

**Manchester City Council
Report for Resolution**

Report to: Executive – 11 January 2017

Subject: Budget 2017/20 – A Strategic Response

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

Purpose of the Report

This report sets out the implications for the City Council of the Four Year Final Local Government Settlement for 2016/17 and the Provisional Finance Settlement 2017/18. It sets out how Our Manchester and the linked Budget Consultation process have informed the development of the strategic framework which guides the development of the Medium Term Financial Plan and Capital Strategy.

Recommendations

The Executive is requested to:

1. Note the impact of the Provisional Local Government Settlement 2017/18;
2. Consider the Revenue Budget Reports 2017-2020 and Capital Strategy 2017-2022 elsewhere on the agenda in the context of the overarching framework of this report.

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	This report sets out the Strategic Framework for the delivery of a balanced budget for 2016/17. The Framework is aligned to the priorities of the Our Manchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class	

infrastructure and connectivity to drive growth	
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Implications for:

- Equal Opportunities Policy – there are no specific Equal Opportunities implications contained within this report
- Risk Management – The risk management implications are set out in an accompanying report later on the agenda.
- Legal Considerations – The legal implications are set out in an accompanying report later on the agenda.

Financial Consequences – Revenue and Capital

This report provides the framework for Revenue and Capital planning from 2017/18.

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Background documents (available for public inspection):

None

Introduction

1. This report provides the over-arching framework against which the suite of capital and revenue budget reports on the agenda should be considered.
2. The priorities set out in this report stem from the 'Our Manchester' Strategy. Our Manchester is not only the long-term strategy for the city; it is also at the core of how that strategy is delivered. The principles that underpin the strategy have been developed to fundamentally change the way that services are delivered across the city and a shift in the relationship between the Council and the people of Manchester. This will set the framework for the Council's planning process for the future and how it will continue to work with residents, stakeholders and partners. The priorities are set out in Section Two of this report.
3. Delivering these changed relationships alongside the shared vision and roadmap for the City set out in the Our Manchester Strategy will also require a different approach, including how decisions about the planning and allocation of resources are made. Consequently, the budget process for 2017/18-2019/20 has been designed differently to ensure that all stakeholders – residents, businesses, visitors, partners and staff – have the opportunity to tell the Council about what their priorities are for Manchester, how they think the Council should best target its resources, and what they think about the budget proposals before the budget is set. Section four of this report will set out how Councillors have listened to the results of the budget consultation, considered the priorities in the Our Manchester Strategy and then formulated proposals for the budget.
4. The budget proposals have to be in the context of the resources available to the Council. Section One of this report therefore considers the financial context taking into account both resources available from central government and those generated locally alongside the need to fund unavoidable cost pressures and council priorities. Section Three considers the development of the Capital Strategy and Budget in the context of the resources available and the priorities for the City.

Section One: Financial Context

5. The Budget for 2017/20 is set in a period of continued reductions in government funding. Between 2010/11 and 2016/17 there have been savings and budget reductions of £271m with Directorate Budgets reducing by 29% to £405m. The workforce has reduced by 38% from 10,444fte to 6,452 FTE
6. To assess the resources available to the City Council for this three year Budget Strategy, the starting point has been the four-year settlement figures. The financial position for the Council for 2016/17 to 2019/20 was set out in the four year Finance Settlement published in February 2016. This included the offer that 'the government will offer any council that wishes to take up a four year funding settlement to 2019/20 and publish an 'efficiency plan'.

7. The following terms are used in the Settlement:
 - *Settlement Funding Assessment (SFA)*– The Local Authorities share of the local government spending control total which will comprise its Revenue Support Grant for the year in question and its baseline funding level.
 - *Settlement Core Funding* - Council Tax income (at 2015/16 levels) and Settlement Funding Assessment (comprising estimated business rates and Revenue Support Grant)
 - *Core Spending Power* – This is a measure of revenue finance available to local authorities which is used by CLG to compare cuts to authorities and includes Settlement Funding Assessment, Forecast Council Tax, improved better care fund (from 2017/18) and New Homes Bonus. Unlike the previous spending power measure it does not include original Better Care fund or Public Health Grant.

