Introduction

- 1.1 This report provides Members with the contextual information to the Council's Budget requested at Economy Scrutiny Committee in November to be shared with all members. It also requests that Members identify specific areas within the Growth and Neighbourhoods Budget Options where further information is required to enable Members to consider the savings options in more detail at the January meeting.

2.0 Financial Context of 2015/16 Budget And Beyond

- 2.1 The estimated gap between resources and requirements for 2015/16 is a gap of £59m rising to an estimated £91m in 2016/17. This was previously estimated at £60m rising to £100m.
- 2.2 The provisional local government financial settlement for 2015/16, due to be announced in the week commencing 15 December 2014, should confirm the amount of government funding for 2015/16.
- 2.3 In 2015/16 there has been a reduction of £50.8m in government funding (based on the 2014/15 local government financial settlement which included indicative figures for 2015/16) and further estimated reduction of £22.4m for 2016/17 giving a total estimated reduction in government funding of £73.2m (the latter based on officers' assessment of funding pre Autumn Statement). This represents a 14.5% reduction in 2015/16 and a further 7.5% in 2016/17.
- 2.4 This reduction is partly offset by increased resources from grants, an increase in the council tax base, growth in business rates and increased dividends of £14.6m over the two years.
- 2.5 In addition to the reduction in resources outlined above the local government financial settlement does not provide for unavoidable cost pressures estimated to increase above the 2014/15 figure by £32.6m by 2016/17. These include:-
- Pay and price inflation of £13.7m.
 - A further increase in employers pension contribution for 2015/16 and 2016/17 costing £2.4m.
 - Demographic pressures of £7.4m as a result of a growing population.
 - Increased costs due to end of National insurance contracting out - £3.7m per annum from 2016/17.
 - Costs in relation to the Care Bill implementation. These come into effect over two years starting April 2014. Some of these additional costs are being met through external funding leaving a pressure estimated at £1m.
 - Deprivation of Liberty – The March 2014 Supreme Court judgement widened and clarified the definition of deprivation of liberty. The judgement has made it clear that if a person is lacking capacity to consent to care arrangements which subjects them to both continuous supervision and control and they are not free to leave they are deprived

of their liberty. Additional costs arising from this judgement are estimated at £0.8m.

- Other service pressures of £3.6m.

2.6 The following table shows the resources available, the budget requirement and savings requirement for 2015/16 and 2016/17.

	2015 / 16 £'000	2016 / 17 £'000
Resources Available:		
Settlement	299,763	*277,281
Public Health Funding	48,304	48,304
Other non ring fenced Grants	38,311	39,783
Council Tax	117,404	119,165
Business Rates Increased	5,000	10,000
Income		
Dividends	8,750	8,750
Total Resources Available	517,532	503,283
Resources Required:		
<i>Corporate Costs:</i>		
Contingency	2,300	2,300
Levies	71,189	71,792
Capital Financing	51,982	51,982
Additional Allowances and other pension costs	10,886	10,886
Insurance Costs	2,004	2,004
<i>Sub Total Corporate Costs</i>	<i>130,361</i>	<i>138,964</i>
<i>Directorate Costs:</i>		
Directorate Budgets	415,369	414,969
Directorate Inflationary Pressures	14,292	23,894
Unfunded Pressures	9,100	16,636
<i>Sub Total Directorate Costs</i>	<i>438,761</i>	<i>455,499</i>
Total Resources Required	577,122	594,463
Total Shortfall	59,590	91,180

* initial assessment pre Autumn Statement

2.7 As the corporate costs including levies and capital financing costs are largely fixed the majority of the shortfall has to be met from directorate budgets.

3.0 Savings Options

- 3.1 At the November meeting, Members considered the budget options for the Growth and Neighbourhoods Directorate along with the Children and Adults Directorate which will contribute towards the overall savings requirement for the Council. The Corporate Core Budget Options Report which was not considered at that meeting is attached at Appendix 1.
- 3.2 At the November meeting a task group was established to identify a list of specific areas where this meeting and the January meeting of the Committee would wish to scrutinise in more detail. Members of the task group sought to review all three Directorate Budget Option Reports to identify those areas which have a very direct relationship with the economic development, employment and skills remit of the Committee. An initial long list of areas were identified which was subsequently reviewed and narrowed down. A significant number of these areas of review fall into the purview of other Scrutiny Committees and will be considered in the December cycle of meetings.
- 3.3 As a result of other Scrutiny Committees considering areas for review the following have been identified for further consideration at this meeting and for the January meeting. Members may wish to identify further information on specific savings options that can be considered as part of the process of commenting upon the draft budget. The items identified for this meeting are as follows:
1. Brand Development & Marketing – the removal of Market Manchester Funding
 2. Savings from the Tourist Information Centre
 3. Reform & Innovation
 4. Neighbourhood Focus and the implications for Regeneration
 5. Galleries & Cultural Grants
 6. The Operational and the Investment Estate
 7. Early Help
 8. Early Years
 9. Manchester Adult Education Services
- 3.4 Attached at Appendix 2 are a series of updates that will help inform discussion at the December meeting of the Committee. Officers will give verbal position statements on those areas where notes are not available. More detailed reports will be produced for the January meeting of this Committee. Members are requested to identify those specific areas where they require more detail - over and above the information included in the November report - to enable officers to prepare a report for January's meeting.

4.0 Recommendations

- 4.1 Detailed recommendations appear at the front of this Report.

Appendix 1: 2015/17 Budget Options for the Corporate Core

Manchester City Council Report for Resolution

Report to: Finance Scrutiny Committee – 20 November 2014
Executive – 26 November 2014

Subject: 2015/17 Budget Options for the Corporate Core

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

Summary

This report provides members with information on the draft savings options for the Corporate Core which covers the Chief Executive's and Corporate Services Directorates. Scrutiny committee is invited to comment on the options and identify areas where they would like to see further information as part of the December scrutiny cycle.

The savings options will then form part of the draft budget which will be reported to Executive in January, prior to a recommended budget going to the February Budget Executive.

Executive is recommended:

To note the savings options included in the paper and the associated consultation and scrutiny processes which will inform the development of the budget proposals.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The options in this report are designed to focus the capacity of the Core to support the Core's leadership and support role to the Council in the delivery of our key strategic priorities
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

Implications for:

- 1 Equal Opportunities Policy: Yes
- 2 Risk Management: Yes
- 3 Legal Considerations: Yes

Financial Consequences for the Capital and Revenue Budgets

The report contains draft savings options for comment for a draft budget report being prepared for January Executive. The draft options in the report total £13.101m for 2015/16 and further £1.074m for 2016/17.

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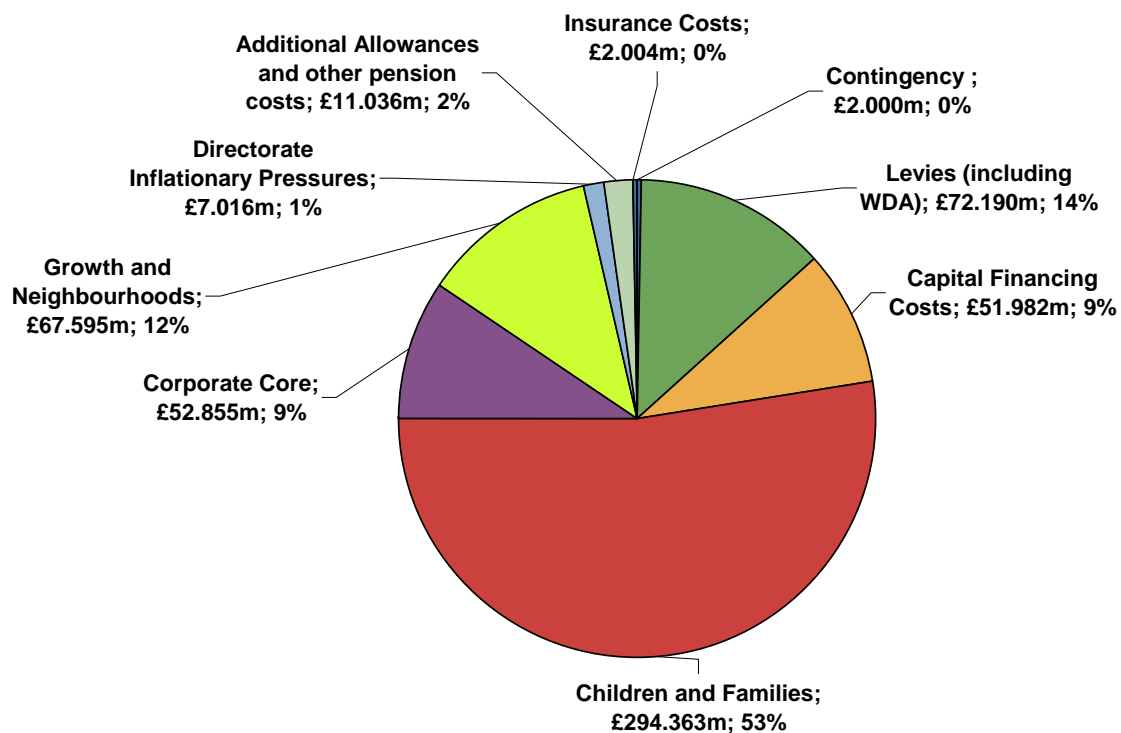
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Background documents (available for public inspection):

None.

