

Report for Economy Scrutiny – Income Generation Corporate Core

Income Generation is fundamental to supporting Directorate budgets within MCC. Neighbourhood services have prepared an update on all of their relevant items separately. As part of the Corporate Core savings proposals, additional income generation of almost £2m has been proposed over the 2015 – 17 financial years. The income proposals are from a range of services across the Core and include the following, Communications £100k, Legal Services £150k, Risk and Audit £117k, Registrars £109k, Human Resources £66k and Financial Management £100k with the more significant surpluses generated and proposed increases being from Business Units. An update including background to these services is presented below:-

Communications

The communications budgets were centralised in 2010/11 and the division provides both Corporate communications and support to directorates. As part of the savings proposals there is additional income of £100k, this is to be achieved through a combination of charging other public sector bodies for work done on their behalf, and additional income through translation work.

Risk and Audit.

Risk and Audit are increasing their income target by £117k, this will be achieved through generation of increased external income for both Internal Audit and Health & Safety work, this will require a review of opportunities for increased income from both Schools and other public service providers.

Legal Services

As well as the shared legal service with Salford City Council, work is also undertaken for a range of external partners, this includes Registered Social Landlords, Schools and other Public Sector organisations. As part of the 2015/17 budget proposals work will be undertaken to continue to grow the income generated through external organisations, and an increase of £150k is proposed as part of the budget.

Registrars

The Registrars service provides a combination of statutory and non statutory services, and makes charges for each of the services provided. It is proposed to generate an additional £109k income, and this is to be achieved by increasing charges for some services, and recovering some of the costs that are incurred by charging for additional services such as posting certificates.

Human Resources

HR are proposing to generate £66k additional income as part of the budget proposals, this will be done via charging external partners for supporting their senior recruitment and also additional income through agency client group charges.

Financial Management

Financial Management have proposed to increase their income by £100k, this will be achieved through reviewing the basis of charging, and who can be charged to ensure we maximise income, this will include the Housing Revenue Account, Combined Authority and building schools for the future/Health. Work will also be undertaken to further explore opportunities to share financial expertise across GM

Business Units

1 Background

1.1 Business Units comprises of a diverse portfolio of services, which came together as a service grouping initially in 2007. This was subsequently reviewed in October 2011 following a review of Neighbourhood Services' trading activities. In line with the creation of the new Growth and Neighbourhoods Directorate in 2013 it was agreed the transfer to Corporate Services in June 2013 under the leadership of the City Treasurer.

1.2 Business Units provides a range of universal and specialist services both to internal and external customers, clients and partners. The turnover is c£64m and 1225 staff are employed in the department. The services that are delivered to other Council services are required to charge 'at cost' and as such 'breakeven'. Services which trade with external clients and customers are required to make a financial contribution at the 'cash limit' which in 2014/15 is budgeted at £9.2m.

1.3 All services contribute to the Council's commitment to deliver value for money services and to the Council's financial position, where a return is made. It is also recognised that these services provide support to corporate agendas and can add value through the provision of in-house services. Whilst the services provide all internal service at cost, through external trading Business Units delivers a return for MCC of £4m. Where opportunities can be found to increase turnover and generate increased surplus they are taken resulting in some improved in year performance where market conditions allow. In 2014/15 Business units are forecast to deliver a further £1m surplus for the City.

2 Services within Business Units

2.1 As at December 2014 Business Units are made up of nine service areas are as follows:

- **Bereavement Services** employs 39 staff and manages the Council's five cemeteries and one crematorium, providing in the region of 3,000 burial and cremation services each year along with a diverse range of memorialisation products and features. The service also provides and continually updates an online records facility and is responsible for maintaining the infrastructure of 100 hectares of green space associated buildings. Bereavement services continue to improve their service and after retaining all of its green flag awards in 2014 the service is on target to deliver improved income over and above budget of c£129k.

