Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee – 20 July 2017

Subject: Budget update – Local Government Financing

Report of: City Treasurer, Head of Strategic Communications

Summary

This report provides an update on the:

- latest available intelligence on local government financing following the Queens Speech
- latest position on European Funding following the triggering of Article 50 in March 2017
- councils budget setting process, including the communications and engagement in place following the budget process for 2017/18-2019/20.

Recommendations

To note the report.

Wards Affected:

ΑII

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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.

- February 2017 Executive suite of Budget Reports
- 2014 2020 GM ESIF Investment Plan
- Reports to MCC Economy Scrutiny Committee, Aug 2014
- Reports to Resources and Governance Scrutiny Committee June, July, September and December 2016

Introduction

- 1. This report sets out the national financial context including the latest available intelligence on local government financing following the Queens Speech and the latest position on European Funding following the triggering of Article 50 in March 2017. It then goes on to consider the main issues for the Council's budget process and the communications and engagement that have been put in place following the budget engagement process last year.
- 2. The Council has a three year Medium Term Financial Strategy and five year Strategy in Place. This is aligned to the four year financial settlement that the Council accepted in Autumn 2016. It is not proposed to reopen the budget process but rather to carry out a light touch refresh. In doing this the following needs to be taken into account:

National Context

- 3. Considerable uncertainty remains around the future arrangement for local government finance.
- 4. A summary of what was included in the Queen's Speech is included at Appendix One. There were a number of notable omissions but the commitment to bringing forward options for improving the social care system remains as does the commitment to introduce 'fairer funding' for schools although the specific schools reforms and national fair funding system were omitted.
- 5. The Local Government Finance Bill was also omitted from the Queen's speech. It had been progressing through Parliament and provided the legislative framework for the introduction of 100% Business Rates Retention, other rates policy and regulation and incorporated a review of funding distribution. The commitment to a thorough, evidence-based review on the local government funding formula and arrangements remains. There is considerable flexibility within the current legislative framework to deliver most of the reforms originally proposed.
- 6. As part of the Autumn Statement November 2016 Budget the Government announced that 2017 would be the last Spring Budget, with the Autumn Statement becoming the annual budget announcement from Autumn 2017. Whilst there is no indication that the four year settlement will be reopened this is not guaranteed.

European Funding

7. Following the EU referendum 2016, there has been a high degree of uncertainty on the implications on the 2014-2020 European Structural Investment Funds programme (comprising European Regional Development Fund and European Social Fund) and also other EU funding programmes, eg EU Transnational Funds such as Horizon 2020. During 2016, the Chancellor made two statements which have confirmed that all projects that are

contracted by the date that the UK leave the European Union will be honoured by the Government provided that they continue to offer value for money and are in line with national priorities.

- 8. Since 1994 (excluding the current programme period) the projects in the City of Manchester have received £257m from the European Structural Funds. These funds have played a key role in the regeneration of the city centre and the surrounding wards, and delivered some world class projects and facilities. For the current 2014-2020 programme Greater Manchester's European Structural Investment Fund (ESIF) allocation is €4153.8m (£356.22m at January 2016 exchange rates). This equates to £176.78m of ERDF and £146.95m of ESF funds. In addition there is access to Transnational EU funding which is held at EU level and is open for bids made on a competitive basis. In the short term, EU transnational programmes remain open to UK applicants.
- 9. The City's Universities have accessed significant levels of EU research and transnational funding. U.K. Universities are some of the largest beneficiaries of Horizon 2020 in Europe. In the UK, just under €2bn has been granted during the first two years of the programme, 59% of which has gone to universities. Manchester Universities have attracted research funding of over £165 million to support world-class science.
- 10. After leaving the European Union the Structural Funds will be closed. However, depending on the 'BREXIT deal', MCC and local partners may still have access to Transnational funds such as the successor programme to Horizon 2020 as is the case for Norway.
- 11. Greater Manchester and MCC have continued to lobby and at a recent Core Cities workshop, involving the Local Government Association some key principles were agreed on successor funding. Core cities are also coordinating an analysis of shared BREXIT asks, and reviewing international relationships, to identify potential for greater collaboration, and producing an analysis of the specific offer of Core Cities (and groups of Core Cities) from an international trade and investment perspective. Now that negotiations have begun between the EU and the U.K Government, we may begin to see gain a better understanding of how the funding will be affected over what remains of the two year negotiating period.