8. When the Settlement was published in February 2016, after taking into account the full range of ways councils can raise money it was claimed this is a ‘flat cash’ settlement over four years. Using the government’s measure of ‘Core Spending Power’ the government calculate this will fall by an average of 0.4% over the four year period. The equivalent percentage calculated by the Department for Communities and Local Government (DCLG) for Manchester is 0.9%. This includes the impact of inflation on council tax and business rates, with an assumed 1.75% increase in council tax each year alongside growth in the council tax base. The figures also include the additional Better Care Fund monies and assume local authorities will raise the council tax by a further 2% each year for social care.

9. The national reduction to Settlement Funding Assessment over the four years was 31.1%. The equivalent percentage calculated by DCLG for Manchester is 23.2%. With the Provisional Settlement published in December 2016 this has changed slightly to a reduction of 22.8% for Manchester.

10. The overall impact of the Four Year Financial Settlement for Manchester was a reduction in SFA of £69.5m from 2015/16.(£41.9m since 2016/17 which is the period of this three year budget strategy). Since the publication of the settlement, the first phase of changes to schools funding have also been announced. As well as a risk of reduced funding to schools, the level of funding to support the functions carried out by the Council is also likely to reduce and £4m has been allowed in 2018/19 to reflect the reduced flexibility, particularly in the High Needs block where £3.4m used to support the costs of Out of City Placements and short breaks.

11. The council is also facing significant unavoidable cost pressures which total £47m (£51m when the estimated pressure from changes to DSG is included) over the three years – the main ones are set out below:
 - 1% Non Pay inflation (c£3m pa and £9.2m over the three years)
 - Cumulative pay inflation at c1% per annum and including costs of the Manchester Minimum Wage (c£8.2m at the end of the three years)

- Increased commissioning costs, predominately within Children and Families, relating to the impact of the increase to minimum wage, increases of £4.3m per annum - £12.8m over the three years
 - £0.9m for the apprentice levy from 2017/18
 - £6m in 2017/18 relating to continuing demand on social care budgets and £3m per annum thereafter
 - £2m to continue the one off investment in 2016/17 in the City's highways and pavements.
12. The above formed the basis of the Budget Reports to Executive in October 2016, which set out the likelihood of a £40m to £75m gap by the end of the three year period, with the final position being subject to the outcome of the 2017/18 Finance Settlement and the work of the Council to confirm the overall level of resources available including the council tax base and position on business rates. The October Executive reports also formed the basis for the Council's Efficiency Plan.
13. In October the Council published its efficiency plan which has been accepted by DCLG and the Four Year Financial Settlement Figures have been confirmed. In December the Provisional Finance Settlement was received.

The 2017/18 Finance Settlement and 2017/18 to 2019/20 Financial Position

14. The 2017/18 Finance Settlement has had little impact on the overall financial position of the Council. The key announcements are listed below:
- The Council Tax rate can be increased by up to 5% in 2017/18 and 2018/19 before triggering a referendum. The core principle of 2% a year will continue to apply. Social Care authorities have flexibility to increase the Social Care precept by up to 3% in 2017/18 and 2019/20 (previously 2%) although the 6% over three years can not be exceeded. Therefore this does not bring any additional resource overall. A 1% increase in the social care precept generates c£1.3m in additional council tax income.
 - There is an additional Adult Social Care grant of £240m nationally of which Manchester will receive £2.7m. This is to be distributed on the basis of the adults relative needs formula and does not take account of the ability of individual Local Authorities to raise funds through a precept.
 - The New Homes Bonus Grant will be reduced nationally by £240m to fund the Social Care Grant. This is bringing forward planned reductions from 2018/19 by reducing the number of legacy years paid. It is also introducing a new reduction by applying a baseline for housing growth at 0.4% of the prior year's Band D properties.
 - There is no new central government funding for Adult Social Care, nationally the grant changes are neutral however there will be a distributional impact.

- 97% of Councils accepted the multi-year settlement offer and published an efficiency plan. The government has now written to those authorities to confirm the offer. Those who did not accept have only had funding allocations confirmed for 2017/18 and will have their allocations revisited in 2018/19 and 2019/20
- The settlement has confirmed the intention to move to 100% business rates retention by 2020/21 and that this will be piloted in a number of areas, including Greater Manchester, from 2017/18.

15. In summary the resource position has changed as a result of the following:

- A reduction in New Homes Bonus grant of £3.6m in 2017/18 and £1.2m in 2018/19 and 2019/20 respectively.
- Inclusion of Adult Social Care Support grant of £2.7m in 2017/18 only.

