
**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee –
10 November 2016

Subject: Budget Process 2017-2020: Consideration of Options

Report of: The City Treasurer, Deputy Chief Executive (People, Policy and Reform), the City Solicitor and Chief Information Officer

Summary

Scrutiny Committees have a critical role to play in overseeing the consultation process: scrutinising and reviewing the budget options put forward by officers and making recommendations to the Executive on the options they believe should be taken forward to deliver the savings required.

This report and the accompanying Directorate Budget report at appendix 1 sets out briefly the financial considerations, current forecast position and savings options for the period to 2019/20. The financial position is based on the best information available at this present time.

Appendix 2 to this report sets out the detailed findings of the recent budget conversation held with the residents, businesses, partners and other stakeholders of Manchester which are informing the strategic plans for the city. This builds on the summary of responses reported to this Committee in October.

Recommendations

The Committee is asked to consider and make recommendations to Executive on the savings options put forward by officers and prioritise which options they believe should be taken forward to ensure the Council delivers a balanced budget across the three financial years 2017/18-2019/20. The Committee is also requested to consider whether they wish to scrutinise any of these options in further detail at its December meeting.

Wards Affected:

All

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Appendices:

- Appendix 1 Directorate Budget Report
- Appendix 2 Budget conversation feedback
- Appendix 3: Business Units options from Growth and Neighbourhoods Directorate Budget Report

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.

Final Local Government Finance Settlement from DCLG 8 February 2016 (all papers available on the DCLG website).

Executive, 27 July 2016, Approach to Budget Setting 2017/18 to 2019/20.

Resources and Governance Scrutiny Committee, 13 October 2016, Budget Process 2017-2020: Update and Next Steps.

Executive, 19 October 2016, Medium Term Financial Strategy 2016/17 – 2019/20.

Executive, 19 October 2016, Directorate Budget Reports 2016/17 – 2019/20 (reports for each Directorate).

1 Background and Context

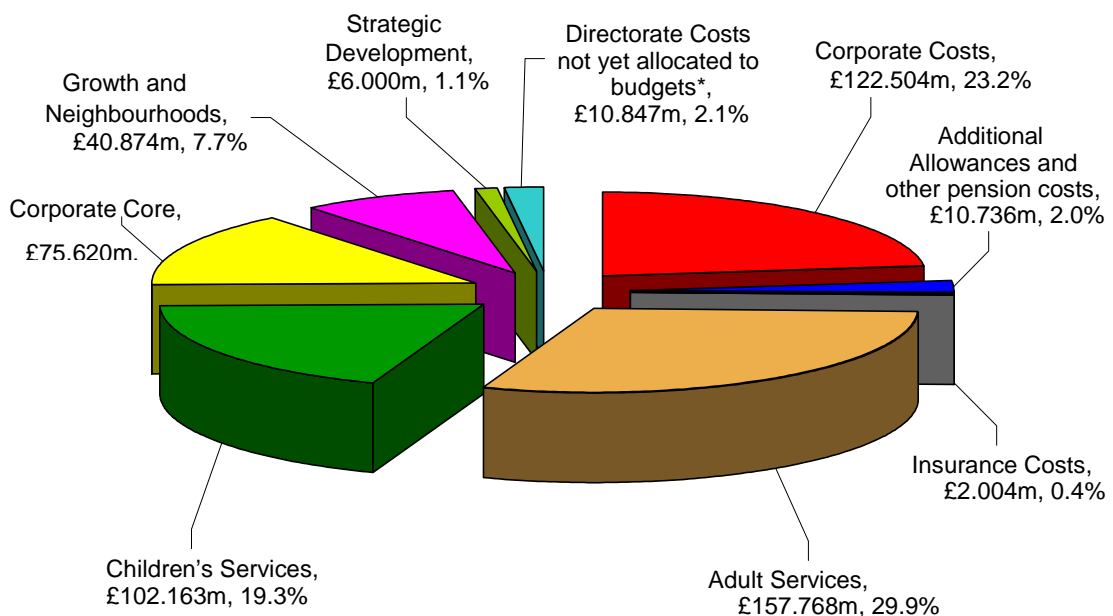
1.1 The priorities for the City and the approach to achieve these are set out in the “Our Manchester” Strategy focussing on making Manchester a City that is:

- Thriving – creating great 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

1.2 Our Manchester is the long-term strategy for the city and is at the core of how that strategy is delivered. The Our Manchester approach puts people at the centre shaping the way in which things are done. 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, including the allocation of resources, and how it will continue to work with residents, businesses, partners and other stakeholders.

1.3 In 2016/17 the City Council has net budget of £528.5m. This supports a number of service areas and responsibilities, as illustrated in the chart below:

Chart 1: Net Budget Allocation 2016/17 (figures in £m)



* Directorate Costs not yet allocated to budgets represents approved funding set aside during the 2016/17 budget process for growth and activity related pressures eg non-pay inflation. Allocation to Directorates takes place during the year as and when required.

- 1.4 This report sets out briefly the financial considerations, current forecast position and savings options for the period to 2019/20 based on the best information available at this present time. Appendix 2 to this report also sets out the detailed information on the outcome of the recent budget conversation held with the residents of Manchester between 21 July and 16 September which are informing the strategic plans for the City.
- 1.5 Scrutiny Committees have a critical role to play to oversee the consultation process: to scrutinise and review the budget options put forward by officers and to make recommendations to the Executive on the options they believe should be taken forward to deliver the savings required.
- 1.6 Details of the overall financial position and the relevant directorate budget reports are being submitted to all six Scrutiny Committees for consideration at the November meetings.

2 The Financial Position 2016/17 to 2019/20

- 2.1 The Government made an offer of a four-year settlement for the period 2016/17 to 2019/20 with the provisional figures being issued as part of the 2016/17 Finance Settlement. The City Council made the decision in July this year to accept the offer and, in accordance with the requirements of the Department for Communities and Local Government (DCLG), it published an Efficiency Plan on 14 October which covered the settlement period. The published plan is part of a suite of reports which includes a covering narrative, which can be accessed using the link <http://www.manchester.gov.uk/eps>, together with the budget reports presented to Executive on 19 October.
- 2.2 The financial assumptions include as the starting point the resources available as indicated in the provisional four-year settlement figures.
- 2.3 The budget for 2016/17 has previously been approved by Council and the report to Executive in October highlighted a potential budget gap ranging from £40m to £75m for the remaining three-year period 2017/18 to 2019/20. The need for such a range in the assessment of the funding gap was due to uncertainty around elements of available resources and the potential need to address further risks, pressures and priorities.
- 2.4 The Medium Term Financial Plan has been prepared on the basis of the best estimate at this point in time and based on a number of assumptions. It indicates a savings requirement of around £60m for the period 2017/18 to 2019/20. The final position will be subject to confirmation of Government funding and overall revenues available to Council. It is anticipated that the Autumn Statement, expected on 23 November, could provide further details prior to the announcement of the Finance Settlement later in the year.

- 2.5 This current forecast position also assumes the full year effect of savings agreed for 2016/17 are delivered and these are included within the figures below. The total additional full year effect of savings included for 2017/18 are £3.326m with a further £1.864m in 2018/19. The overall financial position is summarised in the table below.

Table 1: Resources Requirement against Resources Available 2016/17 to 2019/20

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Resources Available				
Revenue Support Grant	113,768	90,151	73,740	57,041
Business Rates	168,655	170,357	177,143	184,766
Council Tax	136,617	140,681	147,716	157,450
Public Health Funding and Non-Ringfenced Grants	78,128	76,728	81,085	89,066
Dividends and Use of Reserves	31,348	31,337	29,337	29,337
Total Resources Available	528,516	509,254	509,021	517,660
Resources Required				
<i>Corporate Costs:</i>				
Levies/Charges, Contingency and Capital Financing	122,504	127,557	130,404	131,394
<i>Directorate Costs:</i>				
Directorate Budgets (Including 2016/17 pressures yet to be allocated)	393,272	386,119	384,740	384,740
Budgets to be allocated (including inflationary pressures)	0	18,477	35,964	49,106
Other Costs, includes additional allowances and other pension costs, and insurance	12,740	12,540	12,440	12,440
Total Resources Required	528,516	544,693	563,548	577,680
Total Savings Required (Current Estimate)	0	35,439	54,527	60,020
In Year Savings required	0	35,439	19,088	5,493

3 Meeting the Budget Gap

- 3.1 Officers have put forward a range of savings options to meet the budget gap, which include efficiencies as well as savings which can only be achieved through service reductions. These options have been informed by the feedback that the Council received from the budget conversation which took place from the end of July up to September.

Budget Savings Options

- 3.2 Overall the options submitted by each Directorate total c£58m and are in addition to the £5.2m full year effect savings put forward as part of the 2016/17 budget process which is already included in the base position. This is broadly in line with the anticipated level of savings to be achieved over the three year period and are summarised by Directorate in the table below.

Table 2: Savings Options

	2017/18	2018/19	2019/20	Total	<i>FTE Impact (Indicative)</i>
	£,000	£,000	£,000	£,000	
Current estimate of savings requirement	35,439	19,088	5,493	60,020	
Children's Services	3,357	2,143	1,199	6,699	35
Adult Services	17,980	6,534	2,550	27,064	-
Corporate Core	7,585	3,757	2,846	14,188	90
Growth and Neighbourhoods	2,232	1,677	5,532	9,441	32
Strategic Development	400	-	-	400	4
Total Savings identified in latest schedules	31,554	14,111	12,127	57,792	161
Shortfall against current estimate	3,885	4,977	(6,634)	2,228	

- 3.3 It is assumed that that the Locality Plan work will identify how the full gap in the Manchester Health and Social Care economy is closed and agreement is reached on how investment is deployed to support the new care models across the medium term.
- 3.4 There will continue to be an ongoing review of how the resources available are utilised to support the financial position to best effect. This will include the use of reserves and dividends, consideration of the updated Council Tax and Business Rates position, the financing of capital investment and the availability and application of grants.

4 Workforce Implications

- 4.1 The Council's workforce will be the essential driving force behind Our Manchester. A refreshed People Strategy is currently being developed, informed by the B'Heard Survey, which will set out a clear ambition for how we ensure all staff are inspired, connected and empowered to work in different ways through the Our Manchester behaviours.
- 4.2 The next three years are likely to be more manageable in terms of workforce reductions than the period 2011-2015, when the organisation lost almost 4,000 FTE posts (nearly 40% of the workforce).