12. In terms of the City and Greater Manchester's position on Brexit, the following points were agreed by the Leader of the Council and the GMCA in 2016:

Minimum Requirements

- Financial Values That we are no worse off / that the values are the same or more than what we have had as allocations under ESIF
- Expect to work in a localised, single investment scenario. We want a single investment programme rather that the separation of funds we currently have
- Stable / multi year settlement (7-10 years) as we have under the EU programme cycles
- Set within devolved arrangement the current centralised management of EU funds needs to be devolved to city / regions

Principles

- People and place based strategies the ability to develop <u>'integrated'</u> strategies
- Maximum integration of thematic funds eg, ESF, ERDF, TOs, PAs avoid the current policy silos, duplications, gaps and inconsistencies. (want Single Pot)
- Local Led delivery (not 'one size fits' all) ability to develop localised strategies that will look different in different places.
- Simplification- Easier to access and manage / Simplified process / consistent rules, decision-making / cut the bureaucracy and red tape.
- Maximum flexibility / Space for bespoke, creative approaches loosen some of the shackles of the EU progs.
- Appropriate indicators / Ability to address key growth areas/areas of need/ regional imbalance – may need different indicators in different places.
- Thematic menu linked to Industrial Strategy maintain the thematic concentration of EU progs but develop them from the Industrial Strategy & localise them.
- Ability for transnationality / internationalisation provide the opportunity for the funding to facilitate working with other European & international cities.
- Subsidiarity and multi-level governance embrace the devolution agenda and place these principles at the heart of the successor programme(s).
- Inbuilt technical Assistance providing funding to support the strategic and operational capacity to local/combined
- 13. The Department for Communities and Local Government (DCLG) has recently opened a dialogue with UK cities and regions about what a successor programme to replace the EU Structural Funds might look like. Manchester is represented in these discussions through both Core Cities and the GMCA. This month, both GMCA Mayor Andy Burnham and Sir Richard Leese have called on the Government to offer a seat at the negotiations for UK Regions.

14. Whilst the above may have a more limited impact on the Council's Revenue Medium Term Financial Plan, it will have a significant impact on the funding available to support the delivery of the priorities for the City.

Manchester Context

- 15. Regarding European Funding, Manchester City Council will continue to work with Core Cities in lobbying Government and also with GM colleagues in the support of the delivery of the GM ESIF programme and continue to deliver its own EU projects. The City Council will also continue to receive ESIF funding towards the costs of officers supporting the GM programme.
- 16. As long as the Government commitment to underwrite all projects approved prior to the date that the U.K. leaves the E.U., officers will continue to explore both Structural Fund opportunities from within the GMCA programme for 2014-2020 and also E.U. Transnational funding opportunities and make bids where there is scope to attract funding that demonstrably support priorities in the City.
- 17. For the budget process, work will be carried out over the Summer to refresh the assumptions underpinning the Medium Term Financial Plan using the latest assessment of the national position and an update on the assumptions made locally.
- 18. This will include a reassessment of:
 - The likely level of resources available to the Council over the next three years, taking into account the latest position regarding the Council Tax base, business rates revenue, the impact of the additional growth retention pilot and any impact from the 100% business rates pilot, which has been confirmed will continue for 2017/18 with a strong likelihood it will continue after that.
 - Policy announcements that impact on the council including for example the reduction in government funding for homelessness
 - The allowance made for inflation and pay awards with continued pressure on rates of inflation and the public sector pay cap. Inflation is already at its highest for more than three years at 2.9% in May, is expected to continue rising in 2017 as the pound's weakness since the Brexit vote has raised import costs.
 - The progress on the health and social care integration and the need to produce a consolidated budget and business plan for the MHCC. This will need to take into account the investment proposals using the GM Transformation Fund and Adult Social Care Grant and action required to address the Locality plan financial gap.

- An update of the Children's Services Investment Fund, particularly around the reduction of and joint funding of placements assumed for looked after children and the longer term funding for Troubled Families.
- 19. Finally there is a need to consider whether the policy decisions made that underpin the Budget Strategy are still the right ones and whether the MTFP still reflects the Council's priorities on how resources should be used. The latest performance information and feedback from residents will need to be taken into account when the assumptions are refreshed.

Integration of Health and Social Care

20. For Health and Social Care the partnership agreement is due to be signed for MHCC and the integrated decision making processes are in place. The full pooled budget is due to be in place from 1 April 2018. This means there should no longer be separate budget reports and the pooled fund contribution will need to be agreed. There will need to be full visibility to council members on the decisions being made in this area and more work is required on exactly how this process will operate in practice with the MHCC budget and business plan needing to go through the Council Scrutiny process.