1. Corporate Introduction and Context

- 1.1 As set out in the Report to Budget Executive in February 2014, the Council is facing a significant funding gap for 2015/16 and 2016/17. This was estimated as £60m rising to £100m. Assumptions have been reviewed and the latest best estimate is £59m in 2015/16 rising to £91m in 2016/17. It has to be stressed that there are no figures for the Financial Settlement for 2016/17 so these figures are an estimate and the position will change as more information becomes available.
- 1.2 For 2015/16 the c.£60m shortfall has arisen from £50.8m reductions in government funding as part of the financial settlement, and £14.8m for unavoidable cost pressures partly offset by a £6.5m increase in other resources (dividends, business rates and other grants).
- 1.3 This is part of a continued trend of budget reductions. By 2016/17 this would mean a c40% reduction in the directorate cash limit budgets from £534m to £324m since 2011. As the Council has a low council tax base and is hence more reliant on central government grant funding it has received a disproportionate share of the reductions. This has been coupled with the ineffective nature of the incentives for growth such as New Homes Bonus.
- 1.4 As part of the budget process all of these assumptions are being reviewed and updated. This includes reviewing the levels of council tax, business rate and other sources of income that are likely to be received as well as the cost pressures. The work will culminate in the preparation of a draft budget for consideration by members in early January, following the receipt of the Provisional Financial Settlement due mid to late December. The Council will need to develop a package of measures in order to deliver a balanced budget and the draft savings options for discussion that are set out in these reports form an important part of the process.
- 1.5 The Council has a net revenue budget of £561m which is summarised in the pie chart below. The levies cover services provided at a GM level particularly waste disposal and transport. There is limited flexibility to reduce these, the capital financing costs or the historic pension liabilities, so the focus is on the Directorate budgets for Growth and Neighbourhoods, Children and Families and the Corporate Core.



- 1.6 In coming to a draft and then a recommended budget, the budget decision making process will need to be guided by the strategic priorities for the Council which are summarised in the box below.

Growth	More jobs in Manchester
	Growth in key sectors
	New homes
	Skilled labour market
	Improved connectivity and infrastructure
Reform	Fewer people out of work
	Improved educational attainment
	Health improvements
	Fewer Looked After Children
	Better early years experience
Place	Clean and safe neighbourhoods
	Quality green space
	Vibrant local areas
	Major attractors – sport, culture and shopping

- 1.7 The agreed budget principles, as set out below, can then provide the framework within which decisions are made:

- Leadership for Reform – Economic Growth, reduce worklessness and dependency, promote private sector investment.

- Targeted Services – Provide effective safeguarding and protect the most vulnerable, support effective integration of health and social care and integrated commissioning at neighbourhood level. Work to reduce dependency, manage demand effectively and support residents to be economically active.
- Universal Services – ensure provision of high standard of services for residents from education to libraries, ensure services provide support to those most in need
- Neighbourhoods – Budgets should be neighbourhood focused, the aim of providing places where people choose to live and work, that are clean and safe with good housing offer and a range of accessible local services
- Core – Centres of Excellence to drive reform, provide effective support services, protect customer facing services, and maintain the Council's leadership role within AGMA and the Combined Authority.

1.8 This report provides Members with information on the draft savings options for the Corporate Core Directorate. Attached to the reports are the detailed savings schedules. The savings options put forward as part of this report have been assessed by officers for their deliverability and impact. This information is included in the schedules with a risk or RAG (Red /Amber /Green) rating and a summary of the potential impact. The proposals have also been considered by Executive Members who are keen that all the identified options are set out so they can be considered and consulted on. However where there are particular concerns about the extent of their impact on the priorities for the City these options have been shaded in grey.

1.9 Scrutiny committee is invited to comment on the options and identify areas where they would like to see further information as part of the December scrutiny cycle. The report also identifies and provides information on those options that will require equality impact assessments.

1.10 The savings options will then form part of the draft budget which will be reported to Executive in January, prior to a recommended budget going to the February Budget Executive and March Council.

2. Directorate Strategy and Overview

2.1 The Corporate Core provides the leadership, governance and management of the organisation, working in partnership with other Directorates and the Council's partners to deliver the ambition for Manchester to be a world class city with sustained economic growth and better lives and opportunities for residents. The Core also delivers a range of frontline and transactional services such as Housing Benefit, Registrars, Bereavement Services, Payroll and Customer Services.

2.2 The Core provides strategic leadership for growth and public service reform at a Greater Manchester level through the Greater Manchester Combined Authority and Association of Greater Manchester Authorities, as well as within the City by supporting the Children and Families Directorate and the Growth and Neighbourhoods Directorate.

2.3 The Corporate Core covers the Directorates of Chief Executive's and Corporate Services. These two Directorates provide the Council's internal support and corporate assurance functions through the existing Centres of Excellence for :

- Financial Management
- Human Resources and Organisational Development
- ICT
- Communications
- Performance
- Research and Intelligence
- Procurement.

A new Centre of Excellence for Reform and Innovation is currently being developed. These Centres of Excellence bring together specialist skills which are drawn into Directorates to help them deliver their priorities.

2.4 The priorities of the Centres of Excellence are set by the requirements of the Directorates and the wider organisation. Their provision of effective and timely support and challenge remains critical to the delivery of the City's priorities.

2.5 The transactional services that support Human Resources and Organisational Development and Financial Management were brought together in 2010 to create the Shared Service Centre.

2.6 The Core also has responsibility for the delivery of a diverse range of key services to stakeholders, including residents, businesses, and government agencies, for example the billing, collection and recovery of Council Tax and business rates, the administration of various benefits including Council Tax Benefit and Housing Benefit as well as the delivery of elections and Registration and Coroner services.

2.7 The Core also provides support to the Council to operate as a democratic organisation and to ensure that there are robust governance, risk management and assurance arrangements in place across systems and processes through Legal, Democratic and Statutory Services and Internal Audit and Risk.

2.8 Business Units services were brought into the Core in June 2013. These include Bereavement Services, Facilities Management, Fleet Management, Manchester Contracts, Manchester Markets, Parking, Bus Lanes, CCTV and Pest Control. Business Units provide support for other services and partners including the current work with GMP with regard to fleet and the provision of pest control for Registered Providers of social housing.

2.9 The priorities for the Corporate Core are detailed below:

- Leadership to influence local partners and Government to secure the capacity to match our ambitions in relation to the opportunities for devolution and place based settlements.
- Leadership and management of the Council to deliver the organisational changes and provide strategic support to the Directorates to drive and enable delivery of the City's priorities.
- Leadership of public service reform to reduce dependency and address low skills and worklessness in all aspects of our reform programme across Complex Dependency and Health and Social Care.
- Provision of effective centralised support services via the Centre of Excellence Model
- To ensure the effective administration of housing benefit, discretionary housing benefit and the phased roll out of universal credit and the administration and collection of Council Tax and Business Rates revenues, maximising the collection of the revenue that is due to the council
- Provision of effective Customer Services
- Effective Delivery of the Business Unit functions such as Cemeteries and Crematoria, Catering and Facilities Management.
- Provision of effective internal governance and assurance arrangements and support to elected members both in their decision making role and their role as elected representatives.