- **Parking Services** has responsibility for all parking provided by the Council, both on and off street. Off street parking is managed by a Joint Venture Company, NCP Manchester Ltd, who operates the Council's Car Parks. The key responsibility of the service is to effectively manage on-street parking in partnership with our contractor (NSL) , who deploys civil enforcement officers to enforce parking restrictions and maintain the free flow of traffic. Effective contract management of the various parking suppliers forms a key objective of the service. The service also deals with blue badge fraud and misuse and has 'devolved powers' from the DVLA to remove any untaxed vehicles from the streets of Manchester. The service also removes any abandoned vehicles identified on Manchester's streets. The service directly employs 23 staff. Parking levels have remained remarkably resilient through the many City roadwork programs and the service is presently forecast to deliver £114k more than budgeted.
- **Bus Lane enforcement** operates in partnership with NCP Manchester Ltd and is undertaken to ensure bus lanes provided for public transport can effectively operate and are kept clear of unauthorised vehicles. Enforcement is undertaken utilising CCTV in accordance with the Transport Act 2000. The priorities for enforcement are identified in conjunction with Transport for Greater Manchester along with Bus Operators. The service has increased the efficiency of its enforcement over the last 3 years significantly which has increased the amount of surplus that goes towards transport and highways improvements. MCC have also now begun to manage the enforcement of the Bus Lanes for Salford CC and are working with other Greater Manchester Authorities to develop a similar arrangement.
- **CCTV Service** also operates in partnership with NCP Manchester Ltd to prevent crime and disorder in priority areas by reducing both crime and the fear of crime. The service also provides CCTV security to schools, community centres, and public buildings/parks to prevent and identify anti-social behaviour and crime. Whilst the CCTV service does not deliver a surplus, the income it generates significantly supports MCC's crime reduction work currently managing in excess of 350 cameras, and working very closely with partners, including Greater Manchester Police and the Council's Crime and Disorder Team. The team are working with NCP to develop external business for the service to further offset the cost of the City's camera network.
- **Facilities Management (FM)** employs c.280 staff; over 50% are part time workers engaged in building cleaning. The service is responsible for a range of functions including building cleaning, security, repairs and maintenance, the council's storage and archiving facility, and management of depots and the Town Hall Complex including the management of the commercial arrangement with Manchester Central, for the provision of catering and event management. The FM team in Business Units came together in April 2014 following a Council wide review of FM. Whilst the service directly delivers some external work, Capital Programmes and Property is the major client and budget holder of the FM services delivered on their behalf and recovered at cost. FM in its current form is still being established and is currently undergoing a service redesign exercise in response to this, whilst the delivery of some elements of 'hard' FM relating to repair and maintenance of the

corporate estate are yet to be determined. The team are on track to deliver the budgeted £1m saving in 2014/15 with a further £500k target in 2015/16.

- **Fleet Management** supplies and manages c.300 vehicles, plant equipment and fuel for MCC and partners. Vehicles are serviced, maintained and MOT tested. The workshop also services and repairs HGV commercial waste vehicles for AMEY and undertakes testing for all taxis licensed by the City Council. Alongside the authorities savings agenda the MCC and partner fleet has reduced from over a thousand vehicles to c300 and the maintenance and repair of vehicles associated with the waste collection and street cleansing will transfer under TUPE to the new provider as from April 2015. It is planned that the remainder of the fleet activity will be delivered via collaboration model with GMP as from summer 2015. The service currently employs 48 staff; 14 of whom work on the waste and street cleansing vehicles.
- **Manchester Fayre** provides catering in schools and academies via service level agreements, commercial catering at the Sportscity athletic centre and catering for the Children and Families directorate in resource centres. The service employs over 680 staff, most of whom are part time workers based in school kitchens. The service has been subject to National benchmarking by APSE and found to be a very efficient performer. It has also won a number of awards for the quality and nutrition it delivers along with how the service works to involve the children in understanding healthy food. The recent funding for universal free school meals for infants has seen a significant increase in meal production and the service is on target to deliver an increased surplus. Funding is however only guaranteed for 18 months at this point. The in year income improvement over and above the budgeted surplus for 14/15 is therefore £791k.
- **Manchester Markets** employs 53 staff; manages retail markets in Gorton, Harpurhey, Longsight, Wythenshawe, the Arndale and Church Street; street markets in Chorlton and Northenden; specialist markets in the city centre including the Christmas Markets; the fish, wholesale and Sunday market at New Smithfield; as well as administering the City's Market Rights policy. Markets support over 800 businesses, by providing the infrastructure to develop entrepreneurship, drive footfall and enhance the city and delivers a significant surplus for the City.
- **Pest Control** employs 14 staff to carry out a range of treatments for public health pests (rats, mice, cockroaches, bedbugs and fleas), together with seasonal pests such as ants and wasps. The service does not currently generate a surplus but delivers statutory, domestic and commercial treatments and pest monitoring services to open land, residential domestic properties, housing providers, schools, commercial businesses, and internal council departments. The cost of the statutory function which would be otherwise be c£90k is subsidised by fees obtained from external work. The out turn of this service has improved by £461k in the last 4 years. It also conducts a city wide sewer baiting programme in partnership with United Utilities. As part of a proactive public health approach the service gives advice and recommendations on building and drainage design and advises on and undertakes housing block treatments. The service is also involved in research and development projects with other organisations and educational establishments such as Universities to identify trends and jointly develop pest prevention strategies.