Milestones

21. The key milestones to consider in refreshing the current budget strategy and business plans are as follows:

Date /Milestone	Comments
Autumn	Autumn Budget and outcomes of refresh of MTFP
	assumptions
December	Finance Settlement
w/b1 January 2018	Updated Directorate Budget and Business Plan reports
and w/b 29 January	would need to be available for the January or February
2018 – Scrutiny	Scrutiny cycle to be considered prior to Budget
Committees	Executive.
	(The January cycle is tight if there are any changes in the
	Settlement so timescales need to be considered)
7 February 2018 –	Updated budget reports
Budget Executive	
19 February 2018 -	Consider budget reports and outcomes of any
Resources and	consultation and engagement with residents on the
Governance Budget	budget to inform discussion at Budget Council.
Scrutiny	

22. Whilst a full revision of the Medium Term Financial Strategy is not being proposed further work will be required in order to address any budget pressures and new issues that have emerge. In addition more work is required on how the process will operate for health and social care with the Manchester Health and Social Care integrated commissioning function in

place and the need to clearly set out and consult on any proposed changes to how social care services are delivered.

Budget Communications and Engagement

- 23. At the end of the budget consultation in February 2017, a commitment was made to continue to inform and engage residents in the budget process. With a better view about what matters to people and the places and services most valued in the city, a two phased communications and engagement approach was developed. Phase one, immediately after the budget was set, focused on how the consultation responses were reflected in the budget itself 'you said, we're doing'. Phase two, Our Manchester Days, carries on the budget conversation by highlighting the services delivered, planned investments and going behind the scenes of the services. This has been done using an Our Manchester approach, encouraging people to comment, share and engage.
- 24. The objectives for Our Manchester Days are:
 - a) To deliver broad awareness of:
 - How the Council listened during the budget conversation and its response – 'you said, we're doing'
 - How the Council's budget is spent and vast array of services provided
 - The benefits of working together to deliver the city's shared ambitions and meet the challenges using an Our Manchester approach
 - b) To provide opportunities for residents, businesses and other stakeholders to find out more and talk about the services and things the Council does.
 - c) To and encourage people and ideas about what individuals, communities, local businesses or other public services could do together for the benefit of Manchester and themselves.
- 25. The first of the Our Manchester Days started on 12 June with a focus on highways. A complete overview of the week can be found in Appendix Two. In summary, however, over the week the Council's social media accounts had over 813,000 interactions and engagements. Over 326,500 of these were from the social media takeover day. In an average week the accounts would receive c.250,000 engagements. What was particularly interesting about this was that it was achieved organically, so while very resource intensive for both Highways and Communications to deliver, it was achieved without having to pay to advertise.

- 26. Over 30 short films, including a talking head with the Executive Member for the Environment were shown across Twitter and Facebook. These films were viewed over 40,800 times. Twitter was the most successful platform for this activity, where previous campaigns such as the Big Conversation relied on Facebook for engagement.
- 27. Over the week 1,084 comments were received. These broadly fall into five categories:
 - Residents reporting road/pavement repairs with some naming streets
 - Asking for inspections on specific roads
 - Asking when works would be done following inspection
 - Showing frustration about the number of potholes or asking why this wasn't done sooner
 - Disbelief that the money is enough or would be spent on roads.
- 28. It is fair to say that there was some negativity in the responses, although the Council was also praised for being open and engaging. It is important therefore, that the once Highways complete any works it is shared through the Council's social media channels to demonstrate that we're listening, helping to build trust and further engagement. A communications strategy for highways has been developed and will support the service to promote and engage residents.
- 29. A proposed plan for future Our Manchester Days has been developed. Each week will be four to six weeks apart and will focus on the following:
 - Leisure and parks July (due to go live on 17 July)
 - Customer services August
 - Waste, recycling and street cleaning September
 - Homelessness and adult social care October
 - Libraries November
 - Winter services, including gritting, Christmas and markets December
 - Work and skills January.