3. **Budget and Service Overview of the Corporate Core**

Budget CURRENT FINANCIAL YEAR

- 3.1 The Corporate Core current year approved budget is a gross budget of £397.303m and a net budget of £52.855m and this funds 2,523 FTE. See table below for a further breakdown.

Table 1: Corporate Core 2014/15 Budget

	2014/15 Approved Budgets		
Service Area	Gross Budget £000	Net Budget £000	FTE Posts
Chief Executives			
Communications	7,435	5,205	107
Customer Organisation	3,868	3,768	154
ICT	11,454	10,612	132
Performance, Research and Intelligence	2,926	2,899	88

HR/OD	3,446	3,419	94
Transformation	1,177	1,177	36
Executive	3,752	3,752	27
Democratic & Statutory Services	4,723	3,474	68
Legal Services	6,391	2,297	199
Corporate Items	1,874	1,789	0
Sub Total	47,046	38,392	905
Corporate Services			
Financial Management	6,601	5,870	184
Revenue & Benefits	296,180	7,068	390
Procurement	1,331	1,074	29
Audit, Risk and Resilience	1,907	1,648	45
Shared Service Centre	2,811	2,602	148
Business Units	41,029	(4,196)	822
Corporate Items	398	397	0
Sub Total	350,257	14,463	1,618
Corporate Core Grand Total	397,303	52,855	2,523

During the 2013/15 budget the Core made savings of over £16.2m, and proposals for a further £14.175m are now proposed as part of the current 2015/17 budget options. The table below (para. 4.3) sets out a summary of current options broken down by service area, phased over the next two years.

4. Overview of Business Case for Savings in the Corporate Core

- 4.1 In response to the significant reductions in resources available over the last few years the Council has reduced the Corporate Core by a greater proportion than the Children and Families and Growth & Neighbourhoods Directorates. The ongoing challenge facing the Core is to continue to reduce its expenditure whilst still providing the capacity to enable the delivery of the Council's priorities and those front line services provided by the Core.
- 4.2 The savings options for 2015/17 are set out in the table below. The development of the savings options for discussion has focused on the following key areas:

- A review of the Centres of Excellence and the identification of two levels of savings. Tier One savings relate to savings that will impact on capacity, but where there is greater confidence that these savings will not significantly compromise the delivery of key priorities. The Tier Two savings will impact on the organisation's ability to deliver key priorities to varying degrees. Capacity will need to be focused on critical or statutory areas of work only.
- A focus on how the Council can move away from paper based systems and processes both internally and in its contacts with residents. These savings, identified as digital proposals, will apply across all service areas and in particular to Communications, Customer Services, Revenue and Benefits and the Shared Service Centre.
- Income Generation and how income can appropriately be generated to deliver services. This applies largely to Business Units with smaller contributions from Legal Services, Registrars and Internal Audit and Risk.
- A review of Welfare Related Support – these budgets are held corporately within contingency items.
- A range of smaller scale savings through changing the way services are delivered, working with other organisations and reducing staffing.

4.3 The savings headings above are used within the attached savings schedule to group the specific options across services.

Table 2: Proposed Savings Options 2015/17

	Net Budget 2014/15 £000's	Saving Option 2015/16 £000's	Saving Option 2016/17 £000's	Total Savings Options £000's	Indicative FTE Reduction
Chief Executives					
Communications	5,205	(709)	(25)	(734)	(11)
Customer Organisation	3,768	(342)	(147)	(489)	(13)
ICT	10,612	(65)	(435)	(500)	(2)
Performance, Research and Intelligence	2,899	(610)		(610)	(22)
HR/OD	3,419	(616)		(616)	(15)
Reform and Innovation	1,177	(1,000)		(1,000)	(18)
Executive	3,752	(125)	(92)	(217)	

Democratic & Statutory Services	3,474	(111)	(30)	(141)	
Legal Services	2,297	(327)	(50)	(377)	(5)
Corporate Items	1,789	0	0		
Sub Total	38,392	(3,905)	(779)	(4,684)	(86)
Corporate Services					
Financial Management	5,870	(992)		(992)	(27)
Revenue & Benefits	7,068	(1,692)	(130)	(1,822)	(3)
Procurement	1,074	(234)	(85)	(319)	(5)
Audit, Risk and Resilience	1,648	(284)		(284)	(2)
Shared Service Centre	2,602	(770)	(120)	(890)	(7)
Business Units	(4,196)	(1,443)	40	(1,403)	
Corporate Items	397	(3,781)		(3,781)	
Sub Total	14,463	(9,196)	(295)	(9,491)	(44)
Corporate Core Grand Total	52,855	(13,101)	(1,074)	(14,175)	(130)

5. Options being proposed for discussion

5.1 The options set out below and within the attached savings schedule outline how the Corporate Core proposes to reduce its resources over the next two year budget period. These options have been developed in a way that will allow the Directorate to achieve its objectives and support the Council, with its partners, to achieve its ambitions of economic growth, public service reform and a focus on place, delivering services that meet the needs of Manchester's diverse neighbourhoods. The savings options below are set out in the key areas of Centres of Excellence, Digital proposals (using technology to reduce paper and print costs), Income Generation, Welfare Support and a range of smaller scale proposals focused on changing the way services are delivered, working with other organisations and reducing staffing.

5.2 Centres of Excellence

5.3 The Council created 'Centres of Excellence' as part of activity in support of the 2011/13 budget. Bringing together specific specialist functions into centralised teams delivered savings of over £14 million, (principally through a reduction of over 450 posts) and enabled Directorates to draw in the skills required whilst also developing corporate approaches and improved performance.

5.4 Following a review of the existing Centres of Excellence, there are options to further develop and refine each of the Centres of Excellence to ensure that capacity is focused on the areas of greatest value to both drive and enable the delivery of key organisational priorities. Various strategies have been looked at

to deliver the necessary savings options and these include income generation, collaboration, service reductions, efficiencies and reform. The options proposed would equate to a 16% reductions on base budgets.

- 5.5 For both the existing Centres of Excellence (listed in paragraph 2.3) and the new Reform and Innovation function options are included at two tiers which reflect the level of change and associated risk. The **Tier One** options would see **£2.880m of savings with a reduction of 55.5 FTE** whilst the **Tier Two** options provide further savings of **£1.611m** and an additional reduction of **44.5 FTE**. In addition to this there is a further Tier Three option of an additional **£250k** saving proposed for Reform & Innovation. This would deliver overall savings of **£4.741m** for the Centres of Excellence. Consideration has been given to areas where taking the Tier Two savings could significantly undermine the ability to deliver on Council priorities and three areas have been identified; Financial Management, HR/OD and Performance and Intelligence. The Tier Two savings for these services equates to **£1.261m**.
- 5.6 There are three options for potential savings for the creation of new Reform and Innovation function and the cessation of the current Transformation Team. The Transformation Team currently has a budget of £1.5m. The three options will deliver different levels of savings with a varying degree of impact on the capacity available to support the delivery of key priorities.
- 5.7 Tier One option for Reform and Innovation will deliver a saving of **£500k**, this proposal will enable **£250k** to be transferred to the Childrens and Families and Growth and Neighbourhoods Directorates (£125k each) to provide funding for programme and project management capacity to aid the delivery of savings over the next two years. Tier One will result in a reduction of circa **9 FTE**. Tier Two will result in a reduction of an **additional circa 9 FTE** and a smaller core Reform and Innovation function, this option would still enable **£250k** to be transferred Childrens and Families and Growth and Neighbourhoods Directorates. **Tier Three** option will not deliver any further FTE reductions however will deliver a saving of **£1m** but no funding will be available to transfer to the Directorates to support the delivery of savings over the next two years.
- 5.8 Each Centre of Excellence has produced a detailed summary of the changes required to deliver the Tier One and Tier Two savings options and in summary these are
- A continued focus on behaviour change and manager independence
 - Streamlined processes and improved guidance to managers supported by new technologies such as Employee and Manager Self Service (ESS/MSS) and increased use of the intranet to disseminate 'how to' guides.
 - An agreed focus on the areas of highest priority and risk and a reduction in capacity and activity elsewhere such as a move to bi-monthly budget and human resource monitoring and focus on statutory returns reducing analytical capacity.