- Manchester Contracts** is the Council's in-house provider of civil engineering works, employing 86 staff, including 74 frontline staff and 12 people in support/supervisory/management roles. The service is involved in delivering construction, maintenance and improvement projects primarily on the City's adopted highways and public realm areas. Its primary functions relate to the front line delivery of highway defect repairs (potholes, flagging, kerbs etc.), footway and carriageway reconstructions. Improvement projects (junction improvements, cycle routes, bus priority schemes etc), drainage maintenance and repairs (gullies and highway drainage networks), sign manufacture and street furniture maintenance. Road markings and emergency response service. In addition, it has also constructed a number of the City's most prestigious public realm areas including Cathedral Gardens, New Cathedral Street and Albert Square and is currently engaged in the delivery of the city's bus priority package.

Manchester Contracts has managed to reduce its costs significantly over recent years and generates significant income for MCC when the City is investing in its infrastructure. This produces some above budget returns and as we are presently working on 2CC and the Bus priority work the in year increasing in income over the budget is c£676k.

2 Financial Summary

The table below sets out the financial position for Business Units.

Service Area	Budget Turnover	Contribution (Budget @ cash limit)	Cumulative Savings Delivered 2009/14
	(£,000s)	(£,000s)	(£,000s)
Bereavement Services	(£2,339)	(£523)	(£165)
Bus Lane Enforcement	(£2,145)	(£650)	(£437)
CCTV	(£301)	£283	(£171)
Facilities Management	(£15,061)	(£768)	(£1,490)
Fleet Management Services	(£8,293)	(£466)	(£106)
Manchester Contracts	(£8,220)	9	(£375)
Manchester Fayre	(£9,994)	(£483)	(£186)
Manchester Markets	(£4,167)	(£2,482)	(£532)
Parking: Decriminalised Parking Enforcement	(£9,962)	(£2,459)	(£2,848)
Parking: JVC	(£3,318)	(£1,722)	(£60)
Parking: MCC Car Parks (free to park)	(£48)	£19	(£4)
Pest Control	(£588)	£28	(£461)
Total	(£64,436)	(£9,214)	(£6,835)
Proposed Savings –			(£1,403)

FY 2015 / 17			
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Summary

The transformation team have worked with the LGA to assess both how we perform against other authorities and also where significant opportunities may exist - In all conventional areas e.g. the above Business Unit services, Advertising and sponsorship etc MCC perform well however it has emerged that a number of authorities are evaluating the energy market as a potential source of income. If opportunity can be found it may also help us towards alleviating fuel poverty and assist us in achieving our carbon reduction targets. Entering into the energy market is complicated however and dependant on direction of entry can also carry significant risk. MCC have been in discussion with Nottingham and Bristol Councils as they have made progress in this area.

In December a motion has been passed by MCC to ask officers to look at the possibility of developing an energy supply company and identify first steps in moving forward. A task and finish group has been formed and they are linked in to a piece of work being funded at a GM level evaluating a similar opportunity. An overview of the opportunity will be available in February/March.

The 2015/17 savings proposals include almost £2m additional income from services within the Corporate Core.