- 4.3 Currently the total reduction in posts over the next three years, if all options in are accepted, is estimated to be 161 FTE (this figure will include a number of vacant posts) and relates to the current workforce totals; it does not reflect any other significant changes to service delivery models.
- 4.4 The City Council's workforce turnover is around four to five per cent annually (around 300 posts). Therefore, over the three year course of this budget it is anticipated that the workforce reductions can be achieved without the need for the use of an enhanced early retirement or voluntary redundancy scheme.
- 4.5 After five years of restricted external recruitment there is a recognition that the City Council will need to invest in skills for our existing staff and new talent introduced to enhance the Council's capabilities for the challenges ahead.

5. Scrutiny of Budget Options

- 5.1 The Directorate Report appended to this report contain budget options for those functions and services which are within the remit of this Committee. which form part of the options put forward by Officers broadly in line with the savings to be achieved over the next three financial years. This Committee has been provided with the Corporate Core Directorate Report, the Strategic Development report (for Corporate Property) as well as those options in the Growth and Neighbourhoods Directorate Report which relate to Business Units and therefore fall within this Committee's remit as income generating services.
- 5.2 Officers have divided savings options into those which are improvement and efficiency savings and those which are service reductions. Service reductions will have a significant impact on residents and service users either by reducing direct services or by reducing the Council's capacity to deliver its priorities in the Our Manchester Strategy. These options have been put forward due to the scale of savings the Council must achieve over the next three years and this means that some options are not compatible with the city's overall objectives. The Committee has been provided with detailed feedback received from residents and other stakeholders as part of the recent budget conversation to assist Members to identify which options best align to the priorities identified through this process.
- 5.3 Officers have also undertaken an assessment of the deliverability and impact of these savings and have provided a RAG rating for every option which provides an indication of those savings which would be difficult to deliver due to a range of factors – for example dependency on behaviour change, technical and systems changes or timescales.
- 5.4 Senior Officers will present these options to the Committee and will respond to requests for further detail and any questions that Members may have to assist the Committee to formulate recommendations to the Executive on which options it considers should be included in its draft proposals, which will be published in early January.

5.5 Scrutiny Committees have a critical role to play in considering the options for services and functions within their remit and supporting information, and recommending which of these options the Committee believes should or should not form part of the Executive's draft budget proposals. These recommendations must take into account the legal requirement for the Council to set a balanced budget and to achieve reductions of circa £40m-£75m over the three year period, with further clarity regarding savings to be achieved following publication of the autumn statement and financial settlement in late 2016. Consequently, and to ensure consistency of approach across all six scrutiny Committees, members are requested to identify from the options provided two categories of saving:

- A: Options which should only be considered by the Executive if the overall level of savings required exceeds £40m
- B: Options which should only be considered by the Executive if the level of savings required means that all options have to be taken forward, and no alternative savings can be found.

5.6 Members may also identify alternative proposals, or request additional information to allow for further scrutiny at its December meeting.

6. Timetable and Next Steps including Consultation

6.1 At its meeting on 19 October, the Executive received details of the current financial position, savings options for each directorate, the approach to capital spend and details of the outcome of the Budget Conversation process. This included the recommendation that the first phase of the Budget Consultation with residents, business and all other stakeholders should focus on options put forward by officers from 3 November until 15 December. It should be noted that two of the budget options put forward by officers require statutory consultation – Reconfiguration of the Early Years new Delivery Model including Sure Start Centres and the Council Tax Support Scheme. These consultations started on 3 November and will end on 10 January and 15 December respectively.

6.2 The phases of consultation are summarised in the table below:

Phase 1	21 July – 16 September	Budget Conversation
Phase 2	3 November – 10 February	<p>Budget Consultation: Early November to Early January: have your say on budget options Early January to Early February: have your say on budget proposals</p> <p>Statutory consultation on Early Years New Delivery Model Reconfiguration and Statutory Consultation on Council Tax Support Scheme</p>

Phase 3	3 March onwards	You said, we're doing...explaining the outcomes and impact of the consultation process, reflecting back on what we hear
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6.3 The Executive will consider comments and feedback received as part of the Budget Consultation and recommendations made by the Scrutiny Committees and a further analysis of the Council's financial position will be undertaken after the release of the Government's Autumn Statement and publication of the Local Government Finance Settlement (normally received in mid to late December). This alongside further work, including that to determine the Council's business rates and council tax base, will provide clarity on the resources available and savings the Council needs to achieve over the three year budget period.

6.4 The Executive will then agree its final draft budget proposals at its meeting on 11 January. Feedback on these proposals will be captured through the budget consultation process and they will also be scrutinised by each of the six Scrutiny Committees at their meetings on 31 January - 2 February. The recommendations from the Scrutiny meetings will be submitted to Executive when it agrees final budget proposals on 8 February. The Resources and Governance Overview and Scrutiny Committee will then consider the results of the budget consultation on 20 February before Council sets the budget on 3 March.

6.5 The table below summarises the budget time line and key milestones.

Date	Milestone
3 November	General budget consultation commences
8-10 November	Scrutiny Committees scrutinise budget options and make recommendations to the Executive
23 November	Autumn Statement
6-8 December	Scrutiny Committees consider any further detailed information on options requested at their November meetings
Mid-late December	Anticipated publication of local government finance settlement
11 January	Executive agrees final draft budget proposals taking into account feedback and comments received from the Budget Consultation to date and recommendations made by Scrutiny Committees in November.
31 January – 2 February	Scrutiny Committees scrutinise the Executive's draft Budget proposals and make recommendations to the Executive's budget meeting
8 February	Executive agrees final budget proposals
10 February	General Budget Consultation Closes
20 February	Resources and Governance Budget Scrutiny Meeting to consider final outcomes of the budget consultation
3 March	Council sets the budget for 2017/18 – 2019/20

**Manchester City Council
Report for Resolution**

Report to: Executive – 19 October 2016

Subject: Corporate Core Directorate Budget and Savings Options 2017 - 20

Report of: Chief Executive, Deputy Chief Executive (People, Policy and Reform), City Treasurer, City Solicitor, Chief Information Officer and Interim Director of Highways

Summary

This report provides a high level overview of the priorities for the Corporate Core, outcome of the recent Budget Conversation in relation to the Core and development of a medium term financial plan and savings options totalling £14.188m for the period 2017/18 – 2019/20. The report shows how the Core will work with other Directorates and with partners to make progress towards the vision for Manchester as set out in the Manchester Strategy.

Recommendations

The Executive is recommended to note the savings options and investment priorities detailed in the 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	Maintaining growth in order to continue developing the City's trading relationships, making the case for investment in infrastructure and housing growth and the Northern Powerhouse, leading devolution negotiations and local government finance localisation opportunities and the Council's response to EU exit process with government.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Lead on key programmes of reform such as work and health, providing support and responding to the continuing changes to the welfare reform agenda.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Drive leadership for reform, health integration and support for the delivery of all Council strategic priorities. Lead changes to the organisation to deliver Our Manchester through improved and more consistent management, engagement of staff and lean fit for purpose systems supported through ICT investment.

A liveable and low carbon city: a destination of choice to live, visit, work	Effective utilisation of the highways network and prioritisation of investment in low carbon initiatives
A connected city: world class infrastructure and connectivity to drive growth	Focus on the ICT infrastructure and resilience to deliver future efficiencies, enable improved ways of working and support devolution, health and social care integration and the changing shape of back office support for Manchester and other GM authorities.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The report contains revenue savings options for the Corporate Core budget of £14.188m over the period 2017/18 to 2019/20.

Financial Consequences – Capital

The report refers to investment proposals for ICT over the period 2017/18 to 2019/20 to support delivery of revenue savings options.

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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.

1.0 Introduction

- 1.1 This report is part of the development of a medium financial plan for the Corporate Core based on the City Council's current financial assumptions covering the four-year period 2016/17 to 2019/20. The report provides savings options totalling £14.188m from the Corporate Core's net revenue budget of £75.620m.
- 1.2 The options put forward have been categorised as savings that can be delivered through service improvement and efficiencies, supported by investment, which are within the context of the Core's strategic vision and objectives and feedback from the recent budget conversation. Further savings options have been considered that are deliverable to support the Council in achieving spending reductions, which would have an adverse impact on service delivery. The detailed savings options are included at Appendix 1.

2.0 About the Corporate Core

- 2.1 The role of the Core is to provide strategic leadership to drive delivery of the Our Manchester Strategy ambitions, sustain growth across the city, better connect residents to that growth, create attractive places to live work and visit, and reduce the costly demands placed on public services. The Core needs to change the way the Council works, to create new ideas and new relationships, change our leadership and our behaviours, our processes and systems.
- 2.2 As well as driving change, the Core supports the rest of the organisation through Human Resources and Organisational Development (HR/OD), ICT, Finance, Legal, Communications and other services. The Core also delivers a range of services directly to residents including revenues and benefits, customer services and registrars. The Strategic Business Partner ensures there are effective working relationships between core support functions and Council services.

People, Policy and Reform

- 2.3 Human Resources and Organisational Development, Reform and Innovation and Policy, Partnerships and Research have been brought together under the leadership of the Deputy Chief Executive (People, Policy and Reform). This will enable a stronger connection between economic and social policy underpinned by a first class HR/OD set of functions. Through drawing these service areas together and developing a set of shared priorities, the Council will be able to drive growth and reform in the City and across Greater Manchester (GM) at greater pace and scale.
- 2.4 Reform and Innovation (R&I) are driving a challenging agenda including support for the Our Manchester way of working, Children's improvement, Health and Social Care integration, the integration of reform programmes, and elements of devolution to GM – increasingly moving into implementation of reform.

- 2.5 Policy, Partnerships and Research (PPR) are supporting the implementation of the Our Manchester Strategy. They are driving the development of the next GM Strategy, including the Spatial Framework, the Transport Strategy, the Northern Powerhouse and the Core Cities agenda. They are working with R&I on the implications of Brexit and on Family Poverty. PPR also lead on cultural and environmental policy.
- 2.6 HR/OD will be critical to the delivery of Our Manchester, and providing the framework and tools to enable our leaders and managers to be consistently good. Through this work we will collectively change the way in which we work to deliver improved outcomes and benefits for our workforce and the people of Manchester. Following an independent review of strategic and transactional HR/OD activity there is an emerging HR/OD Improvement Programme that cuts across both HR and the Shared Service Centre which is expected to deliver significant benefits.