- A continued emphasis on managerial skills development and training

6 Digital Proposals

- 6.1 The use of digital channels and technology can transform the way services work and over the last few years the Core has been moving away from paper based communications (letters, paper, printing) through the use of digital technology. This approach has achieved savings in 2013/15 and it is proposed to develop this strategy to achieve further savings in 2015/17. The digital options focus on three areas:
- Further use of digital channels
 - Review of the physical mail issued and where possible replace via electronic solutions and mail merge
 - Reduction in print and paper will reduce the number of printers and associated costs
- 6.2 There will be a greater use of digital channels in areas such as Customer Services and Revenues and Benefits with the introduction of more online forms. The use of printing will be restricted across the Council with all staff being encouraged to reduce the amount of paper printed through different ways of working; this will directly impact on the number of printers across the Council.
- 6.3 To encourage and enable increased customer self service the Council's newly designed website, new online customer account which was launched in 2013 (57,427 residents have since registered for their very own account) and easy to use online forms and services will support further digital savings . It is supported by the continued implementation of new easy to use online services. New online services for all high volume Neighbourhood Service related to 'report it' or 'request it' transactions have been implemented and have proven to be extremely popular with residents with 5,399 Neighbourhood Service related reports made via the newly developed online forms and 51% of all Neighbourhood Services transactions made through digital channels during the month of October 2014.
- 6.4 As a result of the continued significant increase in the number of residents choosing to access information or report or request services online, calls made to the Corporate Contact Centre related to Neighbourhood Services have reduced by 20% which equates to almost 45,000 calls when comparing 2014 to 2013 (January to October).
- 6.5 An option is that this approach is rolled out further by continuing to develop and deploy new easy to use online services in particular for high volume services such as Council Tax, Benefits and School Admissions, whilst the Corporate Contact Centre will continue to be on hand for residents who require a greater level of support or choose to access services via more traditional channels.

- 6.6 Individuals and families currently access housing benefit by completing a paper based application which is sent to Revenues and Benefits. It is proposed in the future that these forms will also be available online; this approach will result in a more efficient and timely service and enable savings to be made.
- 6.7 A new mail system (hybrid mail) is currently being installed. This new system collates and consolidates letters into one envelope, pre-sorts mail by street order to maximise available discounts from mail providers and enables easier steps towards electronic mail for residents and businesses. This will ultimately reduce the paper produced by the Council delivering both financial savings and a reduced carbon footprint. This system will be rolled out across the Council with Revenues and Benefits and the Shared Service Centre being two of the services identified as part of the phase one roll out.
- 6.8 The continued use of improved technology and the introduction of Employee/Manager self service (ESS/MSS) will enable the Shared Service Centre to make further savings as employees and managers will have direct access to information.
- 6.9 Some of the achievements in providing easy to use forms on the web, better mailing systems and reducing printing and use of paper has been as a result of changing behaviours. The successful delivery of the savings attached to the use of digital technology will be heavily reliant on continued behaviour change across the organisation, with managers and employees taking personal responsibility and accountability for the way they work and use and access data.
- 6.10 The combined changes across Customer Services, Revenues and Benefits and the Shared Service Centre from digital proposals would see a **£445k saving and a reduction of 11 FTE**.

7. Income Generation

- 7.1 Business Units operate 16 separate trading services, these include Bereavement Services, Facilities Management, Fleet Management, Manchester Contracts, Manchester Markets, Parking, Bus Lanes, CCTV and Pest Control. In addition to which Business Units have recently taken on the work associated with the policy decision to issue free school meals to all infant school children, this will increase the income in the service for the next two year period.
- 7.2 Within Business Units there is an option to increase income by **£50k** from extending the number of residents parking schemes where visitors are charged for visitor parking permits. Changes across Business Units Trading Services will see an increased income of **£1.403m over the two year budget period**.
- 7.3 Internal Audit and Risk Management have developed their services so they can deliver internally within the Council and to external public service partners.

The Health and Safety and Audit Advice Services are currently provided to schools, and the service will build on their work across Greater Manchester and this will attract increased income of **£117k**.

- 7.4 The Shared Legal Service across Manchester and Salford was established in 2012, since this time the service have continued to develop partnership arrangements across public and voluntary organisations. There will be a targeted focus on the development of further arrangements to deliver increased income of **£150k** for the Council. There will also be increased income from the Registrars Service of **£109k** through charging for advertising and posting and increasing registrars fees.

- 7.5 The combined income generation proposals will see **£1.779m additional income generated**.

8. Welfare Related Support

- 8.1 As part of the 2013/14 budget planning £1.1m was set aside to provide additional targeted support to residents affected by different elements of the welfare reform changes including the implementation of the benefit cap, under occupancy in social housing, Council Tax Support Scheme changes and other areas of urgent need. The Council has a holistic approach to providing support using the Discretionary Housing Payment Scheme, Discretionary Council Tax Payment Scheme and welfare provision. To date none of this additional funding has been used as the existing schemes are effectively responding to demand and it is an option that this is removed from the budget saving **£1.1m**.
- 8.2 The Discretionary Council Tax Support Scheme budget was introduced in April 2013 with the intention of supporting the most vulnerable residents with the transition from Council Tax Benefit to Council Tax Support. Under Council Tax Benefit, those residents in receipt of Income Support did not have to pay any Council Tax. Since the introduction of Council Tax Support all residents have to make a contribution towards their bill, this was 8.5% of their Council Tax in 2013/14 and 15% from 2014/15. Therefore the aim of this scheme was to support residents with the transition of having to budget and pay for this additional household bill by providing support towards the Council Tax Bill for residents in special circumstances or who are suffering exceptional hardship. Any support provided is intended to be time limited.
- 8.3 The requirement for this budget should reduce as the original cohort of residents affected by the 2013 changes (approximately 37,000 residents received a bill for the first time in 2013) get used to paying this bill. The budget for this Scheme was increased to £300k but to date it is estimated that only £200k will be required during 2014/15. It should be noted that the spend increased in 2014/15 because the amount that residents had to contribute increased from 8.5% to 15%. It is recommended that the budget for this provision is reduced to £100k for 2015/16 providing a saving of **£200k** which should still provide sufficient scope to provide support to residents in special circumstances or suffering exceptional hardship.

8.4 The costs of collection and income received from Council Tax are held in a Collection Fund. This takes into account estimates of the numbers of households liable for council tax and an estimated collection rate is assumed. Due in part to the work of the Revenues and Benefits service the collection rate for council tax is likely to be higher than the 93.2% that is budgeted for across council tax, additional discounts and premiums and from those in receipt of some council tax support. This will deliver an estimated surplus of **£3.5m**.

8.5 Finally there is a proposal to collect all council tax costs if the summons is issued correctly rather than write off the summons' costs as a goodwill gesture or for people in receipt of income support. This will increase income by **£30k**.

8.6 The combined options across Corporate Items will see savings of **£4.830m**.

9. Further Savings Options

9.1 The remaining options impact across a range of services such as Revenue and Benefits, Legal, Shared Service Centre, Customer Services and Democratic and Statutory Services and will deliver efficiencies by implementing a range of new service models, reducing administration and changing service provision. These changes will deliver **£2.380m** and **19fte**.

10. Partnerships and Enablers

10.1 The Corporate Core will continue to maintain relationships with the business community and the capability to create the conditions for private sector led growth. The Core will also lead on public service reform so that the Council is creating the conditions in which the public sector as a whole can lead the reduction of dependency. Partnerships with the private, public and third sectors will encourage a new focus and alignment of total resources behind the priorities of growth and reform. This is the key to securing the best possible value for the city.

10.2 The Core will continue to work with and support the rest of the organisation to deliver against key priorities and to implement the changes required to deliver reform and the required budget savings throughout 2015/17.

10.3 The successful implementation of the options set out in this report are dependant on a number of factors. The majority of changes are dependant on the enhanced use of technology and capability of ICT to deliver a stable infrastructure and ambitious transformation programme. The changes are also heavily dependant on behaviour change and our managers taking personal responsibility and accountability for undertaking the management elements of their roles and accessing the data that will be available to them via tools such as Employee and Manager Self-Serve and increased information on the intranet.