The net effect of these two adjustments in 2017/18 is a reduction in funding of £0.9m for Manchester. The ability to increase Council Tax by 5% in 2017/18 rather than 4% results in additional income in 2017/18 of £1.329m. However by the end of the three year period the Council Tax increases have a neutral effect and overall the council is £1.2m worse off.

16. Changes to early years and schools funding have also been announced and are out to the second consultation stage. The launch of the second stage consultation on a schools national funding formula is a key development and has significant implications for schools in Manchester who are likely to see a reduction in their budgets over the next three years.

17. There has been a full review of how the resources available are utilised to support the financial position to best effect. The growth in the City is starting to generate additional revenue. This includes £8.374m additional airport dividend announced in August and November of this year, which will be used to support the revenue budget alongside the decision to utilise £6.76m of the Airport dividend that is currently used to support the capital investment to support the revenue budget. More volatile one off income - such as collection fund surpluses - will be used to support investment in its place. The policy on the amount of funding the council has to set aside to repay debt will be revised with £5m per annum now available to support the revenue budget. Finally, commercial income generated from business rates activity etc is likely to continue to grow and this has been factored into the budget.

18. The increasing resources generated locally will underpin a more stable funding base for the revenue budget and mitigate the scale of the budget reductions required over the next three years.

19. The net result of the above is that the council now needs to find budget reductions of £30m over the three year period. The table below shows a summary of the financial position for the three years of the Budget Strategy.

	2016 / 17 £'000	2017 / 18 £'000	2018 / 19 £'000	2019 / 20 £'000
Resources Available				
Revenue Support Grant	113,768	90,152	73,740	57,041
Business Rates income	165,571	170,654	186,958	194,597
Council Tax	136,617	141,664	150,195	157,013
Grants including Public Health	78,128	76,210	79,645	87,674
Dividends and Use of Reserves	34,432	46,471	44,471	44,471
Total Resources Available	528,516	525,151	535,009	540,796
Resources Required				
<i>Corporate Costs:</i>	122,504	122,318	124,786	126,335
<i>Directorate Costs:</i>				
Central Costs	12,740	12,340	12,240	12,240
Directorate Budgets	393,272	385,119	383,255	383,255
Budget Pressures	0	19,877	37,814	50,723
<i>Total Directorate Costs:</i>	406,012	417,336	433,309	446,218
Total Resources Required	528,516	539,654	558,095	572,553
Budget Gap	0	14,503	23,086	31,757
In Year Savings required	0	14,503	8,583	8,671

20. The year with the greatest financial pressures is 2017/18. In order to avoid making cuts in the first two years and then having a surplus of resource in the final year, consideration will be given to the use of reserves smooth the position in the first two years which can be repaid in the final year.

Section Two: Our Manchester and Strategic Priorities

21. This budget is being set on an Our Manchester basis. It started with a conversation about the strengths of the City that people want to build on - but also what people think they and others as well as the Council could do differently given the scale of yet more cuts in City Council and other public services. The Council has listened.
22. The Our Manchester ten year ambitions are the touchstone when decisions are taken about what to prioritise:-
- Thriving - creating jobs and healthy businesses
 - Filled with talent- both home grown talent and attracting the best in the world
 - Fair - with equal chances for all to unlock their potential
 - A great place to live - with lots of things to do