ICT

- 2.7 Led by the Chief Information Officer, ICT manages the network, computers and systems that support Council services and directs technology development and ICT project management. The team work alongside the rest of the Council to determine the strategic priorities and associated dependencies on ICT. As the Council changes in line with Our Manchester principles and transforms to deliver streamline and simple process and systems the scale of investment in ICT perspective will inevitably increase.

City Solicitor's

- 2.8 The City Solicitor's division hosts Legal Services which ensures that the Council operates within the law and provides a legal service to all Council departments, Salford City Council and the Greater Manchester Combined Authority (GMCA). The legal framework in which the Council operates has become increasingly complex over the last five years as a result of changes in legislation, public service reform and the devolution of powers. The scale and complexity of legal work will increase as more powers are devolved to local government, the scale and pace of Health and Social Care integration increases and the GMCA transitions into new arrangements from April 2017.
- 2.9 In addition to providing a legal service to both Manchester and Salford City Council the City Solicitor is the Monitoring Officer for the Council and GMCA and the Deputy City Solicitor supports the Monitoring Officer for the Police and Crime Commissioner. Over the last few years the scale of collaboration and partnership working across legal services has grown significantly which has enabled a significant amount of legal work to be undertaken 'in house' at a lower cost and increased quality, as well as providing both value for money and improved outcomes.
- 2.10 The Division also includes Democratic and Statutory Services, which runs elections and supports decision-making and scrutiny within the Council, as well as the Executive Office which provides professional support to elected

members in their roles as decision makers and local representatives and support for the Lord Mayor with civic leadership functions. It also includes the Registrars and Coroners Services.

- 2.11 Communications also sits within City Solicitors; the team develop effective communication strategies and campaigns to lead, influence and drive the required behaviours and values for key Council objectives, both public facing and with our employees, whilst safeguarding the Council's reputation in both the online and traditional media.

Corporate Services

- 2.12 Corporate Services includes the Financial Management, Capital Programme and Procurement services. Financial Management interprets government financial requirements and models impact; acts as a critical friend in supporting change and reform, and ensures strategies and processes focus on using resources for the greatest benefit. Capital Programme's are responsible for the development of the strategic capital programme plan to support the growth of the City and physical infrastructure. Procurement ensures value for money in procuring goods and services required by the Council, whilst also promoting, as far as possible, the city's objectives relating to the economy and environment. Capital Programme and Procurement will become an integrated team under the leadership of the City Treasurer enabling a greater alignment between capital and revenue procurement activity and with the capital investment strategy.
- 2.13 A new Integrated Commissioning function will be responsible for leading the integration of commissioning across all public services. This will complement the City's single commissioning function for health and social care. The team, when established will develop a close working relationship with Procurement to collectively drive change and efficiencies and shape the skills that will be required in the future including new types of procurement and commissioning approaches with a more commercial focus.
- 2.14 The division also includes the Audit and Risk Management service which ensures that an effective approach to the Council's risks is taken and encompasses audit, risk, insurance, health and safety and anti-fraud measures. The Shared Service Centre provides 'transactional' support services such as payroll, personnel and training administration, and payments to suppliers. The Shared Service works closely with Human Resources and Organisational Development to deliver a cost effective streamlined service – the team are involved in the HR/OD Improvement Programme which is expected to deliver significant benefits.
- 2.15 Corporate Services also host the Core's customer-facing service areas Revenues and Benefits, and Customer Services. The Revenues and Benefits Service collects Council Tax, Business Rates and other money owed to the Council as well as assessing entitlement and making payments for benefits for those on low incomes. Customer Services provides high quality services to residents, business and partners at the first point of contact across a range of

channels.

Highways

- 2.16 The Council's Highways Service play a major role to support the City Council to manage the growth across the City, whilst securing efficient utilisation of the Highways network and to develop a robust investment strategy aligned to the city's priorities.
- 2.17 The new integrated Highways Service provides the platform for central management and oversight of the City's highways assets. The integrated service seeks to maximise both income and resource allocation, whilst also delivering the most effective service. The service also seeks to ensure flexibility within the system in order to respond to managing immediate, short and long term priorities as well as urgent issues. The creation and implementation of a measurable plan to improve services across the new Highways function is under development. This will refocus the client function for asset management, route management and programme delivery, and ensure that commercial management is a key driver, ensuring compliance with both time and budgetary constraints. This approach will strengthen the leadership and governance arrangements within Highways in order to drive improvements across the Highways system, increasing our capacity to work effectively with partners including Transport for Greater Manchester, developing new ways of working and maximising the impact of available funds.

3.0 Context for the Directorate

- 3.1 Manchester has established a new vision for 2025 through the Our Manchester Strategy to be a world class city with:
- A competitive, dynamic, sustainable economy channelling our distinctive strengths in science, advanced manufacturing, creative and digital
 - Highly skilled, enterprising, industrious people
 - National and international connectivity
 - Climate change impacts being limited
 - Residents from all backgrounds that feel safe, can aspire, be successful and live well
 - A welcoming atmosphere that's clean, attractive, rich in culture and outward looking.
- 3.2 Over the last five years the Corporate Core has faced significant reductions in Council budgets which have impacted on the size, scale and shape of the Core. At the same time as delivering significant savings the Core has continued to drive leadership for reform, health integration and support for the delivery of all Council strategic priorities. In this context the Core must now redefine its strategic priorities and align its capacity to support the delivery of Our Manchester.

- 3.3 The Core is now on the cusp of major changes, these include the first directly elected GM Mayor and a new relationship between Manchester as the core city and the rest of GM as well as major service changes, for example the continued improvements in Children's Services and the integration of Adult Social Care with Health. The Core will also be instrumental in the delivery of Our Manchester, providing the platform for change both internally and externally.
- 3.4 With the referendum outcome resulting in a decision to leave the European Union (EU) the Core now needs to provide advice and guidance to support the Council, this will include;
- Maintaining growth in order to continue developing the City's trading relationships
 - Continue to make the case for the investment in infrastructure and housing growth including housing associations (HA) and the Northern Powerhouse rail links.
 - Engage residents, partners and other stakeholders with renewed focus on equality of opportunity and the family poverty strategy.
 - Lead the Council's response to the EU exit process and ensure a combined approach to growth and reform.
- 3.5 Our Manchester will change the Council's organisational culture over the next 10 years. The Core must lead this change through :-
- Improved and more consistent management across the whole organisation.
 - much more engaged staff – improved quality of internal and external engagement
 - lean systems making it easier to get things done – significant dependency on IT platforms - can only go so far without this
 - HR/OD will support the culture change of Our Manchester through a new People Strategy
- 3.6 Strategic finance will steer the Council and our partners through further spending reductions and will secure the devolution of business rates
- 3.7 The activities of the Corporate Core contribute both to the Council's objectives and one or more of the four objectives for the Core below.



Drive Leadership and Reform

- 3.8 The Council's available resources have reduced from £640m to around £500m since 2010/11, which has meant the organisation has had to transform to adapt and use its resources more effectively for the people of Manchester. The Council cannot do this alone, and has negotiated with partners new ways of delivering services which promote independence and reduce long-term reliance on the most costly public services. The public service reform programme has developed new investment and evaluation methods that make better use of the total resources for public services in the city. This involves new service models based on the principles of integrating public services across agencies, working with whole families rather than addressing individual, isolated issues, and delivering services proven with robust evidence to be effective.
- 3.9 The directorate is at the forefront of supporting the drive for the integration of Health and Social Care across GM and changes to how services for children will be delivered most effectively across GM linked to the devolution agenda. The establishment of a Single Commissioning Function will deliver efficiency and service improvements for service users and staff. Staff from the Directorate are also leading on the arrangements to support the continuing evolution of the Combined Authority with further devolution powers from 2017 and the appointment of an Elected Mayor. Across the Core, staff have a key role in providing the financial case, performance analysis and technological support to ensure people in Manchester feel the benefit of these new powers through new opportunities for them and their families.
- 3.10 Finally, the core has to be able to support and respond to the continuing changes to the welfare reform agenda and local government finance localisation opportunities, ensuring that local schemes are delivered within

budget and cost effectively and that money due to, and collected by the Council can be maximised. A key area for this will be the ongoing collection of Council Tax due and the changes to how Local Government is funded with the move towards full business rates retention.

Enable the Council to Function Effectively

- 3.11 The Core provides human resources, ICT, legal, finance, performance management, communications, procurement and a range of other crucial support services which allow other Council service areas to focus on delivering services to the highest quality standards. There will be a need to continue to change how technology, systems and data are utilised to deliver further savings and efficiencies; this will involve both internal City Council systems and those of partners. The increased use of automation will not only increase independence and simplify process; it will enable a reduction in the governance and compliance role undertaken within the Core.
- 3.12 Whilst progress has been made in relation to data and the use of data, further improvements are required. The data strategy will come together with the emerging ICT strategy and should be considered in the context of devolution, health and social care integration and the changing shape of back office support for Manchester and other GM authorities. There has been significant investment in the ICT strategy which has started to deliver some positive outcomes. However, continued investment in our ICT infrastructure and resilience is required in order to deliver future efficiencies and enable improved ways of working.
- 3.13 A key enabler for changing the shape of the core will be the development and implementation of improved, simplified business and technology processes to reduce dependency and increase automation and self service. This will involve a review of existing processes, business rules and systems across a range of services, including Finance, HR/OD, Shared Service Centre, Customer Contact Centre and Revenues and Benefits. The outcome will be changes to the internal operation of the Council's most commonly used systems and processes to increase productivity.

Ensure Good Governance and Accountability

- 3.14 The Council is committed to operate in a transparent, fair and accountable way. This means:
- Supporting decision makers to take decisions in accordance with the law, involving communities and based on the best available data and intelligence.
 - Providing essential support to elected Members in their role as elected representatives within their ward.
 - Implementing robust financial management practices that comply with law and regulations and having the right insurance and risk management arrangements in place.
 - Protecting the personal information held about people or businesses, whilst disclosing information that is in the public interest.

- Setting out clearly what the Council is aiming to achieve and how it will do it, through plans and strategies for the city, particularly Our Manchester Strategy.

Deliver High-Quality, Customer-Focused Services and Value for Money

- 3.15 The Corporate Core will deliver, and support others to deliver high quality services that meet the needs of residents, businesses and partners and demonstrate value for money. It will enable quick and easy access to effective digital services whilst focusing on providing support to those most in need.

4.0 Directorate Budget

- 4.1 The Corporate Core 2016/17 gross budget is £397.283m and net budget £75.620m and FTEs of 1,904 across Chief Executives and Corporate Services.