11. Impact on Residents, Communities and Customers

- 11.1 The biggest risk associated to these options is the Core's ability to drive reform and growth through the support and challenge to the Childrens and Families and Growth and Neighbourhoods Directorates.
- 11.2 Through the further development of Customer Services and the use of digital technology and online housing benefit claimant forms within Revenues and Benefits residents will be provided with greater access to services via the website. The option to speak with advisers or submit paper housing benefit forms will continue to be available. To ensure there is full awareness of the impact of increased usage of digital channels Equality Impact Assessments will be completed where required.
- 11.3 Through the Core's leadership role of the Manchester Investment Board there will continue to be a drive to work with partners to reform public services across the city, seeking to maximise the significant role of significant partners in the delivery of services to residents and the achievement of priorities within the City.

12. Workforce Impact

- 12.1 The Core Corporate Core has 2,523 FTE funded posts. Whilst the options are yet to be fully developed it is anticipated that these changes will result in a reduction of up to circa **130 FTE** funded posts across service areas. A summary of the indicative reductions is below:

Service	Indicative FTE reduction
Customer Organisation	13
Revenues and Benefits	3
Shared Service Centre	7
Audit, Risk and Resilience	2
HR/OD	15
Reform and Innovation	18
Financial Management	27
Performance, Research and Intelligence	22
ICT	2
Communications	11
Procurement	5
Legal Services	5
Total	130

- 12.2 As set out above, the delivery of the Directorate's budget options will require both a reduction in workforce and a shift in the types of roles and skills across service areas. This change will be managed in alignment with the *m people* principles, with a focus on developing the Council's existing workforce to meet future skills needs wherever possible. In support of this, it will be important that individuals continue to move flexibly across the organisation and the wider public sector. The detailed impact on specific roles will continue to be identified as options are developed over the coming weeks and months. This process will be supported by continuous engagement with the Trades Unions

and staff. Robust workforce planning arrangements are in place to ensure that, as functions and roles change, the skills and focus of the workforce are effectively developed in alignment with this in both the short and long term.

- 12.3 Given the proposed reductions across the Core it will be critical that the workforce continues to be highly skilled within their professional discipline to ensure achievement of priorities. Continued training and professional development will be an area of focus for all managers. Succession planning and enabling internal movement will be critical to enable the workforce reductions to be achieved whilst enabling development and progression and retaining sufficient skilled and experienced capacity. The type of skills that will continue to be required relate to high level critical analysis, research and evaluation and other specific technical skills within professional disciplines. The continued commitment to **m people** and development of the workforce remains a key priority for the Core.

13. Next Steps

- 13.1 The savings options set out in this report are being considered as part of the production of a draft budget for January Executive. Members are asked to comment on the options and identify areas where they would like further information to be considered as part of the December scrutiny committee cycle.
- 13.2 Members of the public who wish to comment on these options will be able to do so on the Council's internet page www.manchester.gov.uk/budget.
- 13.3 The webpage will contain a link to this report, a plain English summary of the options for consideration and a place where people can post any general comments or ask questions about the options.
- 13.4 Further following consideration of the reports by the Executive on 26th November an eight week formal public consultation will be launched on specific identified options and the general consultation on all of the Council's budget options will be launched. The general consultation will run through to Executive in February 2015.

Appendix 1 – Corporate Core

Description of Saving	2014/ 15 Baseline Budget £,000	Type of Saving	RAG Deliverability	RAG Impact	Impact	Amount of Saving Proposal			FTE Impact (Indicative)	Impact on Public Consultation
						2015 / 16	2016 / 17	Total		
						£,000	£,000	£,000		
CHIEF EXECUTIVES										
Communications										
Where appropriate use electronic alternatives to post and reduce printing		Efficiency, Digital	Green	Green	Less printing and reduce physical mail – move to greater use of e-mail where possible.	30	0	30	0.0	N
Tier 1 General reduction in staffing across Digital & Communications, this will involve deleting vacancies and a restructuring of how the service is delivered.		Service Reduction, Centre of Excellence	Green	Green	Have to say no to some comms jobs and directorates may end up having to wait longer, this would result in a reduction in the number of jobs delivered	204		204	9.0	N
Tier 2 Additional reduction in staffing across Digital & Communications over and above tier 1 proposals and a further reduction in the level of support that can be provided and jobs supported, risk to income.		Service Reduction, Centre of Excellence	Green	Amber	Would mean less jobs can be completed, and directorates may end up having to wait longer, this would result in a further reduction in the number of jobs delivered and a risk to income	100		100	2.0	N
Reduction in the centralised Communications projects budget by further £100k - focus on the highest priority work only		Efficiency, Centre of Excellence	Green	Green	Unless lower prices can be obtained fewer jobs can be delivered	100	0	100	0.0	N
Review Comms Media - Review existing media used for advertising/communications.		Efficiency, Centre of Excellence	Green	Green	Some partners may reject charges for media space.	40	0	40	0.0	N
Revise the format of public notices to save unnecessary costs.		Efficiency, Centre of Excellence	Amber	Green	Less text will reduce costs	30	0	30	0.0	N
Increased income through charging appropriate rates for work undertaken for other public organisations and increase translations income targets		Income generation. , Centre of Excellence	Amber	Green		75	25	100	0.0	N
Brand Development & Marketing - remove Marketing Manchester funding		Efficiency, Centre of Excellence	Green	Green	No Marketing Manchester co-ordination function	130	0	130	0.0	N
Communications Sub Total	5,205					709	25	734	11.0	
Customer Organisations										
Where appropriate make available more services on the website and improve online services and information which in turn will enable reductions in staffing through reduced call volumes received through the Contact Centre and visits to the Customer Service Centre.		Efficiency, Digital	Amber	Amber	Increase the number of online transactions and web visits and reduce the number of calls made to the Contact Centre and visits to the Customer Service Centre.	164	52	216	9.0	N

Reduce the operating hours of the Contact Centre (neighbourhood and switchboard only) so 9-6pm rather than 8-8pm service. Increase the waiting time for a same day appointment in the Customer Service Centre.		Service Reduction, Non Big Ticket	Green	Amber	Customers can find information or report issues and request services via the Council's website when the Contact Centre is closed. The Contact Centre will continue to receive and action emergency reports at all times. Increase the Customer Service Centre face to face average customer wait time from 15 to 20 minutes.	103	0	103	4.0	N
Savings from the Tourist Information Centre		Efficiency, Non Big Ticket	Green	Green		75	95	170	0.0	N
Customer Organisations Sub Total	3,768					342	147	489	13.0	
ICT										
Review of ICT Contracts and Service Redesign		Efficiency, Centre of Excellence	Green	Green		65	0	65	2.0	N
WAN cost savings linked to property rationalisation, centralisation of licences and budgets, service review and link to Centres of Excellence		Efficiency, Centre of Excellence	Amber	Amber	This will be subject to further detailed analysis and will be very challenging to deliver.	0	435	435		N
ICT Sub Total	10,612					65	435	500	2.0	
Performance, Research & Intelligence										
Tier 1 - Service redesign and reduction in staffing		Efficiency, Centre of Excellence	Green	Green	The impact will be on the level of accountability and ability to assist decision makers in making informed decisions. Therefore, resources will be focused on high risk areas	150	0	150	8.0	N
Tier 2 - further reduction in staffing would mean the focus would be on statutory requirements with limited analysis to enable and support informed decision making, a reduction in the capacity to support the evaluation and demographic modelling work.		Service Reduction, Centre of Excellence	Green	Amber	Significant impact on the service offer provided. This would require additional investment in business objects and work with Directorates to improve reporting functionality of systems such as MiCare, Flare and CRM. It would also require investment in the next phase of the Intelligence Hub.	460	0	460	14.0	N
Performance, Research & Intelligence Sub Total	2,899					610	0	610	22.0	
HUMAN RESOURCES										
Tier 1 - Undertake a service redesign to bring teams together and enable posts to be reduced		Efficiency, Centre of Excellence	Green	Green	Impact on delivery through reduced assurance and support to managers on HR processes including case management, resourcing and service redesigns. Reduced capacity to respond to project based priority work e.g. VER/VS, workforce development programmes	325		325	9.0	N
Tier 2 - Service redesign, increasing the number of posts to be reduced		Service Reduction, Centre of Excellence	Green	Green	The further reduction in posts increases risks in relation to assurance of HR practice, further reduction of support to managers and a focus on key critical organisational risks to determine priorities	215		215	6.0	N
Increased income through Agency Client Group fee income and charge partners		Income generation. ,	Amber	Green	No impact as based on current income projections. Contrary to objective of reducing	66		66	0.0	N