- Buzzing with connections - including world class transport and broadband
23. As a City we have the opportunity to shape much about our future, particularly in terms of transport, skills, health and housing, with new powers devolved to the city region. Over the next ten years a number of global and national issues such as changing patterns of international trade as a result of Brexit and the enduring impacts of Climate Change, will impact on the City. The Council will continue to respond to, shape and influence these important agendas going forward.
 24. The Council's budget must also be defined at a time when new uncertainty has been created for the Manchester economy following the Brexit vote. While there has continued to be progress in growing the Manchester economy, which is so important to the wider region as well as to residents, there is still a long way to go to tackle the legacy of deprivation which remains. It remains a priority to restructure the City's economy and eliminate the level of exclusion which a still high proportion of residents experience through unemployment, low skills and low paid unstable work. Post Brexit, there will need to be more emphasis on developing international trade and investment - local and national investment in infrastructure such as High Speed Rail across the North and to London- and investment in the drivers of growth such as the City Centre, the Oxford Road Corridor and the Airport City Enterprise Zone. There must be a renewed focus on the key sectors which will drive jobs and productivity e.g. Life sciences, advanced manufacturing and technology, leisure and culture, finance and professional services.
 25. In respect of Climate Change, Manchester has set a target of reducing its 2005 CO₂ emissions by 41% by 2020. This can only be achieved through a combination of local action and national policy on energy and transport. Our Capital Strategy and the development of new policy frameworks in areas which are Green and Blue Infrastructure, Residential Design and, at a Greater Manchester level, through the GM Transport Strategy 2040, will drive forward our local actions.
 26. Enabling all residents to share in the City's economic success by getting good jobs will require further improvements in early year's services, in schools and in skills and employment programmes. Education and training will need to be aligned with the skills which are needed by business in and around the City. Apprenticeships and action to tackle youth unemployment, particularly in the most deprived neighbourhoods, and for Children Leaving Care must continue to be a top priority.
 27. One of the challenges of the Budget is to find ways of continuing to fund services when costs are increasing, especially as the City's population continues to grow and the resources available to the Council are reducing. There can be no business as usual approach: the Council has to build upon the opportunities created by the Greater Manchester Devolution deals to provide different solutions, working across public service boundaries with a focus on both place and people. This is especially true for Adult Social Care - the area where the Council spends the most - where integration at locality

- level with health services will provide better and more efficient services, and prevent some of the costs of people going into hospital or residential care.
28. The City's different neighbourhoods need the right mix of housing that people can afford. They need great schools, parks, sports and cultural facilities, good roads and transport links, streets and public spaces free of litter and anti-social behaviour. These are the basic requirements which should characterise all neighbourhoods within the City in order to retain and attract the people with the skills the economy needs both now and for the future. Neighbourhoods with concentrations of unemployment and low skills, and families and individuals living in poverty require particular support. Helping people from Manchester's many different communities to mix and get along together- and to have equal access to the benefits of good jobs and wealth - must also represent a key priority.
 29. Our Manchester is a new approach to delivering these priorities. It is about working with people, listening, connections with their families and communities. It is also continuing to address the root causes and intervening earlier to prevent problems and the associated costs later.
 30. As part of Our Manchester, in partnership with other public services, the Council has been listening more to its own staff and has now brought forward a new strategy called " Our People " to improve the way all staff are engaged in the City's priorities, to maintain morale and motivation despite the continuing need to make cuts, to ensure consistent good leadership and management, and to streamline processes and procedures to allow staff and managers to focus on first class service delivery. These will be key to the Council's continuing drive to become an efficient and effective organisation in everything it does.

Section Three: Capital Programme

31. Our Manchester demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The development of a longer term, five-year, Capital Strategy forms a critical part of the City Council's strategic and financial planning from 2017/18.
32. The challenge for the future is to maximise the capital resources available to the Council that secures the optimum balance between the capital and revenue resources available and delivers best value in the pursuit of Our Manchester priorities. This will require continued investment for transformation to define Manchester as an attractive place to live and further improve the quality of life for residents. Within a wider City Region and regional context the ambition is for Greater Manchester to become a financially self-sustaining city, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global city. A funding strategy and evaluation framework have been developed to ensure that available resources are maximised and schemes put forward are in line with priorities and those which deliver the greatest benefit.

33. A detailed report on the Draft Capital Programme (Budget 2017/18 to 2021/22) is contained elsewhere on this agenda. Priorities in accordance with the evaluation framework have been determined including the refurbishment of the Town Hall and an overall programme of spend which is aligned with the Council's revenue budget strategy and Our Manchester priorities. The capital and revenue costs of the Town Hall refurbishment will be met from within existing budgetary provision, taking into account the planned changes to the Minimum Revenue Provision.

Section Three: A Summary of the Councils Budget Proposals

34. This section of the report explains the results of the consultation exercise and how members in the light of these outcomes and the established priorities for Manchester have determined budget proposals for the next three years.

Budget Consultation

35. Elsewhere on this agenda is a detailed report explaining the results to date of the budget consultation - what Manchester people say is that if there has to be budget reductions these should be focussed upon back office services before front line services. Some of the key messages include the fact that options based on improving efficiency are supported. These include for example, using space and energy in buildings more efficiently, more effective collection and disposal of waste including increasing recycling and the better management of contracts. On the other hand people did not support options that would directly impact on certain key services, for example:

- Early Years services and Children Centres.
- Reduce community safety, enforcement and prosecution services
- Skills and employment programmes
- Reduce services which support the vulnerable such as emergency welfare grants.
- Undermine the basics such as grounds maintenance and the level of neighbourhood services.