Service Area	2016/17 Gross Budget £,000	2016/17 Net Budget £,000	2016/17 FTE
Chief Executive:			
Highways	32,644	10,589	196.80
ICT	13,002	12,922	164.50
People, Policy and Reform	12,158	11,241	146.30
Legal and Democratic Services	19,862	12,709	384.30
CEX Corporate Items	3,160	3,059	0.00
	80,826	50,520	891.90
Corporate Services:			
Procurement	1,248	988	28.60
Revenue and Benefits	296,343	8,151	353.50
Financial Management	6,754	5,602	168.00
Audit, Risk and Resilience	1,906	1,446	42.00
Performance, Research and Intelligence	3,330	3,270	75.80
Shared Service Centre	2,175	1,728	120.70
Capital Programmes	477	(136)	80.50
Corporate Service - Corporate Items	323	256	0.00
Customer Services	3,901	3,795	142.70
Total Corporate Services	316,457	25,100	1,011.80
Total Corporate Core	397,283	75,620	1,903.70

- 4.2 As part of the 2016/17 budget strategy, there were savings identified with a full year effect of £0.776m across 2017/18 and 2018/19, further detail is shown in the table below.

Service Area	Breakdown of Saving's Proposals Agreed as Part of 2016/17 Budget Strategy.			
	2017/18	2018/19	2019/20	Total
	£,000	£,000	£,000	£,000
Cultural Offer	200	30	0	230
Communications	135	0	0	135
Audit, Risk and Resilience	10	-30	0	-20
Financial Management	24	0	0	24
Corporate Procurement	-43	0	0	-43
Legal Services	50	50	0	100
Corporate Items	350	0	0	350
Grand Total	726	50	0	776

5.0 Budget Priorities

- 5.1 Together with the other Directorates of the Council, the Corporate Core will deliver the shared vision and objectives set out in Our Manchester.
- 5.2 The Core will become more streamlined, efficient and technology based. This will directly impact on how the directorates operate. Improvements delivered via initiatives such as lean systems will improve the customer experience and increase productivity within the Core and other directorates. There will be a review of internal processes to improve productivity and capacity including review of grant administration and programme management. The savings options have sought to minimise budget reductions in 2017/18 that would put at risk delivery of sustainable service improvement and efficiencies in 2018/19 and 2019/20. To create the platform for future efficiencies and service improvement the following work is in development.
- 5.3 The introduction of a new ICT collaboration platform, improved infrastructure and resilience will radically change the way that people work and interact on a daily basis – this will be the start of a transformation journey that spans beyond technology. The ongoing support required from ICT to deliver change through technology should not be underestimated if the Core is to achieve the ambitions and improvements set out within this paper.
- 5.4 The service improvements detailed within this report are all connected to technology, for example improvements within Finance and HR/OD cannot be achieved without the investment of new and/or improved technology. Therefore, the ICT team will play a pivotal role in enabling this change and the delivery of technology to enable service improvements from internal and external customer perspective.
- 5.5 The budget strategy will include an option for investment to improve the highways network through capital investment in longer term preventative works, leading to the Highways asset being greatly improved and ultimately less reactive maintenance spend in 3-5 five years.

6. Budget Conversation – What residents want from our services

- 6.1 This year a Budget Conversation has been launched, facilitated online and through events across the city, to ensure that residents and communities have the opportunity to tell us what matters most to them and, if they care about it, what they can do to help support or improve it.
- 6.2 A common theme emerged from the Budget Conversation in relation to improving transport networks and infrastructure. When asked what was most important to people 'fixing roads, street lights and parking' ranked sixth with transport infrastructure was identified by just under a quarter of respondents. Just under two thirds mentioned public transport and a further 14 percent mentioned cycling infrastructure. Roads and parking were mentioned by 22 percent of respondents.
- 6.3 Public transport was seen as extremely important, being better for the environment and saving time and stress. Roadworks in the city centre were highlighted as a huge inconvenience to residents and commuters, with poor quality roads being less safe and damaging to vehicles.
- 6.4 Having regard to this feedback there are no options being put forward for reductions in highways budgets. There are instead proposals for investment – see 7.2 and 7.3 below. The Council will also continue to use its influence as part of the Combined Authority to secure further investment in the City's transport infrastructure, including improving public transport.
- 6.5 Around 17 percent of comments made negative reference to senior salaries, staff benefits, sick pay etc as being a drain on Council resources.
- 6.6 The feedback from the Budget Conversation is reflected in budget priorities that propose investment in highways and street lighting. Savings options include improvements and efficiencies from back office services through lean systems and ICT investment. There are also options to remove senior strategic posts across the Corporate Core for example in Financial Management, Performance and Reform and Innovation.

7.0 Delivery of Objectives and Savings

- 7.1 The Corporate Core current net budget is £75.620m with a projected underspend of c£3m in 2016/17 after the delivery of savings. Where possible both vacancies and underspends have been captured and built into the savings options set out in this paper.
- 7.2 For the Highways Service there is a growing pressure on the revenue budget from the need for reactive maintenance due to the poor condition of the highways network with underlying projected full year spend for 2016/17 having increased by £0.8m since 2015/16, leading to a pressure of £2m in 2016/17. Capital investment proposals are being developed for the Highways Service and an additional recurrent £2m for highways maintenance has been included

in the draft budget for 2017/18. Longer term the investment strategy should reduce the need for reactive spend on pot hole repairs. An additional £200k has also been included to cover the costs of the bridge inspections.

- 7.3 Investment in the Street Lighting Private Finance Initiative (PFI) will see a reduction in both energy costs and the PFI unitary charge. The savings will not be fully achieved until the three year programme of installations is complete. It was agreed that as part of the 2016/17 budget proposals that an additional £400k will be allowed to meet the current shortfall in budget provision to meet the PFI contract costs.
- 7.4 It should be noted that many of the options for service improvement and efficiency are dependent on improved ICT functionality and the delivery of the ICT Investment Strategy.

8.0 New Savings Options 2017-20

- 8.1 New savings options of £14.188m have been identified in Corporate Core. These include service improvements and efficiencies, service reductions from the Core and reducing support to residents currently provided via welfare grants and the Council Tax Support Scheme. The total is summarised in the table below and the options are set out in the following paragraphs and the accompanying savings schedule in Appendix One. The total workforce impact is estimated to be 90 FTE posts.

Type of saving	Amount of Saving Options				FTE Impact (Indicative)
	2017/18 £000	2018/19 £000	2019/20 £000	Total £000	
Efficiency and Improvement					
-Corporate Core	2,251	825	660	3,736	51.5
-Council Tax Collection Rates	2,000	0	0	2,000	0.0
-Cross Directorate	200	750	0	950	0.0
	4,451	1,575	660	6,686	51.5
Service Reductions					
-Corporate Core services	529	682	686	1,897	35.5
-Support to residents	2,605	0	0	2,605	3.4
-Cross Directorate	0	1,500	1,500	3,000	0.0
	3,134	2,182	2,186	7,502	38.9
Total	7,585	3,757	2,846	14,188	90.4

- 8.2 Whilst there has been a strong focus on developing options based around leaner processes, use of improved technology to reduce the level of resource required due to the severity of the resource reductions and pressures the council is facing options are also being put forward for significant service

reductions. These are based on significantly reducing the size of the Corporate Core and refocusing remaining resources on providing:

- The minimum requirements to support the council as a democratic organisation
- Refocus resources on the completion of statutory requirements such as Government returns, the completion of the final accounts and core HR
- Providing a significantly reduced service offer which focuses on areas of high risk only and changing the service in areas such as prosecutions

8.3 ICT

- 8.3.1 The ICT net budget for 2016/17 is £12.922m with 164.5 budgeted FTEs. The service has identified efficiency and improvement savings totalling **£1.150m** - £460k in 2017/18, £520k in 2018/19 and £170k in 2019/20. This would be achieved from efficiencies and investment in ICT over the next three years:
- Reduction in maintenance, licensing and printing costs (£640k)
 - Travel budgets across the Council following implementation of new Collaboration platform (£100k)
 - Deletion of vacant posts following introduction of Information Technology Services Management system (£160k)
 - Reduction in the budget for maintenance and refresh of equipment (£250k)

8.4 People, Policy and Reform

- 8.4.1 The Human Resources and Organisation Development (HR/OD) service has a net budget of £3.473m and 76.3 budgeted FTE. Within the three year budget period the HR/OD Improvement Programme will deliver service improvements. This will focus on increased productivity and efficiencies both cashable and non-cashable within both the service and the wider Council. A case for investment is being worked up as part of the wider investment in ICT strategy to enable smarter ways of working. A shorter term programme is already focussed on implementing recommendations from a transactional service review to create capacity and deliver savings in year one of the budget options. These changes will support a new people strategy, one of the foundations of Our Manchester and have the People Strategy Principles at their centre. The service has identified overall efficiency savings of **£69k** in 2017/18 from deleting one vacant post and reducing the supplies budget.
- 8.4.2 Savings for 2017/18 have been identified of **£200k** from Annual Leave Purchase Scheme agreed in late 2015.
- 8.4.3 Savings from longer term service improvements, or efficiencies cannot be quantified at this stage, and service reductions in the short term whilst delivering immediate savings, would put at risk deliverability of longer term savings. However, there is the option to make immediate savings through service reductions of **£296k** in 2017/18. This would have the risk of reducing direct support to managers and capacity to support complex HR issues, Trade Union relations and policy updates. It will also reduce capacity to manage the Occupational Health contract and support the Health and Wellbeing agenda

- 8.4.4 Policy, Partnership and Research has a net budget of £6.749m and 53 budgeted FTE. Efficiency savings of **£100k** in 2017/18 have been identified from a reduction of 2.5 FTE. Service reductions of **£350k** and reduction of 8 FTE in 2018/19 could be delivered through a reduction in support, policy and research resource and support to new initiatives and key corporate priorities and there is risk to the capacity to support the growth agenda.
- 8.4.5 Reform and Innovation has a net budget of £1.019m and 17 budgeted FTEs. The purpose of the service is to drive the scale and pace of reform required in future. The team are a flexible resource supporting the priorities of Executive Members and the Strategic Management Team. The service has identified **£55k** of efficiency savings from staffing, then a further option of incrementally reducing the volume of work delivered through **£50k** savings by 2018/19. Finally there is an option of removing the entire team in 2019/20 which would save a further **£686k** in staff reductions. This final option would remove a substantial element of the central resource to drive reform and integration of reform, and it would also remove dedicated support for Our Manchester, behaviour change, children's improvement programme and other big ticket areas.
- 8.5 Revised HR Policies and Processes
- 8.5.1 The organisation's HR policies and processes will need to evolve to support change and take advantage of new opportunities for innovation and collaboration as they emerge.
- 8.5.2 If streamlining HR policies were to reduce mainstream employment costs by 1.9 per cent around **£3m** would be released. This would need to be phased over the final two years of the budget in 2018/19 and 2019/20 to allow time for the changes to be carefully planned.
- 8.5.3 At this stage there are no specific changes being proposed to achieve this saving. Instead there is a wish to engage staff and trade unions in exploring how the wider workforce cost could be reduced without further reducing the number of posts. Staff and trade unions are encouraged to make their own suggestions to achieve these wider workforce savings.
- 8.5.4 No decisions are being made at this time. The need for this option will be reviewed in mid-December when the scale of reductions in the financial settlement from the government is known. Any specific proposals that go forward would then be subject to formal consultation with staff and trade unions.
- 8.5.5 It should be noted that Manchester City Council has committed to ensuring fair pay, and has set out how it will meet the Manchester Living Wage (MLW). This has been and continues to be a benefit to our lower paid workers who have in the past relied on variable pay to top-up their basic salaries. As the MLW wage increases, the impact on the lower end of the Council's pay structure will need to be addressed.