Conclusion and Next Steps

30. This is a short covering report to support the discussion. Committee Members are asked to note the milestones in the budget process and consider the approach for the refresh of the MTFP, noting the issues outlined in the report

Appendix One - Queens Speech Content

- Delivering Brexit Repeal Bill Following the 2016 EU Referendum,
 Government will bring forward legislation to enable the UK's withdrawal from the EU.
- Customs Bill This will ensure the UK has its own custom regime on exit, provide flexibility to accommodate future trade deals and allow changes to the UK's VAT and excise regime.
- Trade Bill The Bill will reinforce the United Kingdom's status as a leading trading nation and ensure UK businesses are protected from unfair trading practices.
- Immigration Bill Freedom of movement will be suspended through an Immigration Bill which will allow the Government to control the number of people coming to the UK from Europe while still attracting the brightest and the best.
- Other EU Bills Other Brexit focused Bills include the Fisheries Bill, Agriculture Bill, Nuclear Safeguards Bill and International Sanctions Bill, all of which will return powers to the UK.
- Automated and Electric Vehicles Bill This Bill will allow for a regulatory framework, installation of charging points and motor insurance requirements to be implemented.
- High Speed Phase 2 This Bill will provide powers to build and operate the next stage of HS2.
- **Smart Meter Bill** This Bill will deliver more transparent energy bills, allowing household to monitor their usage.
- National Insurance Contributions Bill This Bill will allow the NICs changes, announced in the 2016 Budget and Autumn Statement, to be implemented.
- Travel Protection Bill This Bill will update financial protection scheme for holidays.
- Draft Tenants' Fees Bill This Bill will tackle unfair fees on the private rental market making it more affordable and competitive.
- Draft Domestic Violence and Abuse Bill This Bill will establish a Domestic Violence and Abuse Commissioner; define and create a domestic abuse civil prevention and protection order
- **Civil Liability Bill** This Bill will crack down on fraudulent whiplash claims and is expected to reduce motor insurance premiums by £35 per year.
- Courts Bill To reform the courts system to ensure it is more efficient and accessible
- **Financial Guidance and Claims** Bill Will combine three financial advice bodies into one and streamline financial help and guidance.
- Goods Mortgage Bill Will update a Victorian law by increasing protections to borrowers and ensuring borrowers are better informed.
- Armed Forces Bill Will provide more flexible working arrangements to service personnel, including the introduction of part time and special leave.

- Data Protection Bill To ensure the UK has data protection fit for purpose and suitable for the digital age
- **Draft Patient Safety Bill** Will set out a framework to help improve patient safety in the NHS by establishing a Health Service Safety Investigation Body.
- Other Bills Three other Finance Bills will allow Government to implement budget decisions and a technical Bill to ratify several EU agreements.

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Our Manchester: Value for Money Budget Campaign

2017-18







Focus on Highways week 12 to 16 June

Including a full social media takeover on:

Tuesday 13 June - 8am-8pm

*please note the main campaign driver is via MCC Social Media channels







Highways Focus – Comms activity

- Highways content shared across social media by theme all week
- Full 'Our Manchester Day' takeover on our social media accounts
- Talking Head with Executive member for the Environment
- Highways associated media releases Investment and Road Safety
- Monthly ebulletin with Highways investment as the top story
- Twitter Q&A with Councillor Angeliki Stogia
- Mixture of real time images and videos from across the service
- Infographics to illustrate facts and figures
- Chief Executive Joanne Roney out with the Gullies crew
- Focus on staff and the jobs they do
- MCC Comms team out with Highways crews feeding content
- Posters, stickers, hi-vis jackets, signs and a comprehensive press release was also issued.





Highways Focus – Key messages covered

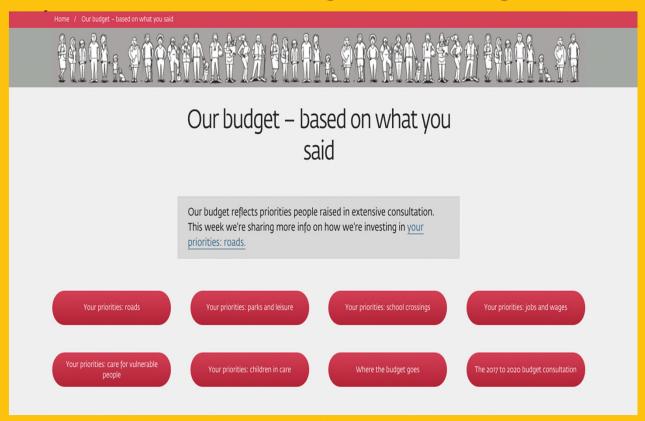
- £100m investment in Highways our commitment over the next 5 years
- Challenge Fund Programme 17/18 Stockport Road and Oxford Road
- Potholes how we assess them to how we fix them show and tell
- The role of a highways inspector how and why we inspect our roads
- Road safety and CCTV car when it's used it taking an Our Manchester approach
- Drains and gullies what causes blockages to how we repair them
- Parking enforcement tackling dangerous or obstructive parking
- Gritting how we know when to grit to the technology we use to make sure we get it right (planning for winter 17/18)