36. Members have been concerned to ensure that all decisions wherever possible reflect the Our Manchester priorities and the outcome of the consultation. The principal ways this has happened are described below.

Growth and Neighbourhoods

37. Growth and Neighbourhoods deliver the services that keep the city clean, green and safe, manage local services and have responsibility for driving growth. Services include:

- Waste collection
- Street cleaning
- Planning and enforcement
- Parks and green spaces

- Libraries and sports and leisure
 - Local markets
 - Supporting businesses and helping people into work.
38. The Council currently spends £72.94 million on these services and employs 1,373.5 people to deliver them.
39. Of the Budget Options totaling c £58m published by the Council in October, £9.44m were for services within the Growth and Neighbourhoods Directorate. Following the financial settlement and after consultation with residents and stakeholders, the draft budget proposals identify savings of £31.757m, of which £7.22m are from Growth and Neighbourhoods.
40. Options to reduce events in parks and other leisure events have been rejected and options to cut spending on Christmas Lights have also been rejected, although some efficiencies will be made through sponsorship and looking at all Council spending in an integrated way. There will be increased investment over the three year period to support City Council services within the City Centre.
41. These choices reflect the priority to ensure all Manchester neighbourhoods are great places to live, with lots of things to do and a City which is thriving. Linked to these themes the Capital Strategy, which has been formulated at the same as the Revenue Budget, has prioritised investment in world class cultural facilities at Factory and the St John's area which will become a new creative hub for the City and the wider region - there will also be capital investment in Wythenshawe Park, Heaton Park, local parks, green spaces and allotments in other parts of the City.
42. Options for savings from more efficient use of energy in leisure centres are being taken forward. There will also be capital investment to modernise and renew the Abraham Moss Leisure Centre which was in line with what residents said in the consultation. The option to increase income by investing in bereavement services is also being taken forward on this basis.
43. But hard decisions have also had to be taken to deliver a balanced budget - these include the removal of the subsidies for Wythenshawe Market. There will be some investment in the Town Centre and options to reduce current spending on the Wythenshawe Forum have been rejected.
44. Compliance and enforcement services are being protected. We have listened to how much people want the Council to take action against those who do not respect our city and the local environment. Options for making savings on these services have been rejected.
45. Also rejected are options to reduce front line teams that look after the environment in neighbourhoods and to reduce grounds maintenance.

46. The city's new recycling strategy is working and recycling rates have increased significantly since the recent introduction of service changes.
47. Residents have stated during the consultation that they want to recycle even more. Councillors have therefore decided to put into the draft budget, efficiency savings from recycling, but this will not impact on the new strategy which, with the support of all residents, will continue to increase recycling rates.

Children's Services, including Education and Skills

48. These services are responsible for helping children and young people and their families stay safe, healthy and successful. They include:
 - Children's Social Care
 - Early Years
 - Education services including adult education
49. The Council currently spends £102.21 million on these services and employs 1,441 people to deliver them.
50. Of the Budget Options published in October, £6.69m were from Children's Services, Education and Skills. Following the consultation these have been reduced to £1.62m. These proposals also make a provision for efficiencies made within the directorate to be reinvested to continue to support the delivery of better outcomes for Looked After Children.
51. Overall Manchester continues to see significant growth in the population of children and young people as well as an increase in children and young people with additional needs, which has brought both opportunities and challenges, particularly in respect of school place planning and being able to respond to high levels of transience. A key focus for the council over the coming years will therefore be working with schools, academies and the Department for Education to ensure that the schools system in Manchester continues to grow to match the significant increases in the child population of the City.
52. An option to make savings in early years services has been rejected given the strategic priority attached to early intervention and prevention and the feedback from consultation that services for very young children and children's centres should not be reduced. There will however be proposals to make efficiencies by changing how Sure Start and Children's Centres are organised. Early years services, including health visiting will in future be part of the health and social care Locality Plan.
53. The vast majority of funding for schools is not affected by the budget proposals. Some options for efficiency will go forward, for example spending less on security for disused schools by finding different uses for them. The proposed capital programme includes investment build new schools and expand existing schools. However there are significant changes planned to how schools are funded. Reforms to the Dedicated Schools Grant or DSG,

through the move to a national funding formula, are likely to see schools in Manchester see a reduction in their funding from 2018/19. The Council budget consultation will strengthen the response to the national consultation on changes to schools funding.