8.6 Legal and Democratic Services

8.6.1 The net budget for Legal and Demographic Services is £12.709m with budgeted FTEs of 384.3. Efficiency savings of **£325k** have been identified from the following areas

- Hand delivery of Electoral Registration Forms and Poll Cards saving of £20k in 2017/18.
- Review of provision of mortuary services on a Manchester or Greater Manchester basis - investigate alternative means of provision or commissioning by engaging with hospital trusts saving of £55k in 2018/19.
- Electoral Registration Shared Service – explore centralised registration function for cluster of local authorities or at GM level, providing increased resilience and economies of scale saving of £150k in 2018/19.
- As the number of childcare cases reduces in line with changes across health and children's services the number of solicitors required will reduce releasing a saving of £100k in 2019/20.

8.6.2 Further savings of **£155k** in 2017/18 and 2018/19 have been identified which could represent a visible service reductions:

- Reduce business support across City Solicitors through different ways of working creating a saving of £50k in 2017/18.
- A reduction in the proactive prosecutions carried out, such as blue badge, fly tipping etc would reduce the number of matters being referred in to the service, saving would be realised from workforce reductions saving of £25k in 2017/18.
- Introduce statutory minimum requirements for Electoral Registration – single door knock canvass to encourage the resident to return their form, do not register residents on doorstep could deliver saving of £30k in 2017/18.
- Corporate Communications – Further reductions of £38k in 2017/18 and £12k in 2018/19 from further reductions on top of those made in 2016/17 from staffing reductions, impact in service could be mitigated in part by considering options for external charging.

8.7 Corporate Services

8.7.1 Corporate Service has a 2016/17 net budget of £25.100m and 1011.8 budgeted FTEs.

Efficiency - £1.647m

8.7.2 A review of the 2016/17 budget position has been carried out to identify vacancies and any non pay underspends which can be made permanent. In 2017/18 as a result it is proposed to delete two posts in Audit, Risk and Resilience saving **£78k**, a post in Corporate Procurement saving **£54k** and a post in Customer Services saving **£50k**. Further efficiencies of **£67k** can be achieved by reducing by a further post in Corporate Procurement and through the increased income for the service they provide to other local authorities.

- 8.7.3 Within Financial Management the deletion of six vacant posts including a Head of Finance Post and reducing supplies and services budgets will save **£113k** in 2017/18 rising by further **£100k** in 2018/19. Savings could be delivered earlier however this would put at risk delivery of service transformation through a lean systems approach and ICT investment.
- 8.7.4 In Revenues and Benefits New Burdens funding of **£400k** will be used to support the service releasing the equivalent amount in savings. There is also an underspend of £378k in 2016/17 which will release a full year saving of **£448k** in 2017/18. This is a reduction of £200k, 7 FTEs vacancies, through efficiencies and £248k, 8 FTEs vacant posts to be deleted, from transfer of fraud investigation functions to DWP. In the Shared Service Centre it is proposed to delete a further 5 fte vacant posts following service redesign plus additional income of £200k to realise saving of **£322k** for 2017/18. It is also proposed to administer a charge estimated at **£15k** for managing the City Centre Business Improvement District collection of monies.

Service Improvement £3.140m

- 8.7.5 Work is underway across Corporate Services to better align services and enable the full benefits from the Lean Reviews and other service changes to be realised. This includes:
- Moving all residual Financial Exchequer functions into the Shared Service Centre to align all payment services under a single leadership
 - Review of assurance, governance and risk process in the context of lean to deliver a sustainable model, fit for purpose to deliver against priorities and provide an appropriate relevant level of assurance
 - The potential for greater collaborative working across Greater Manchester audit and risk management services
 - The review of Capital Programme Delivery, Procurement and Commissioning to improve delivery and support future savings
- 8.7.6 Further savings of **£390k** in 2019/20 from Financial Management following implementation of outcome from lean systems review which would require ICT investment and significant changes in roles and responsibility across Financial Management, Shared Service Centre and Children and Adults Directorates to deliver. This will bring the total fte reduction from across Financial Management to 16 fte over the three year period.
- 8.7.7 A target to achieve savings of **£750k** from procurement and contract management from 2018/19 has been set. This will be achieved through a review of existing contract spend and contract management arrangements including compliance, delivery and use of contract penalties across the Council.
- 8.7.8 Finally continued strong performance in Council Tax collection will see a further **£2m** additional income from 2017/18.

Service Reductions - £360k

8.7.9 In order to help close the budget gap in 2017/18 there are the following options for service reduction:

8.7.10 Savings of **£90k** in 2017/18 and **£270k** in 2018/19 from Performance. These include a mixture of direct reductions in senior capacity and service changes dependent on additional investment in business objects and work with Directorates to improve reporting functionality of systems such as MiCare, Flare and CRM so Directorates could produce their own reports. Capacity for statutory and high priority work would be protected with a reduced service offer for complaints, business priorities and adhoc work. Consideration will be given for a GM model for supporting intelligence, evaluation and performance for some priority areas such as the Reform agenda.

A Reduction in Services to Residents - £2.605m

8.7.11 The **Local Welfare Provision scheme** has a budget of £605k. Two options are available. The first would be to remove the contingency of **£100k** in 2017/18 which in 2016/17 has been used for food banks. A further option would be to cease the scheme altogether from 2017/18 to provide a saving of **£505k**. Other options could be explored to reduce the scheme whilst still offering some form of safety net.

8.7.12 Reducing spend on the Council's **Council Tax Support (CTS) Scheme** by **£2m** for 2017/18 is an option following consultation

8.7.13 In 2013 the government abolished Council Tax Benefit and replaced it with a localised discretionary scheme and reduced the amount of funding to 90% of the current spend. This funding is now part of the overall local government financial settlement and has therefore continued to reduce and is now £23m less than the amount paid out in support and this is estimated to rise to £30m less by 2018/19. The current scheme provides a maximum of 85% of liability for working age residents.

8.7.14 The support offered by other Core Cities and GM Authorities varies considerably but the City Council is at the more generous end of that range. There is scope to increase the minimum charge from 15% to 17.5% or 20% and not be out of step with others. A further option that is used by many authorities is band capping CTS awards. This is where the Council only pays the amount awarded up to a maximum Council Tax band.

8.7.15 A separate report to the Executive sets out the options for consultation to provide savings of £2m in 2017/18.

9.0 Workforce Impact.

9.1 The Corporate Core Directorate currently has 1,904 budgeted FTEs. The workforce impact of the budget options is largely dependant on the options taken forward, as a number of options will deliver workforce efficiencies or

longer term service improvements however cannot deliver both. On this basis the potential reduction could be up to 90 FTE posts; this would be a mixture of actual reductions and funded vacancies.

- 9.2 There is a growing requirement to invest in the leadership approach and development and engagement and communication with people, both in response to the outcomes of the b heard survey and in line with the Our Manchester approach. This shift will require a new leadership framework and the tools to provide a platform for improvement along with a shift in our leaders and managers and workforce to embrace the concept of personal responsibility and accountability. These are some of the principles that will inform the new People Strategy.
- 9.3 In line with the context of reform and integration our HR/OD team will become more externally focused. This will enable the Council to be at the centre of developing new approaches to career pathways and developing new routes that cross traditional boundaries
- 9.4 All of the workforce changes will be underpinned by improved technology and more modern effective ways interacting with colleagues and customers.

10. Conclusions and Recommendations

- 10.1 This report has set out high level overview of the priorities to be delivered in the Corporate Core and savings options for the Executive to consider to support the City Council's current financial assumptions covering the period 2017/18 to 2019/20.
- 10.2 The Executive is recommended to note the savings options and investment priorities detailed in the report.

11.0 Key Policies and Considerations

(a) Equal Opportunities

- 11.1 This report is not for contains no decisions. Any equal opportunities implications contained in this report will be addressed through separate and subsequent reports.

(b) Risk Management

- 11.2 The City Council's Medium Term Financial Strategy includes an assessment of budget risk when setting the level of general balances.

(c) Legal Considerations

- 11.3 There are no specific legal implications contained in this report.