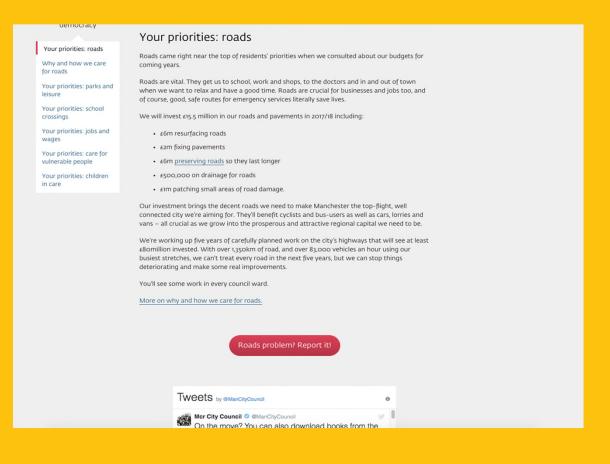




Highways Focus Week: Landing pages

www.Manchester.gov.uk/Budge









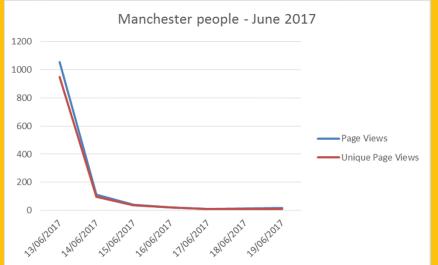
Highways Focus Week: Website Stats From 12 – 16 June

Manchester.gov.uk/Budget	Page views	Total unique page views
/Budget	121	93
Priorities: Roads	120	100
Manchester People/Highways top story (anchor link from monthly news ebulletin	1269	1137

MCC monthly ebulletin generated the highest click through rate to the news page







Highways Focus Week: Social Media

The week started off with a talking head film from

Councillor Angeliki Stogia Executive Member for Environment

Live Twitter Q&A took place on Thursday 15 June Councillor Stogia answered 21 questions relating to roads







Highways Focus Week: Social Media Stats

Stats for the week

ORGANIC: Total weekly interactions and engagements: **813,621**

In a normal day we usually have c.50,000 impressions

Facebook	Twitter	Instagram	Facebook – Boosted posts (Paid)
56 Posts	99 Posts	1 Post	1 Boosted post - £20
13 Videos	18 Videos	2,214 Impressions	10,941 reach
172,164 Impressions	583,000 Impressions	52 Likes	748 Photo clicks
17,157 Video views	23,657 Video views		4 Likes
432 Comments	293 Comments/replies		32 Comments
937 Likes	653 Likes		9 Shares
94 Shares	511 Shares		
107 Link clicks	616 Link clicks		





Highways 'Our Manchester Day': Social Media Takeover

Tuesday 13 June – 8am-8pm

The day consisted of:

- Media release about 100m investment in highways
- MCC monthly news ebulletin Top story on Highways investments
- Members of the Communications team out with Highways teams across the city showing the variety of roles within the service, sending live messages for sharing on social media
- Responding to all incoming social media comments with a Highways colleague
- Posting live messages, images and infographics





Highways 'Our Manchester Day': Monthly News Ebulletin

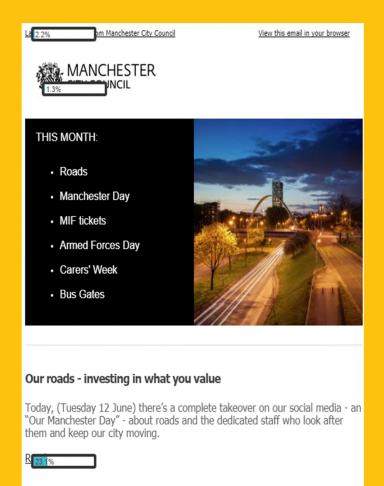
Delivered to 129,446 subscribers

Unique email opens 25, 313

Click throughs top story Roads 1,176

This linked to the Highways Investment news release

Open rate and click rate were both higher than average.