for external senior recruitment support.		Centre of Excellence			use of agency					
Identification of efficiencies from non-workforce budgets e.g. corporate events, corporate training		Efficiency, Centre of Excellence	Green	Green	Will reduce the non workforce budgets	10		10	0.0	N
Human Resources Sub Total	3,419					616	0	616	15.0	
Reform & Innovation										
Tier 1 - New function to drive Reform & Innovation across MCC. Will require service redesign and staff reductions.		Reform, Centre of Excellence	Green	Amber	This would leave £750k for the new Reform and Innovation function to drive strategic change across the organisation, and provide £250k to provide capacity to Directorates for supporting delivery of savings.	500		500	9.0	N
Tier 2 Develop a smaller Reform & Innovation Function over and above tier 1 above. Reducing the amount of capacity to support strategic change.		Reform, Centre of Excellence	Green	Amber	Would reduce further the resources available to establish the Reform and Innovation function - so less capacity to support strategic change. £250k for Directorates to support transition factored in	250		250	9.0	N
Tier 3 - Further reduced resources over and above tier 1 & 2 above which would leave no capacity to provide direct support to Directorates.		Reform, Centre of Excellence	Green	Red	This would reduce the resources available even further and leave no support directly available to Directorates	250		250	0.0	N
Reform & Innovation Sub Total	1,177					1,000	0	1,000	18.0	
Executive										
Savings from non workforce budgets and minor staffing change		Efficiency, Non Big Ticket	Green	Green		58	0	58	0.0	N
Civic Functions Budget Reduction		Efficiency, Non Big Ticket	Green	Green	Fewer civic functions can be delivered	20		20	0.0	N
Due to national pension changes there is a reduced requirement for members pension budgets		Efficiency, Non Big Ticket	Green	Green		47	92	139	0.0	N
Executive Sub Total	3,752					125	92	217	0.0	
Democratic and Statutory										
Coroners										
Reduce Costs of Legal Fees, by using the Council's legal service & explore options for GM toxicology services		Efficiency, Non Big Ticket	Green	Green		2	0	2	0.0	N
Reduced staff costs by holding election counts the following day after voting.		Efficiency, Non Big Ticket	Green	Green			30	30	0.0	N
Elections										
Increased income Target within Registrars, this will include increased Registrars fees, charging for posting Certificates and advertising.		Income generation. , Income Generation	Green	Green		109	0	109	0.0	N
Democratic and Statutory Sub Total	3,474					111	30	141	0.0	
Legal Services										

Increased income from doing more work for other public service providers		Income generation. , Income Generation	Amber	Green	The service will look to increase work done on behalf of new/existing external partners.	100	50	150	0.0	N
Review Regeneration Group structure		Service Reduction, Non Big Ticket	Amber	Amber	This may have impact in terms of delay in service provision and potential increase in external legal costs for directorates	150	0	150	2.0	N
Change to legal processes around taxi licensing & Debt Recovery.		Efficiency, Non Big Ticket	Green	Amber	increased delegations to officers in respect of taxi licensing and increase the threshold for debt recovery to £1000	37	0	37	1.0	N
Increased efficiencies from implementation of a case management system.		Efficiency, Non Big Ticket	Green	Green		40	0	40	2.0	N
Legal Services Sub Total	2,297					327	50	377	5.0	
Chief Executive Corporate Items	1,789					0	0	0	0.0	
CHIEF EXECUTIVES SUB TOTAL	38,392					3,905	779	4,684	86.0	
CORPORATE SERVICES										
Financial Management										
Tier 1 - Review existing structures, delete existing vacant posts and review remaining finance functions in Capital Programmes & Property and Legal Services whilst streamlining the existing service offer and reduce workforce accordingly.		Service Reduction, Centre of Excellence	Green	Amber		416	0	416	16.0	N
Review basis of charging, and who can be charged to ensure income maximised, including the HRA, CA and BSF/Health and explore further opportunities to share financial expertise across GM		Income generation. , Centre of Excellence	Green	Green		100	0	100	0.0	N
Tier 2 - further reduction in staffing will mean a focus on high risk areas only, less capacity to provide strategic finance support and a much greater reliance on manager self serve for access to monitoring information. Formal budget monitoring reporting will be bi-monthly.		Service Reduction, Centre of Excellence	Green	Amber	The impact will be on the level of accountability and ability to assist decision makers in making informed decisions. resources would need to be focused on areas of highest priority and risk. There would be less capacity to provide strategic finance support and a much greater reliance on manager self serve rather than face to face meetings and bespoke reports. Formal reporting will be less frequent and there will be limited capacity to provide ad-hoc financial advice. It is likely that the final accounts deadlines will be bought forward again and there is a risk that these would not be met.	476	0	476	11.0	N
Financial Management Sub Total	5,870					992	0	992	27.0	
Revenue and Benefits										
Use of Hybrid Mail		Efficiency, Digital	Green	Green	Reduced spend on postage.	40	0	40	0.0	N

Enable the use of on line applications for Housing Benefit claims		Efficiency, Digital	Green	Amber	Housing Benefit applications to be submitted online, with alternative methods by exception	8		8		N
Reduced costs of verification of Housing Benefit claims through risk based approach		Efficiency, Non Big Ticket	Green	Green	New claims to be assessed via digital technology which will therefore reduce the volume of paper and checking required	100	100	200	0.0	N
Withdraw provision of freepost envelopes for return of benefit claims.		Efficiency, Non Big Ticket	Green	Red	The cost of postage would need to be picked up by those making the claim and some may be unable to afford postage costs and hence be negatively impacted on in terms of ability to claim	18	0	18	0.0	N
Internal improvements to ways of working to reduce the use of paper and printing		Efficiency, Non Big Ticket	Green	Green		30	30	60	0.0	N
Staffing efficiencies through reorganising functions, and deleting vacancies		Efficiency, Non Big Ticket	Green	Green		166		166	3.0	N
Remove miscellaneous budget to fund the impact of welfare reform		Service Reduction, Corporate Items	Green	Green		1,100	0	1,100	0.0	N
Reduce discretionary Council Tax support scheme from £300k to £100k		Service Reduction, Corporate Items	Green	Green		200	0	200	0.0	N
Improve CTax costs collection by reducing the number written off as a goodwill gesture		Efficiency, Corporate Items	Green	Amber		30	0	30	0.0	N
Revenue & Benefits Sub Total	7,068					1,692	130	1,822	3.0	
Corporate Procurement										
Increased income generated though the continuation of collaborative arrangements with Bolton. MCC runs the Procurement function at Bolton and in addition, now provides energy management services to the authority.		Collaboration, Centre of Excellence	Green	Green		70	50	120	0.0	N
Tier 1 - Service redesign and reduction in staffing to align with service delivery requirements.		Service Reduction, Centre of Excellence	Green	Green	Reduced staff numbers, will reduce capacity to undertake work	110		110	2.5	
Tier 2 - Additional staffing reductions over and above Tier 1 to be undertaken to align with service delivery requirements.		Service Reduction, Centre of Excellence	Green	Amber	Affects the capacity of the team to respond to any increases in workload and ability to react to urgent requests for additional support to directorates	54	35	89	2.5	N
Corporate Procurement Sub Total	1,074					234	85	319	5.0	
Audit, Risk & Resilience										
Increased external income for both Internal Audit and Health & Safety work, opportunities for increased income from Schools and other public service		Income generation. , Income Generation	Amber	Green	Potential impact on management support to internal services, but also need to identify and agree additional contracts.	117	0	117	0.0	N