Appendix 1 – Corporate Core Savings Options

Service Area		Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	2018/19 £,000	2019/20 £,000	Total £,000	FTE Impact (Indicative)
ICT	Revenue savings through reduction in contract costs - data & telephony, mobiles and printing	Efficiency	Amber	Green	150	150		300	
	Staffing reduction following implementation of ITSM	Efficiency	Green	Green	160			160	4.0
	Reduction in maintenance and refresh of ICT equipment	Efficiency	Green	Amber	100	150		250	
	Revenue savings through reduce maintenance/licensing cost following capital investment	Efficiency	Amber	Green		170	170	340	
	Travel reductions across the Council from collaboration technology		Amber	Green	50	50		100	
HROD	Existing vacancy, regrading of vacant G9 and other nonstaff	Efficiency	Green	Green	69			69	1.0
Cross Directorate Employee Related Budgets	Annual leave purchase scheme	Efficiency	Green	Green	200			200	
Policy	Staffing reduction	Efficiency	Green	Amber	100			100	2.5
Reform and Innovation	Staffing reduction, reduction in hours and deletion of time limited posts.	Efficiency	Green	Amber	55			55	1.0
Legal and Democratic Services	Staffing reduction in legal services following planned reduction in Children's caseload	Efficiency	Amber	Amber			100	100	2.0

Service Area	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	2018/19 £,000	2019/20 £,000	Total £,000	FTE Impact (Indicative)
	Review of provision of mortuary services on a Manchester or Greater Manchester basis.	Collaboration	Amber	Amber		55	55	
	Electoral Registration Shared Service – explore centralised registration function for cluster of local authorities or at GM level, providing increased resilience and economies of scale.	Collaboration	Amber	Amber		150	150	
	Hand delivery of Electoral Registration Forms and Poll Cards	Efficiency	Green	Green	20		20	
Audit, Risk and Resilience	Staffing reduction in audit and risk team	Efficiency	Green	Green	78		78	2.0
Corporate Procurement	Increased external income from sale of procurement services	Income generation	Red	Amber	54		54	
	Staffing reduction	Efficiency	Green	Green	67		67	2.0
Customer Services	Staffing reduction	Efficiency	Green	Green	50		50	1.0
Financial Management	Reduce supplies and services budget, delete vacant posts and reduce valuation budgets	Efficiency	Green	Green	113		113	5.0
	Reduce funding for vacant Head of Finance post following implementation of lean systems	Efficiency	Green	Amber		100	100	1.0

Service Area		Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	2018/19 £,000	2019/20 £,000	Total £,000	FTE Impact (Indicative)
	Lean Systems : Service review and improved efficiency through ICT developments and changes to finance processes	Efficiency	Red	Green			390	390	10.0
Shared Service Centre	Additional income and deletion of five vacancies	Income generation	Green	Green	322			322	5.0
Revenues and Benefits	Staffing reduction from existing vacancies following efficiencies and transfer of functions to Dept Work and Pensions	Efficiency	Green	Green	448			448	15.0
	Implement charge for managing the City Centre Business Improvement District collection of monies	Income generation	Amber	Green	15			15	
	Improve Council Tax collection rates	Income generation	Green	Green	2,000			2,000	
	Utilise New Burdens funding	Efficiency	Green	Amber	400			400	
Cross Directorate Non Employee Related Budgets	Contract savings across all Directorate	Service Reduction	Red	Amber		750		750	
TOTAL IMPROVEMENT AND EFFICIENCY					4,451	1,575	660	6,686	51.5
SERVICE REDUCTIONS									
Human Resources	Reduction in support for complex cases and social work induction and contracts	Service Reduction	Green	Amber	296			296	5.0
Policy	Further staffing reductions from across the team would reduce capacity for delivering growth priorities	Service Reduction	Red	Red		350		350	8.0

Service Area		Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	2018/19 £,000	2019/20 £,000	Total £,000	FTE Impact (Indicative)
Reform and Innovation	As well as the tiered approach above there is the more radical approach which involves taking the whole team out.	Service Reduction	Red	Red		50	686	736	11.0
Legal and Democratic Services	Business Support Review for City Solicitors	Service Reduction	Amber	Amber	50			50	2.0
	Reduction in the number of proactive prosecutions, saving from staffing	Service Reduction	Green	Amber	25			25	0.5
	Statutory minimum requirements for Electoral Registration – single doorknock canvass to encourage the resident to return their form, do not register residents on doorstep	Service Reduction	Green	Amber	30			30	
Communications	Staffing reduction would impact on service delivery	Service Reduction	Amber	Red	38	12		50	1.0
Performance, Research and Intelligence	Continued delivery of statutory requirements with remaining resource focused on priorities with much less capacity for strategic support, analysis, evaluation and demographic modelling work.	Service Reduction	Amber	Red	90	270		360	8.0

Service Area		Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	2018/19 £,000	2019/20 £,000	Total £,000	FTE Impact (Indicative)
Council Tax Support Scheme	Options are being consulted on for the reduction in spend on the Council Tax Support Scheme. These include increasing the top slice up to a maximum of 80% (so residents pay the first 20%) and band capping options.	Service Reduction	Green	Amber	2,000				
Welfare Provision Scheme	Welfare Provision Scheme awards - continues delivery of a scheme to most vulnerable, £100k saving would remove non-recurrent contingency funding used for food banks in 2016/17	Service Reduction	Green	Amber	100			100	
	Cease Welfare Provision Scheme Awards	Service Reduction	Amber	Red	505			505	3.4
Revised HR policy and processes	If streamlining HR policies were to reduce mainstream employment costs by 1.9 per cent around £3m would be released.	Reform	Red	Red		1,500	1,500	3,000	
TOTAL SERVICE REDUCTIONS					3,134	2,182	2,186	7,502	38.9
TOTAL CORPORATE CORE					7,585	3,757	2,846	14,188	90.4

**Manchester City Council
Report for Resolution**

Report to: Executive –19 October 2016

Subject: Strategic Development Directorate Budget and Savings Options
2017 - 20

Report of: Strategic Director Development

Summary

This report provides a high level overview of the priorities to be delivered in the Strategic Development Directorate, the outcome of the recent Budget Conversation in relation to the Directorate and development of a medium term financial plan and savings options for the Directorate totalling £400k for the period 2017/18 – 2019/20. The report shows how the Directorate will work with other Directorates and with partners to make progress towards the vision for Manchester set out in the Our Manchester Strategy.

Recommendations

The Executive is recommended to note the savings options and investment priorities detailed in the 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	Providing leadership to support, promote and drive the role and continuing growth of the city centre as a major regional, national and international economic driver; as the main focus for employment growth through a strengthening and diversification of its economic base and through the efficient use of land.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Supporting the delivery of a Schools Capital Programme which will provide new and expanded high quality primary and secondary school facilities for a growing population through the identification of suitable sites which can support our wider transformation proposals for neighbourhoods in the city.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Creating places where residents and partners actively demonstrate the principles of Our Manchester

A liveable and low carbon city: a destination of choice to live, visit, work	Actively manage the impact of a growing population and economy to minimise the city's carbon emissions through planning and working with partners across the City to move towards becoming a zero carbon city by 2050.
A connected city: world class infrastructure and connectivity to drive growth	Contribution to population and economic growth by providing an expanded, diverse, high quality housing offer that is attractive, affordable and helps retain economically active residents in the City, ensuring that the growth is in sustainable locations supported by local services, an attractive neighbourhood and the provision of new and enhanced physical and digital infrastructure.

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The report contains revenue savings options of £400k for the Strategic Development Directorate budget of £6m over the period 2017/18 to 2019/20.

Financial Consequences – Capital

None

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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.

1.0 Introduction

- 1.1 This report is part of the development of a medium financial plan for the Strategic Development Directorate based on the City Council's current financial assumptions covering the period 2017/18 to 2019/20. The report provides savings options totalling £400k from the Strategic Development net revenue budget of £6m.
- 1.2 The options put forward have been categorised as savings that can be delivered through service improvement and efficiencies, supported by investment, which are within the context of the Directorate's strategic vision and objectives and outcome from the recent budget conversation. Further savings options have been considered that are deliverable to support the Council in achieving spending reductions, which would have an adverse impact on service delivery. The detailed savings options are included at Appendix 1.

2.0 About the Strategic Development Directorate

- 2.1 The Directorate has a pivotal role in securing new commercial development, attracting inward investment and securing employment growth, along with providing leadership to the Council's Housing function and delivering the City Council's Residential Growth Strategy which seeks to underpin the city's economic growth trajectory. The management of the City Council's land and property assets to promote growth is closely aligned with the management of the City Council's operational and investment estates.
- 2.2 Services within the directorate make a significant contribution to the delivery of the Manchester Strategy in respect of a number of priority outcomes. The Strategy proposes to create a City
- With a competitive, dynamic and sustainable economy;
 - With distinctive strengths in science, advanced manufacturing, culture, creative and digital business, cultivating and encouraging new ideas;
 - With highly skilled, enterprising and industrious people;
 - That is connected, internationally and within the UK;
 - That plays its full part in limiting the impacts of climate change;
 - Where residents from all backgrounds feel safe, can aspire, succeed and live well; and
 - That is clean, attractive, culturally rich, outward looking and welcoming

3.0 Context for the Directorate

- 3.1 The challenge for the future is to drive transformation of the city, to define Manchester as an attractive place to live and further improve the quality of life for all residents and increase their overall social and economic prospects, and enable them to participate fully in the life of the city. Within this context the Directorate will seek:
- to support, promote and drive the role and continuing growth of the city centre as a major regional, national and international economic driver; as

the main focus for employment growth through a strengthening and diversification of its economic base and through the efficient use of land.

- to support investment in transport infrastructure which will lay the foundations to capture new commercial and residential growth opportunities over the next ten to fifteen years;
- to provide an expanded, diverse, high quality housing offer that is attractive to and helps retain economically active residents in the city, ensuring that the growth is in sustainable locations supported by local services and the public transport infrastructure.
- To support the delivery of a Schools Capital Programme which will provide new and expanded high quality primary and secondary school facilities for a growing population through the identification of suitable sites which can support our wider transformation proposals for neighbourhoods in the city;
- to underpin the transformation of the city's district centres with appropriate retail, amenities and public service offer; and
- to promote investment to secure an internationally competitive cultural and sporting offer and sustaining core lifestyle assets such as parks, leisure facilities and libraries within the City.

3.2 Over the next three year's the following areas of activity will frame the Directorate's core priorities.

3.3 Delivering a wide range of complex commercial and residential led mixed use developments within the city centre which are currently being progressed, these include amongst others:

- St Johns with Allied London including "Factory";
- St Michaels with the Jacksons Row Development Partnership;
- First Street with ASK / Patrizia UK;
- NOMA with the Co-op/Hermes;
- Northern Quarter with Ician;
- Piccadilly Basin with Town Centre Securities;
- Manchester Central with ASK / Patrizia;
- Mayfield with U&I;
- Circle Square with Bruntwood;
- Oxford Road Station with Bruntwood; and
- Great Jackson Street with Renaker.

3.4 In addition to the above schemes there are new initiatives being shaped as part of planning for the city centre's future growth, these include the Piccadilly Station environs to accommodate High Speed 2 (HS2) and Northern Powerhouse Rail.