Highways 'Our Manchester Day': Social Media Stats

Tuesday 13 June – 8am-8pm

Organic: Total interactions and engagements on the day: 326,575

Twitter Facebook

58 Posts 20 posts 8 Videos

1 share of Cllr Stogia video (from previous day)

317,000 Impressions 84,576 Impressions 8,500 Video views

174 Comments

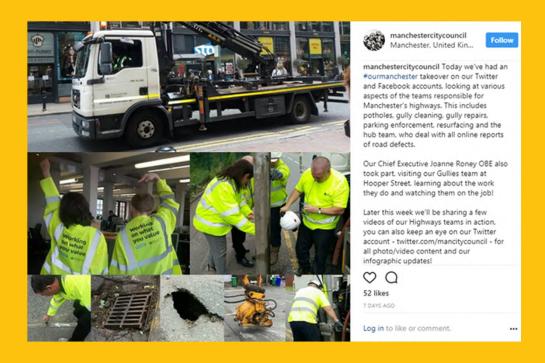
153 Comments/replies 227 Likes

299 Likes 13 Shares 224 Shares 10 Link clicks

399 Link clicks









.@joanneroney inspecting a gully that's just been cleared and is flowing again after being checked by the team. #OurManchester









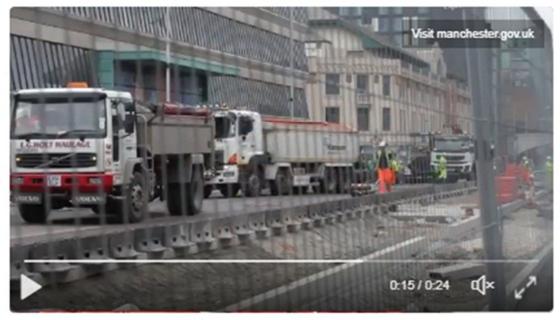








Find out why Tony King, our Highways Assets Manager, loves his job.



Investment on Oxford Road - Tony King - Highways Asset Manager In this video, Tony discusses some of the work involved with accessing funding for improvements to Manchester's roads.









We're always looking to improve our ways of working, turning to new technology to make jobs quicker, less disruptive and more cost effective. We've recently trialled the "Jetpatcher" - a tool which blows loose debris from potholes as well as filling them, removing the need for cleaning and digging the area around the pothole in need of repair. This tool makes the process of repairing a pothole quicker, cheaper and more environmentally friendly, meaning more can be done for less!













From the comments received, the main themes were:

- Residents reporting road/pavement repairs (naming streets
- Asking for inspections on specific roads
- Asking when works would be done following inspection
- Showing some frustration on the number of potholes or asking why this wasn't done sooner – citywide
- Disbelief that the money is enough or would be spent on roads.







Highways Focus Week: Social Media Themes cont'd...

Facebook

The conversation was more about people requesting and naming areas with potholes and roads in need of inspection, although many are mentioned there were some recurring areas in need of attention:

- Wythenshawe there were lots of streets across the whole area
- Victoria Avenue East
- Doncaster Avenue, Withington
- Moss Lane East junction with Alexandra Road
- Wheler Street, Openshaw

Twitter

People were talking more about repairs that have been done being more of a temporary measure and the fact that they don't last.

There were some areas that again were requesting attention, mirroring the facebook comments:

- Wythenshawe again some streets across the area
- Doncaster Avenue, Withington
- Moss Lane East junction with Alexandra Road





Frequently mentioned roads...

Burnage Lane
Rochdale Road
Crossley Road
Alexandra Road
Slade Lane
Horncastle Road
Victoria Avenue
Victoria Avenue East
Barlow Moor Road
Hyde Road

Dean Lane (Newton Heath)
Doncaster Road (Withington)
Blackley New Road
Wheler St (Openshaw)
Beckfield Road
Northmoor Road (Longsight)
Wythenshawe Road
School Lane
Yew tree Road





Highways Focus Week: Follow up communications

Communications would like to work with Highways to get a programme of planned works on those areas identified and share hyper local details about when work is completed.

To have a timeline of when those areas that have come up in conversation most will be repaired or inspected.

We can then communicate this via social media (or directly) so people know we have listened and are working on what they value.





Next areas we will be covering

17 – 21 July – Parks and leisure linked to summer activities

'Our Manchester Day' - Tuesday 18 July