providers.										
Reduce Health & Safety Budgets		Efficiency, Non Big Ticket	Green	Amber	Potential impact of reduced assurance and directorate support	25	0	25	0.0	N
Review of contractual arrangement to deliver Aids and Adaptations to improve delivery and timescales		Efficiency, Non Big Ticket	Green	Green	Improved service delivery at reduced costs.	10	0	10	0.0	N
Systematic review of payments to recover duplicate payments		Efficiency, Non Big Ticket	Green	Green		50	0	50	0.0	N
Reduction in staffing numbers.		Service Reduction, Non Big Ticket	Green	Green	Reduction of two risk and resilience leads will lead to service reductions to directorates	82	0	82	2.0	N
Audit, Risk & Resilience Sub Total	1,648					284	0	284	2.0	
Shared Service Centre										
Undertake a small restructure and enable managers and staff with the technology to access information themselves in a more timely way will reduce the work in the Shared Service Centre, this could include moving to one payroll date.		Service Reduction, Digital	Green	Green	Will require managers to become more self sufficient and to access information directly	70	0	70	2.0	N
Service Redesign and staff reductions whilst also reviewing the service offer.		Efficiency, Non Big Ticket	Green	Green	Deletion of vacant posts	300	0	300	0.0	N
Further redesign of SSC - redesign existing structure, including review of both senior management structure and existing vacancies		Service Reduction, Non Big Ticket	Green	Amber		200	120	320	5.0	N
Budget to reflect actual Purchase Card rebates		Efficiency, Non Big Ticket	Green	Green		200		200		N
Shared Service Centre Sub Total	2,602					770	120	890	7.0	
Business Units										
Offer more bereavement services to increase income		Income generation. , Income Generation	Green	Green		60	60	120	0.0	N
Town Hall Trading & Conference Office increased Income Target		Income generation. , Income Generation	Green	Green		83	0	83	0.0	N
Manchester Contracts increased Income Target		Income generation. , Income Generation	Amber	Green	Currently the M/CR contracts pipeline of work is around 18months, these savings may not be sustainable beyond Sept 2016	500	-250	250	0.0	N
Manchester Fayre increased Income		Income	Amber	Green	Risk around decision to offer free school meals	250	0	250	0.0	N

Target		generation. , Income Generation			to all infant children ceasing from 2016					
More efficient enforcement for the use of Bus Lanes - increased income		Income generation. , Income Generation	Green	Green		400	100	500	0.0	N
More efficient enforcement of decriminalised parking - increased income		Income generation. , Income Generation	Green	Green		100	50	150	0.0	N
Introduce charges for visitor permits within the remainig residents parking schemes.		Income generation. , Income Generation	Amber	Green		50		50		N
Business Units Sub Total	-4,196					1,443	-40	1,403	0.0	
Corporate Items										
Reduction in printing costs through a range of measures, enabling people access to print when appropriate		Efficiency, Digital	Amber	Green	Will require print budgets across the core to be reduced	81		81	0.0	N
The bank charge the Council 1.7% on each transaction that is paid by credit card. Charges to be passed to people paying by credit card		Efficiency, Non Big Ticket	Green	Green	Increased costs for people paying by credit card	50	0	50	0.0	N
Continue to develop and improve collection rates for Council Tax, and work to reduce levels of bad debts through work of the Council Tax team .		Income generation. , Corporate Items	Green	Green		3,500		3,500	0.0	N
Reduced additional allowances requirements		Efficiency, Non Big Ticket	Green	Green		150		150		N
Corporate Items Sub Total	397					3,781	0	3,781	0.0	
CORPORATE SERVICES SUB TOTAL	14,463					9,196	295	9,491	44.0	
CORPORATE CORE GRAND TOTAL	52,855					13,101	1,074	14,175	130.0	

Summary by Theme:

Digital	393	52	445	11.0
Centre of Excellence	4,196	545	4,741	100.0
Income Generation	1,769	10	1,779	0.0
Corporate Items	4,830	0	4,830	0.0
Non Big Ticket Items	1,913	467	2,380	19.0
Corporate Core Grand Total	13,101	1,074	14,175	130.0

Appendix 2: Identified Areas for further Information

Area for Further Review	Update
Brand Development & Marketing – the removal of Market Manchester Funding	The option to reduce brand and marketing (£150,000 to Marketing Manchester) from the Communications budget equates to the total budget allocation aligned to Marketing Manchester's coordination unit being cut. As the Council's communications team has gained strength and new collaborations created with other local authorities in Greater Manchester as well as the Council's communications team supporting GMP and NHS communications as well as more joint projects with TfGM and others, there is no requirement for the coordination function any more. This will reduce opportunities to do strategic projects and achieve match funding but is deemed low risk in terms of impact and delivery.
Savings from the Tourist Information Centre	This saving is based on efficiencies for the Manchester Visitor Information Centre but also involves cost avoidance by rationalising the property solution. This option involves a move to alternative property that mitigates rent costs and savings will be met by driving efficiencies on staffing and costs equating to £75,000 in 2015/16 and £95,000 in 2016/17 totalling £170,000. These reductions will sit within the Customer Services costs centre.
Reform & Innovation	<p>The Reform and Innovation Hub has been established to drive the pace and scale of public service reform (PSR) in Manchester. Its aim is to look at the city's key challenges and opportunities afresh and develop new and different options and proposals, in order to deliver on the council's priorities and drive better outcomes at lower cost. The methodologies developed as part of the work on public service reform will continue to be expanded such as cohort analysis, cost benefit analysis and evidence based interventions.</p> <p>Three options have been presented to members for the size of the budget for the new</p>

	<p>team:</p> <ul style="list-style-type: none"> • Option 1 - Budget of £1m of which £750,000 would support a central Reform and Innovation Hub based in the Core with around 19FTE. The remaining £250,000 would be available to directorates to support project management of reform projects. This could take the form of additional staff based in the Core but supporting (and reporting to) directorates. Alternatively, the money could be split between directorates to support project management capacity. • Option 2 - Budget of £750,000. This is the same as Option 1 except that directorates would not have £250,000 to support project management. • Option 3 - Budget of £500,000 supporting a smaller central team of around 14FTE. <p>The team is in the process of developing a draft workplan which is expected to incorporate three broad strands of work: driving the existing PSR reform programme in Manchester; establishing a different deal for Manchester, looking at the future role and shape of the council; and delivering the devolution agreement in Manchester.</p>
<p>Neighbourhood Focus and the implications for Regeneration</p>	<p><u>Neighbourhood Focus</u></p> <p>The proposed future model for Neighbourhood Working involves integrating the services currently delivered by; Community & Cultural Services; Neighbourhood Delivery Teams and Neighbourhood Regeneration teams. The proposed new model will include three place or neighbourhood teams supported by 4 citywide services: Commissioning & Delivery; Work & Skills; Libraries & Culture and Compliance and Community Safety. The rationale is to improve efficiency while maintaining a focus on place priorities and the work of the teams delivering citywide and at neighbourhoods will be inter-dependent.</p> <p>A 10% budget reduction would be largely delivered through efficiencies resulting from greater integration and a reduced requirement for direct operational management. However, a 20% reduction will include service efficiencies plus service reductions in most neighbourhood based activity including proactive enforcement, community,</p>