3.5 Extending eastwards and northwards out of the City Centre two major regeneration opportunities are now being progressed:

- The Eastern Gateway including: Ancoats; New Islington; Holt Town and the Lower Medlock Valley out to the Etihad Campus provides the city with the capacity to create a number of significant new residential led

mixed use neighbourhoods. The Campus itself is a major commercial development opportunity which will help define and frame the nature of the development profile along the corridor between the Etihad Stadium, Holt Town and New Islington. Our Partnership with the Abu Dhabi United Group (ADUG) is central to driving these opportunities forward.

- The Northern Gateway stretching northwards from NOMA into the Irk Valley and from New Cross northwards to Collyhurst. Similar to the Eastern Gateway this area provides the city with the capacity to create a number of significant new residential led mixed use neighbourhoods. At present we are currently in the market to secure an investor partner who, like ADUG can play a central role in driving forward the transformation and growth of this part of the city.

- 3.6 Outside of the City Centre and the Northern and Eastern Gateways commercial led mixed use development opportunities will focus on a limited number of locations where we will have a direct land ownership interest: Central Park; the Airport City Enterprise Zone; Siemens; Wythenshawe Town Centre; and Harpurhey District Centre / Moston Lane. Growth and expansion of the three City Council owned digital assets (The Sharp Project, The Space Project and One Central Park) will continue to be supported. Residential led / mixed use development opportunities will focus on managing existing development agreements and partnerships such as the three Housing PFI Schemes; the transformation of the West Gorton estate; the transformation of the Ben Street area
- 3.7 Other commercial and residential development opportunities will arise where we have no direct land interest – in these instances we will revert to enabling such opportunities where they support our city ambitions. In the short term this would include working with MMU and the Manchester College on the disposal of their surplus estate plus working with Greater Manchester Pension Fund on the development of key assets such as Chorlton District Centre.
- 3.8 In addition to supporting the commercial and residential growth activities set out above the Directorate also has responsibility for managing the City Council's Investment Estate. The Investment portfolio comprises around 4,300 separate interests. The majority of these are peppercorn and income producing ground lease interests but the Council also manages a number of commercial and retail premises and managed buildings. These assets play a key role in helping transform the city as a key driver of the growth and place making agenda whilst at the same time playing an important role in the generation of rental income and capital receipts. The most valuable asset in the Council's estate is Manchester Airport, where the Council has a 58% share of income from the T1 and T2 leases and 100% interest in a separate lease with the Manchester Airport Group. The investment estate generates budgeted net income of £14.457m per annum derived primarily from rents but also includes fees for the release of restrictive covenants and easements, licences for the short term use of land and property, and interest on investments.

3.9 The management of the City Council's Operational Estate and the delivery of FM services is now aligned with our workforce and IT strategies in order to ensure the efficient use of that asset base in a manner that underpins the delivery of our and other public services. The development of the four year Operational Estates Plan is key to this approach.

4.0 Strategic Development Directorate Vision and Objectives

Objectives

4.1 The new Manchester Strategy, Our Manchester, sets out a vision for 2025 of Manchester as a world class City which is:

- A Thriving and Sustainable City– with great jobs and the businesses to create them
- Highly Skilled – full of talent both home grown and from around the world
- Progressive and equitable – a fair city where everyone has an equal chance to contribute and to benefit
- Liveable and low carbon – a great place to live with a good quality of life: a clean, green and safe city
- Connected - both physically, with world class transport, and digitally, with brilliant broadband.

4.2 In addition to the vision for Manchester, Our Manchester also embraces new ways of working and developing a new culture within Manchester itself harnessing all its industry, creativity and innovation. The Our Manchester approach is more pro-active, pre-emptive and creative than business-as-usual public service, focusing on a person's or communities strengths and opportunities. This new kind of partnership between local people, workers, businesses and organisations is developing new solutions.

4.3 The Growth & Neighbourhoods and Strategic Development Directorates serve the entire population of Manchester: some 560,000 Mancunians, its 20,000 businesses, communities and 994,000 overseas visitors. We have a pivotal role in securing the social, physical and economic future of the City and responsibility for driving residential and economic growth. This includes the development of opportunities to raise skill levels and creation of employment opportunities; the delivery of residential, commercial and cultural development; as well as ensuring that the City is clean and green, well maintained and safe and that residents take pride in their surroundings. Cultural and sporting excellence is at the heart of the growth agenda and will continue to be a major regeneration catalyst, maintaining Manchester's international profile through examples such as Manchester International Festival and of course football, whilst at the same time bringing significant community benefits to our residents.

4.4 Resident and partner engagement and empowerment will underpin this work and will be a critical part of delivering the sustainable behavioural change Our Manchester requires to effectively support neighbourhoods and manage future services.

4.5 Together with the other Directorates of the Council Strategic Development will deliver the shared vision and objectives set out in Our Manchester. The specific objectives for Strategic Development are:-

4.5.1 **Creating Growth**

- The continuing growth of the city centre as a major regional, national and international economic driver; ensuring growth through efficient use of land for development opportunities, such as: the Airport City Enterprise Zone; the Siemens Princess Road Campus; the eastern gateway and the Etihad Campus; St John's Quarter; and Mayfield. Uphold Manchester's attractiveness as an international investment opportunity to build on the Capital Strategy and innovative models of co-investment in the City's future.
- Utilise the city centre developments coupled with strengthening and diversifying the economic base to drive employment growth. Support businesses to grow and re-invest in Manchester as their City of choice through local recruitment and contributing to social and environmental outcomes.
- Maintain and build confidence in Manchester's reputation as a destination City through the growth and improvement of its retail provision, the opportunities presented by its diverse cultural, sporting and leisure offer, together with its civic functions as a focus for residents and visitors.
- Ensuring residents, neighbourhoods, businesses and goods connect to local, national and international markets. Through working with partners both internally and externally maximise the impact of the provision of new and enhanced physical and digital infrastructure such as High Speed Rail (HS2 and HS3), bus de-regulation, and new walking and cycling infrastructure.
- Contribute to population and economic growth by providing an expanded, diverse, high quality housing offer that is attractive, affordable and helps retain economically active residents in the City, ensuring that the growth is in sustainable locations supported by local services, an attractive neighbourhood and the public transport infrastructure.
- Work with partners to actively manage the impact of a growing population and economy to minimise the city's carbon emissions through planning and working with partners across the City to move towards becoming a zero carbon city by 2050. Adapt our service provision to mitigate the impact of the changing climate.

4.5.2 **Access to skills and jobs for Manchester people and businesses**

It is important that the City has a work and skills system, which meets the growth needs of all businesses and enables residents from all backgrounds to obtain the skills and attributes that employers require. Whilst Growth and Neighbourhoods will take the lead, Strategic Development will support this work and recognise that to achieve this there is a need to:

- Maximise employment opportunities for Manchester residents, leveraging, in particular, where the City Council has a strategic development, procurement or commissioning role;
- Ensure that business start-up and growth services deliver a quality offer for the City's businesses and facilitate more of the City's residents to start a business or pursue self-employment.

4.5.3 Places where people want to live

- Create places where people want to live with good quality housing of different tenures; inclusive neighbourhoods; a good social, economic, cultural offer and environmental infrastructure.
- Support local businesses and residents to maintain and develop thriving district centres with appropriate retail, amenities and public service offer.

4.6 Enablers

In order to facilitate and support the delivery of these priorities for the City and its residents, the Directorates will also need to:-

- Work with partners and other Council Directorates to make best use of the City's total collective public and community assets to support estates transformation and deliver modern efficient services.
- Prioritise and maximise opportunities to collaborate with partners across Greater Manchester to identify new ways of working to increase income generation, investment, develop new funding models and to optimise use of resources. Invest in 'skills for growth' and innovation to support the development of this work.
- Enable the workforce to be more resilient, effective, creative, ambitious and innovative through embedding Our Manchester and developing a culture of trust, honesty and empowerment. Plan for the future workforce, review structures, roles and skills needed for the future organisation and embed the required career pathways and succession plans.
- Increase productivity amongst staff within the directorate through adopting leaner support systems and processes (ICT, HROD, Finance) which enable efficient working. Develop new skills and behaviours required to deliver quality services more efficiently.
- Continue to build relationships, using an Our Manchester approach, through communicating and engaging effectively with all staff, Elected Members and residents ensuring that they are aware of the vision for the City and their role in its successful delivery.
- Be mindful of significant changes beyond our control such as the referendum to leave the European Union and the impact this may have on our partners and residents. Develop robust plans to mitigate the risk of economic uncertainty building on potential areas of growth through the devolution agreement.

5.0 Strategic Development Directorate Budget

- 5.1 The Strategic Development Directorate for 2016/17 has a gross budget of £33.490m, net budget of £6.000m and 286.1 FTEs. The current breakdown of the budget and workforce for the Directorate is as follows:-

Business Area	2016/17 Gross Budget £,000	2016/17 Net Budget £,000	2016/17 Budgeted Posts (FTE)
Development	1,297	1,097	20.0
Operational Estate	11,027	8,947	39.0
Facilities Management	13,929	8,971	174.6
Property Rationalisation	150	150	0.0
Investment Estate	4,394	-14,457	27.0
Sharp Project, Space Project, OCP	1,119	4	3.0
Strategic Housing (GF)	1,167	881	17.5
City Centre Regeneration	407	407	5.0
Total Strategic Development	33,490	6,000	286.1

- 5.2 As part of the 2016/17 budget strategy, there were savings of £433k agreed. These had a full year effect in 2017/18 and further detail is shown in the table below.

Service Area	Amount of Saving Proposal			
	2017/18	2018/19	2019/20	Total
	£,000	£,000	£,000	£,000
Strategic Housing	23	0	0	23
Property	410	0	0	410
Total	433	0	0	433

6.0 Budget Priorities

- 6.1 The Directorate has identified the following priorities which have provided the framework for developing the savings proposals:

- To embed the principles of Our Manchester into the way services are delivered within our neighbourhoods;
- To secure the delivery of the Planning Frameworks which have been developed across the city centre and in a limited number of areas outside of the city centre that capture very significant commercial and residential growth outcomes;
- To deliver the City Council's Residential Growth Strategy;
- To support work with partners to develop more integrated models for service delivery which can deliver savings through the provision of an integrated estate opportunities;
- To provide a strong, evidenced and coherent strategy, policy and planning framework for the future development and growth of the city;
- For operational and non-operational services that are delivered directly, explore options to determine models of delivery that are cost effective whilst providing a good quality service;
- Maximise income opportunities, through realising the most from our assets as well as reviewing opportunities for charging for services;
- Ensure the right skills and capacity is maintained and developed to enable the City to deliver against its Growth, Place and Skills agenda;

- Explore appropriate opportunities for collaboration across GM, ensuring they continue to provide the right outcomes for the City;
- Maximise the opportunities that Devolution provides for the City in terms of growth, skills and place; and
- Review our internal processes to improve productivity and capacity.