54. One of the most important priorities for the Council is to improve the quality of services to Children and their families who need extra help or protection. Great strides have been taken since a critical Ofsted inspection in 2014. To make sure the improvements do not stall the budget included significant additional investment in services for Looked After Children. This is supporting continued improvements in practice and support the council in its drive to reduce the historically high demand for children's social care services.
55. Councillors have listened to the consultation feedback that the options that people feel most strongly should not be accepted are those which impact on the vulnerable. An option to change short breaks for disabled children has therefore been rejected.
56. Also in line with consultation feedback is a decision to reject savings to a Youth Trust which is designed to raise young people's skills and aspirations increasing their chances of getting good jobs in the future.
57. The Council will continue to review the arrangements for school crossings and will invest a further £1m to make children's journeys to school safer, including introducing more pelican crossings to do so. Where school crossing patrols are still required for safety reasons they will be maintained.

Adult Social Care

58. Adult Services, working closely with Health, provide vital services to support older people and adults with disabilities and mental health problems. They support people with day-to-day help and help them to maintain and improve independence. The Council currently spends £157.69 million on these services and employs 1,440 people to deliver them.
59. Of the Budget Options published by the Council in October, £27m was identified from the integration of Health and Social Care as set out in the Locality Plan (a detailed report on which is included elsewhere on this agenda). The draft budget proposals now contain £12m savings for Adults Social Care over the three year budget period.
60. Adult Social Care is in crisis throughout most of England and the Government's response as part of the Local Government Settlement has been very disappointing. Despite this there remains a commitment to make rapid strides in integrating health and social care within the City as part of the Greater Manchester Devolution programme. New delivery structures will start to come on stream from the 1st April, 2017 including bringing together the responsibilities for commissioning health and social care and integrating delivery on the ground.

61. However, as things now stand it will not be possible to deliver the objective to create a fiscally sustainable system within the next five years. This is entirely because of the Government's approach to the funding of social care - Manchester will be £1.2m worse off over the next few years as a result of the Government's recent changes to adult social care funding announced as part of the Finance Settlement. The capability to raise additional Council Tax to fund social care will have little or no impact on the size of the funding gap within Manchester which is expected to rise to £137m by 2020/21 if no action is taken to address it. Only by significant changes in the national funding of social care can this gap be reduced significantly. These changes have to reflect a growing and older population - there are 49,500 people aged 65 plus in Manchester which equates to 9.7% of the total population - a figure which will continue to rise. The current funding arrangements are not sensitive to these needs. The council will continue to campaign nationally for changes to how social care is funded to be implemented as soon as possible.
62. In the meantime the budget proposals will ensure that there is more investment to support services - a total of additional £30m (£18m additional growth after the requirement for savings has been taken into account), will be invested over the next three years to try and keep pace with growing demands. It remains crucial that the council also invests with partners in those services which provide more upstream intervention to reduce, if not prevent, more reactive expensive care either in residential, nursing or acute hospital beds - and generally deflect the need for expensive interventions at several points in someone's life. The emphasis needs to be on self and personalised care maximising the strengths of citizens and their community assets, to enable citizens to take more responsibility and to do more, for themselves. Intervention earlier, particularly for those groups of people who do not meet statutory thresholds but have complex lives and the greater risk of requiring high cost packages of care, will be critical to providing a more sustainable health and social care system.
63. It is in that context that the changes the City Council, working with the full range of NHS partners, are seeking to deliver to unify the health and social care system are more important than ever. It is also why the options for making up to £27m of cuts over the next three years have been rejected. Subject to resource flexibility and the commitment of partners it is also a priority to see additional investment to support the development of new models of care.
64. Capital investment is also important to support the integration of health and social care. There also proposals for capital investment, including for an integrated health and social care hub in Gorton.