	<p>stakeholder & business engagement. Resources will be focused on areas of greatest need. The result would be that many services e.g development of local learning & work clubs, community activation and capacity building, supporting trader and business networks would be concentrated in areas of the City with the highest levels of unemployment & worklessness; greatest concentrations of poverty and where there are not other large organisations such as Registered Providers delivering those services. Other activity delivered by Neighbourhood Teams e.g. supporting residential growth would be focused on areas with the greatest potential opportunity e.g. North and East Manchester.</p>
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Galleries & Cultural Grants	<p><u>Overview</u></p> <p>Evidence shows that regular participation in cultural activity can contribute towards community cohesion, make communities feel safer and stronger, and reduce social exclusion and isolation. Students who study arts subjects are more likely to stay in employment and children from low income families who take part in arts activities at school are three times more likely to get a degree. Arts and cultural activities can have a positive impact on specific health conditions such as dementia, Parkinsons and depression as well as improving general sense of well being. Arts delivery can have a significant economic impact as well as attracting investment, creating jobs and contributing to the local supply chain. In Manchester, we are seeing upward trends in visitor numbers to cultural attractions, culture plays a growing role in attracting national and international visitors and there is evidence that the cultural organisations are succeeding in attracting younger audiences reflecting the city's shifting demographics.</p> <p>A recent report on the economic impact of the arts in Manchester focused on 16 venues in the city and found:</p>
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	<ul style="list-style-type: none"> • Employ 961 FTEs and support a further 1,191 FTEs, equating to a total employment impact of 2,152 FTEs. • Generate £38.30m of Gross Value Added per annum, and support the generation of a further £48.64m, equating to a total GVA impact of £86.93m. • Directly generate over £81m of additional tourist expenditure which supports a further 1,632 FTE positions, generating £41.05m of GVA. <p>The degree of community engagement among cultural partners is first class, reflecting both the enthusiasm and commitment of cultural partners. Engagement with targeted groups of residents continues to be a priority. When the social and economic roles of the sector are considered collectively, Manchester's cultural organisations emerge as a key asset that can be used to support future economic development and realise economic and social aspirations.</p> <p><u>MCC Investment</u></p> <p>Excluding Manchester International Festival (due to two year funding cycle), MCC invests approximately £3.8m per year into external Cultural organisations; in 2012/13 these organisations attracted additional income to the city of £18,985,516, this figure rose to £20,058,478 in 2013/14. Over a two year period Manchester International Festival received £2.5m from MCC and attracted a further £9.4m. In total, across the two years, 64% of the additional income came from private and earned sources directly contributing to the local economy.</p> <p>In 2013/14 funded arts organisations directly employed over 510 FTE, provided a range of apprenticeships and internships in addition to 1,277 volunteers dedicating over 94,600 hours. They delivered over 5,600 performances, exhibitions and/or events and further employed 4,479 artists in support of this and attracted total audiences of over 1.78 million. They run extensive community and education programmes which engaged over 106,000 participants in arts activity.</p>
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Grants issued to Cultural Organisations in 2014/15	Organisation	Allocation
	ALL FM/ North Manchester Fm	£23,600
	Castlefield Gallery	£5,334
	Community Arts Northwest	£35,688
	Contact Theatre	£40,000
	Dance Initiative Greater Manchester	£23,600
	Full Circle Arts	£13,882
	hAb	£8,000
	Inner City Music/ Brighter Sound	£29,500
	Manchester Camerata	£20,000
	Manchester Jewish Museum	£16,000
	PANDA	£18,349
	Pankhurst Centre/ Victoria Baths	£23,600
	People's History Museum	£11,765
	Venture Arts	£14,750
	The Edge	£15,121
	National Football Museum	£1,850,000
	Halle	£394,423
	Z-Arts	£256,121
	Manchester International Festival**	£2,500,000
	HOME	£926,500
** Two year Funding Package		

<p>The City Council's Investment Estate</p>	<p><u>The City Council's Investment Estate</u></p> <p>The Council owns and manages a large non-operational portfolio of land and property in addition to its operational estate. The investment portfolio has an important role to play in the delivery of the Council's growth agenda as well as generating income and capital receipts for the Council and securing revenue savings by the disposal or letting of surplus operational property.</p> <p>The investment portfolio comprises a large number of ground lease interests, managed buildings and unlet land. A substantial part of the portfolio in the south of the City was acquired by the Council's purchase of the Tatton Estate in the 1920's. A large amount of land was also acquired as a result of clearance programmes in the 1960's and early 1970's through large scale CPOs. Whilst there has been a substantial amount of property sold, particularly during the 1980's and early 1990's there have been a number of acquisitions over the past 30 years, mostly for regeneration purposes.</p> <p>The composition of the investment estate will continue to change as some land and property is sold freehold (most residential ground leases), other property is acquired and operational property becomes surplus and is let or comprised part of a wider development scheme.</p> <p>The Council's investment estate comprises over 4,300 separate interests. Of these, 1,850 are peppercorn leases (a mix of residential, commercial and other uses), 1,074 income producing ground leases (commercial and residential), 67 chief rents, 130 buildings let for commercial or public / community use, St. Johns Gardens (162 ground leases) and 51 ground lease interests at Fairholme Caravan Park. The estate includes the Council's substantial interest in Manchester Airport, where the Council has a 58% share of the T1 and T2 leases, and a 100% interest in a separate lease with the Manchester Airport Group.</p>
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	<p>The Investment estate produced a gross income of £17.3m in 2013-14. This was a reduction from 2012-13 where £17.9m was generated.</p> <p><u>Management of the Investment Estate</u></p> <p>Management of the Council's investment estate is split between the Council's in-house Development / Commercial team and Jacobs. Surveyors from both the in-house team and Jacobs work closely with the Records team and Corporate Property Finance regarding the collection, monitoring and reviewing of rental income from these interests.</p> <p>The in-house development team also reviews proposals (made directly or through Jacobs) from individuals and companies wishing to acquire or develop Council land and property or re-gear existing leasehold interests.</p> <p>The current contract with Jacobs ends in July 2015. Officers are currently reviewing options for the future of this contract with a view to securing greater value for money from it.</p>
The City Council's Operational Estate	<p><u>Transformation of the Operational Property Estate</u></p> <p>The City Council currently has a property portfolio with an asset value (not market value) of circa £2bn and total running costs (including PPM, FM, AMP, utilities etc) of circa £20m/annum. The current financial liability in relation to the condition of the portfolio is unknown. The overarching proposition is to develop an organizational transformation project in relation to the operational property state that will:</p> <ul style="list-style-type: none"> • Reduce the estate cost by; <ul style="list-style-type: none"> o increased space utilization o decrease running cost o diminish both the space required and occupied

	<ul style="list-style-type: none"> • Provide non-territorial working across a shared flexible estate • Focus on supporting our staff beyond the confines of the traditional workplace • Providing technologies that support the practice and management of flexible and mobile working (where appropriate) • Increase productivity through improved and varied environs – ‘work as something you do – not a place you go to’ • Contribute to the carbon reduction plan by; <ul style="list-style-type: none"> ◦ reducing the footprint of the property portfolio ◦ cutting staff transport emissions by introducing flexible/mobile ways of working • Review and optimize the leasehold contracts necessary for service delivery • Support a culture change to enable greater organizational agility, innovation and performance <p>The timeframe for delivering the full range of benefits as defined above will go beyond the March 2017 deadline. As this will not provide the required contribution to the current round of savings, it is proposed to Phase the work in relation to this transformation project as follows:</p> <ul style="list-style-type: none"> • Phase 1 – deliver savings in running costs by March 2017. A number of ‘quick wins’ have been identified by the property strategy team that will result in consolidation of some of our estate (including disposal and remodelling) resulting in a net reduction of annual revenue costs of between circa £450k. Work is underway on analysis and baseline to firm this figure up and is expected this should be available by end of January 2015. In addition, it is recognised also that the target savings from the previous stock rationalization programme was not fully achieved and there is a £300k obligation is still to be delivered. It is important to acknowledge that there will be capital investment required where remodelling works are necessary in buildings to which staff will be moved, in addition to revenue costs of the moves themselves eg IT, removals etc • Phase 2 – immediately begin a parallel piece of work to review the rest of the
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	<p>estate which is fundamentally an organizational Transformation project that is co-dependent upon other core functions in addition to corporate property primarily IT, HR and finance. This type of organizational transformation must either be driven by (or drive) service redesign as the architecture of the technology/property/resource capability structure must be developed as a response to immediate and future service need within a locality and across the city.</p> <ul style="list-style-type: none"> Phase 3 – implementation of the Transformation project <p>It is proposed to include the following buildings (some of which are for retention but increasing efficiency and others being suitable for disposal) in scope for Phase 1;</p> <table> <tr> <th><u>Property</u></th><th><u>Total no of Staff</u></th></tr> <tr> <td>Alexandra House</td><td>400</td></tr> <tr> <td>Claremont Resource Centre</td><td>30</td></tr> <tr> <td>Etrop Court</td><td>200</td></tr> <tr> <td>Gorton South office</td><td>120</td></tr> <tr> <td>Moss Side District Office</td><td>100</td></tr> <tr> <td>Wenlock Way</td><td>800</td></tr> <tr> <td>Westwood Street Offices</td><td>30</td></tr> <tr> <td>Harpurhey District Office</td><td>200</td></tr> <tr> <td>Town Hall Extension</td><td>1650</td></tr> </table>	<u>Property</u>	<u>Total no of Staff</u>	Alexandra House	400	Claremont Resource Centre	30	Etrop Court	200	Gorton South office	120	Moss Side District Office	100	Wenlock Way	800	Westwood Street Offices	30	Harpurhey District Office	200	Town Hall Extension	1650
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Early Years	Verbal Update to be provided																				
Manchester Adult Education Services	Verbal Update to be provided																				