7.0 Budget Conversation – What residents want from our services

- 7.1 This year a Budget Conversation has been launched, this has been facilitated online and through events across the city to ensure that residents and communities have the opportunity to tell us what matters most to them and if they care about it, what can they do to help support or improve it. Whilst the feedback provided through the Budget Conversation focuses primarily on front line services rather than those services delivered by the Strategic Development Directorate there were still important messages from the Conversation about the importance of the priorities of the Directorate.
- 7.2 When asked to rank the services they felt were most important to them residents identified keeping neighbourhoods safe and successful as their fifth priority and regenerating the city, creating jobs and improving skills as their seventh priority. Strategic Development has a key role in developing neighbourhoods of choice and driving the residential and economic growth of the city.

8.0 Delivery of Objectives and Savings

Investment Estate

- 8.1 The composition of the investment estate is not static and changes as land and property is sold and other property is acquired and operational property becomes surplus. The Council is continually considering ways of increasing income from the estate through regular reviews of rents, leases, service charges etc and minimising incidence of vacant properties, to maximise income and capital receipts in the context of the city's priorities.
- 8.2 Although the investment estate has performed well in 2015/16 and is on target for 2016/17, there are financial risks for 2017-20 with the investment estate:
- Potential reduced income from the Arndale due to planned refurbishment work
 - A drop in rental income from Wythenshawe Town Centre due to redevelopment works
 - Potential reduced airport rental income due to planned redevelopment of terminal 2.
- 8.3 The Council is in discussions with the owners of the Arndale centre on investment plans. These proposals, if implemented, would have an impact on the Council's income from the asset during and after construction although in the longer term are projected to generate increased income. The drop in rental income from Wythenshawe Town Centre was due to redevelopment works. Plans are progressing for the redevelopment and remodelling of the wider

Town Centre. If implemented it could have a short term impact on income but in the longer term would generate increased income. There is the potential of reduced airport rental income due to planned redevelopment of Terminal 2 while the works take place. Discussions with Manchester Airports Group suggest that they will be able to implement these works with only minimal impact on the existing facilities and by good planning the risk can be mitigated. Once the redevelopment has taken place there is likely to be an increase in income as passenger numbers (footfall) are projected to increase and the redevelopment is proposing a net increase in the retail and food and beverage provision.

Strategic Housing and Housing Revenue Account

- 8.4 The Strategic Housing 2016/17 net budget is £881k which directly funds 17.5 FTEs with a further 26.4 FTEs funded from the Housing Revenue Account. The Housing Revenue Account budget in 2016/17 is £96m funded from rents (£62m), private finance initiative funding (£24m), reserves (£8m) and other income (£2m). Following the announcement in the Chancellor's Summer Budget 2016 that rents for social housing will reduce by 1% per annum over the four year period 2016/17 - 2019/20, the Housing Revenue Account (HRA) will see a significant reduction in its ability to generate income. Work is already ongoing within the Directorate to consider the future requirements and options for social housing in the longer term, however, in the short to medium term savings are required to offset this significant loss of funding and all spending within the HRA will be reviewed with a view to further reductions. Such reductions will include central and specific Directorate recharges which will result in a pressure on the City Council's budgets. The timing of imposing such reductions has yet to be determined but will fall within the three year budget period.

9.0 New Savings Options 2017-20

- 9.1 Savings options of £400k have been identified to date. The table below summarises the position between service improvements and efficiencies and service reductions. The schedule at Appendix 1 provides further details on each of the savings options.

Strategic Development	Amount of Saving Options			
	2017/18	2018/19	2019/20 +	Total
	£,000	£,000	£,000	£,000
Improvement and efficiency	250	0	0	250
Service Reductions	150	0	0	150
Total Strategic Development	400	0	0	400

9.2 Improvement and efficiency

- 9.2.1 The Operational Estate and Facilities Management 2016/17 net budget is £17.918m with 213.6 FTEs. The approach to the effective management of the operational estate is to provide a cohesive programme of work to ensure it is

fit for purpose, well maintained and provides optimum utilisation for both the Council and partner organisations. This will be achieved through:

- The development and adoption of a five year Estates Strategy
- A five year Carbon Reduction Plan as an integral component of the Estates Strategy.
- An annual estates Asset Management Programme (AMP) which will be defined by stock condition data

9.2.2 The five year Estates Strategy will seek to rationalise those operational property assets that no longer support community or service delivery and to transform those assets that can better support service delivery by ensuring they can be utilised to capacity and provide the necessary facilities for service delivery teams and our partners. The rationalisation and transformation programme as well as the future estates AMP will be informed by stock condition data in order to ensure that the Council effectively prioritises its resources and spend where there is the greatest need in respect of the operational estate. This will require a full appraisal aligned to the Council's future accommodation needs, workforce and ICT strategies and the emerging collaboration and integration opportunities with partners, particularly the integration of health and social care and the development of integrated neighbourhood teams. The outcome of this will enable further savings to be secured from the operational estate and they will be set out within the forthcoming operational estate plan.

9.2.3 The programme of activity will support the efficient delivery of facilities management (FM) through the standardisation of plant and equipment and the provision of a well maintained estate; eventually reducing the demand for reactive repairs and maintenance. The future of FM delivery model requirements will be reviewed with a range of options considered to determine the most appropriate FM service for the Council. The Carbon Reduction Plan will focus on a programme of sustainable technologies to reduce carbon emissions and secure revenue savings where possible and seek to install technologies that will generate electricity and reduce our dependency on the grid as well as securing carbon savings.

9.2.4 At this stage it is proposed that savings of **£250k** in 2018/19 can be realised from the refurbishment of the former Hulme Library and the disposal of the Claremont Resource Centre. It is envisaged that further rationalisation opportunities will be identified once the stock condition survey has been completed and analysed and the operational estate plan finalised.

9.3 Service Reduction

9.3.1 The Development function has a net budget of £1.097m and 20 FTEs that lead the commercial, cultural and residential growth activities and has responsibility for managing the whole of the Council's investment estate. It is proposed to reduce staff numbers by c 4 FTE, this will realise financial savings of **£150k**. This would significantly reduce the ability to deliver against the City Councils growth agenda.

10.0 Workforce Impact.

- 10.1 The current FTE number for the Directorate is 286.1. Current proposals will result in a net workforce reduction of c 4 FTE over the three year budget period.
- 10.2 The future of FM delivery model requirements will be reviewed. Depending on the option that is chosen, further impacts on the workforce could be realised if the decision is made to transfer staff to another delivery organisation.
- 10.3 The Directorate will continue to invest in skills around leadership of place and supporting growth (with a particular focus on technical and specialist skills), recognising that these skills will continue to be required to support the reform agenda.

11.0 Conclusion and recommendations

- 11.1 This report has set out high level overview of the priorities to be delivered in the Strategic Development Directorate and savings options for the Executive to consider to support the City Council's current financial assumptions covering the period 2017/18 to 2019/20.
- 11.2 The Executive is recommended to note the savings options and investment priorities detailed in the report.

12. Key Policies and Considerations

(a) Equal Opportunities

- 12.1 There are no specific equal opportunities implications contained in this report.

(b) Risk Management

- 12.2 The City Council's Medium Term Financial Strategy includes an assessment of budget risk when setting the level of general balances.

(c) Legal Considerations

- 12.3 There are no specific legal implications contained in this report.

Appendix 1 –Strategic Development 2017/18 - 2019/20 savings options

Service Area	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	Amount of Saving Options				FTE Impact (Indicative)
					2017/18 £,000	2018/19 £,000	2019/20 £,000	Total £,000	
Efficiencies and Improvements									
Operational Estate and Facilities Management	Refurbishment of the old Hulme Library and the disposal of Westwood St and Claremont Resource Centre. DWP would take out a lease for the whole of the ground floor plus service change. Repairs and Maintenance contract re-tenders	Income Generation	Amber	Green	250			250	-
Total Improvement and Efficiency					250	0	0	250	0.0
Service Reductions									
Strategic Development	Staffing reductions	Service Reduction	Amber	Red	150			150	4.0
Total Service Reductions					150	0	0	150	4.0
Total Strategic Development					400	-	-	400	4.0

Business Units Savings Options

- 1.1 Business Units is part of the Neighbourhoods Service and is comprised of a number of services, including bereavement services, school catering, fleet, pest control and markets. These services operate on a commercial basis, and the income exceeds the costs of the services to make a net contribution towards the overall Council costs. Opportunities for savings therefore lie in the ability to increase income.

Efficiencies

- 1.2 Bereavement Services could increase income by £60k per annum over the three year period. This will be achieved by continuing to increase the numbers of burials and cremation that are undertaken. However, this is subject to a £20k investment in year 1 in order to implement practice recommended by the Institute of Cemetery and Crematoria. Growth in income of £60k in 2017/18, 2018/19 and 2019/20 is estimated a total net saving **£160k** over a three year period.

Service Reductions

- 1.3 Work has begun on a review of the viability and operating models for Wythenshawe and Harpurhey Markets which could lead to alternative delivery models being implemented. Discussions have commenced with the owners regarding an alternative operating model for Harpurhey Market but at present it is unclear whether this will deliver any savings. An alternative operating model for Wythenshawe has not yet been identified and as it is currently making a loss of c£120k, it is currently unlikely that another operator would take this on. Work is underway with the Town Centre Managers to review the wider town centre offer and where a market might feature in future plans. A saving of **£150k** could be delivered in 2017/18 dependent on an alternative delivery model.

Service Area	Description of Saving	Type of Saving	RAG Deliverability	RAG Impact	Amount of Saving Option				FTE Impact (Indicative)
					2017/18	2018/19	2019/20	Total	
					£,000	£,000	£,000	£,000	
IMPROVEMENT AND EFFICIENCY									
Business Units	Increase bereavement services offer - pricing competitively with increase of £60k per year and £20k invested in year 1 to implement practice recommended by Institute of Cemetry and Crematoria	Income Generation	Green	Green	40	60	60	160	
SERVICE REDUCTIONS									
Business Units	Review of viability and operating models for Wythenshawe & Harpurhey Markets	Service Reduction	Amber	Red	150			150	