Corporate Core

65. The Corporate Core delivers the Council's support functions including:
- Revenues and Benefits
 - Customer Services

- IT
 - People Services
 - Legal
 - Finance
 - Communications
66. It also includes the Highways service which employs 196.8 people and spends £11.32 million.
67. The Council currently spends £76.09m on these services and employs 1,908.7 people to deliver them.
68. Of the Budget Options published in October £14.18m were for services within the Corporate Core. These have been reduced to £10.57m. No savings are proposed for Highways.
69. The option to reduce spending on the Council Tax Support Scheme is being taken forward at the lower level of £1m, whereby working aged residents who receive council tax support will have to pay 17.5% rather than 15% of their council tax bill. This recognises the extra burden on some of the poorest residents of the increased Council Tax rise and the additional burdens on other Council Tax payers who would have to pay more Council Tax to replace a specific cut in this scheme – it used to be funded via national taxation but the burden has been shifted to local council tax payers with many low income households having to pay the full level of Council Tax.
70. The Council wants to strike the right balance between, on the one hand supporting people who are struggling to pay their monthly bills, while at the same time doing all it can to support people in crisis in the city. The option to cut the Welfare Support Scheme is not being taken forward and the Council will invest £1m per annum over the next three years, funded from business rates income, to better address homelessness, rough sleeping and begging in the city. In this context the Council's work to equip people with the right skills and to reduce worklessness is more important than ever.
71. Options to improve efficiency, particularly in back office services, have in the main been taken forward. Proposals for efficiencies in the draft budget in the Corporate Core total £6.5m. This includes proposed efficiencies to all the main support functions of legal, finance, communications, HR/OD, ICT, customer services, and procurement and the strategic functions of policy, performance management, research and intelligence and reform and innovation. The efficiencies in the corporate support services will require investment in new ICT and there are proposals for this in the draft capital budget.
72. However options for service reductions across all of these support and strategic functions have been rejected because of the need to support the delivery of the Our Manchester Strategy and way of working. The priorities here include protecting policy services because of the need to continue to focus on growing the city's economy and helping to create more and better jobs. Maintaining and developing international links and otherwise responding

to the challenges and uncertainties of Brexit will be another key priority over the coming three years. Proposals to reduce the capacity to support public service reforms and innovation, given the need to create new ways of working, have also been rejected as have proposals to reduce Human Resources/Organisational Development capacity at a time when delivering the new People Strategy is critical to the culture changes Our Manchester will need.

73. Alongside this a significant option to streamline and standardise HR policies and procedures across the Council has been chosen to go forward into the proposed budget. This will require detailed involvement and consultation with staff and Trade Unions.
74. The Corporate Core is also responsible for the Highways. The Council recognises the critical importance of our Highways and transport network both to support the city's continuing economic and residential growth and as a great place to live. For this reason there are no proposals for spending reductions for Highways. Instead, the Council is proposing to invest £100m between now and 2020 to improve all of the city's roads and pavements to bring these to a consistently good standard, and to maintain this good standard in future.

Strategic Development Directorate

75. The Strategic Development Directorate supports the city's growth – securing investment and helping to create jobs. The Directorate also oversees the city's plans for housing and manage the Council's land and assets. The Council currently spends £6.12 million on these services and employs 304.0 people to deliver them. Of the Budget Options published by the Council in October, £0.4m were within Strategic Development. These have now been reduced to £0.35m.
76. An option for efficiencies in the way Council buildings are managed is being taken forward. However an option for a reduction in the staffing of this part of the Council has been revised. This is because of the strategic priorities of investing in growth post Brexit, securing the development of key sites for economic development and ensuring that neighbourhoods have the right mix of housing to attract and retain people with the skills needed by business.
77. The capital budget proposals include investment in housing in North Manchester and the refurbishment of homes to provide more places for the homeless. There are also proposals to invest in the regeneration of the northern and eastern gateways to the city in support of the priority of supporting business and residents to create thriving neighbourhoods.

Conclusion

78. The last few years have been challenging for the Council given the high proportion of cuts which have had to be made to the Council's budget at a time when the demand for services such as Children and Adults Social Care have been rising. This has been exacerbated by the fact the Government's

response to national funding settlements has discriminated against places such as Manchester and the other big cities.

79. Within the resources available to the Council - and ensuring full utilisation of these - proposals have been developed. These respond to the established Our Manchester priorities and the continuous engagement with Manchester residents who have expressed clear views on what they would wish to see prioritised if major cuts are required.
80. The Council has also made progress in aligning its capital and revenue strategies with Our Manchester principles and priorities. If resource flexibilities allow over the coming months the Council would like to see further investment in street cleansing services and for new care models to support early help and intervention. The council will also continue to campaign hard for the fundamental changes which are required in the funding of Adult Social Care to ensure that Manchester residents and the City secure a better deal from the Government.